ANNUAL REPORT 2010/11

Tsun Yip Holdings Limited
進 業 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8356

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.

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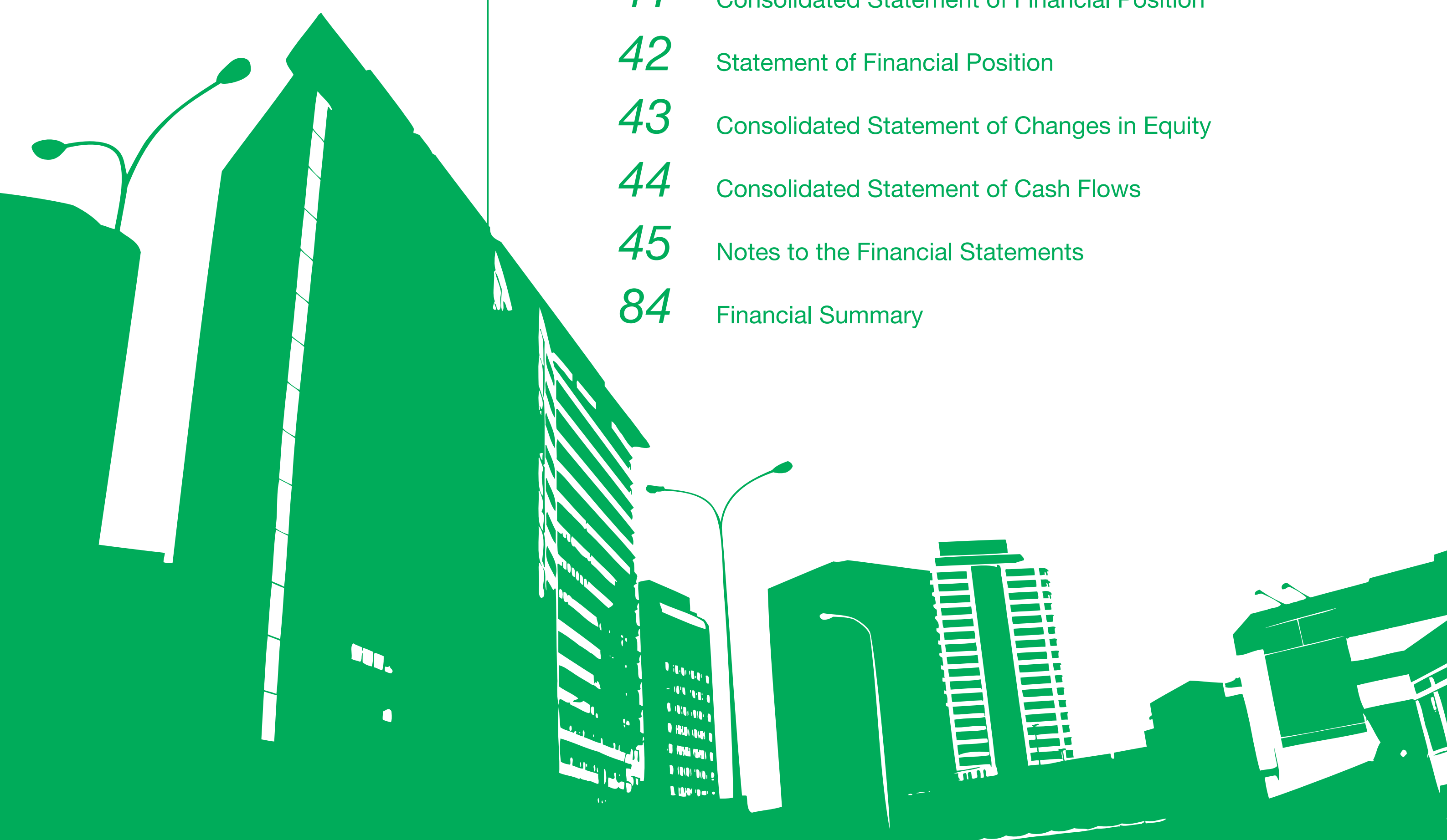


FINANCIAL HIGHLIGHTS

CONSOLIDATED RESULTS

For the year ended 31 March

	Changes	2011 HK$'000	2010 HK$'000
Revenue	23.8%	184,307	148,844
Gross profit	-17.7%	22,200	26,972
Profit before income tax	-42.8%	11,664	20,396
Profit attributable to owners of the Company	-42.1%	9,746	16,838
Basic earnings per Share	-51.8%	1.09	2.26
Dividend per Share (HK cents)	N/A	0.33	N/A

CONSOLIDATED FINANCIAL POSITION

As at 31 March

	Changes	2011 HK$'000	2010 HK$'000
Total assets	20.3%	74,224	61,697
Cash and cash equivalents	57.1%	16,233	10,330
Total liabilities	-27.7%	28,444	39,357
Equity attributable to owners of the Company	104.9%	45,780	22,340

RATIOS

As at 31 March

	2011	2010
Return on equity *(Note a)*	21.3%	75.4%
Return on assets *(Note b)*	13.1%	27.3%
Current ratio *(Note c)*	2.31 times	1.31 times
Gearing ratio *(Note d)*	9.2%	29.1%

Notes:

(a) Return on equity is calculated as net profit divided by shareholders' equity.

(b) Return on assets is calculated as net profit divided by total assets.

(c) Current ratio is calculated as total current assets divided by total current liabilities.

(d) Gearing ratio is calculated as total bank borrowings and obligations under finance lease and advance received from customers divided by total assets.

CORPORATE PROFILE

The Group is principally engaged in the provision of waterworks engineering services, road works and drainage services and site formation works for the public sector in Hong Kong.

The Group was founded by Mr. Kan in 1989. Over years of participation in waterworks engineering services, the Group has built up its reputation in the waterworks engineering industry and maintained good relationship with other main contractors. It aims at leveraging its competitive edge in the waterworks engineering industry to become one of the leading waterworks engineering services providers to the public sector in Hong Kong which commits to strive for excellence in service quality and timeliness.

Since 11 August 2010, the Company, which was incorporated in the Cayman Islands as an exempted company with limited liability on 15 March 2010, has become the ultimate holding company of the subsidiaries now comprising the Group pursuant to a group reorganisation in preparation for the Listing. The Shares were listed on GEM on 30 August 2010.

Currently, the Group's businesses are carried out through TYW and TY Civil respectively with TYW responsible for signing and implementing civil engineering contracts as a main contractor while TY Civil responsible for signing and implementing civil engineering contracts as a subcontractor.

REGISTRATIONS HELD FOR UNDERTAKING PRINCIPAL ACTIVITIES

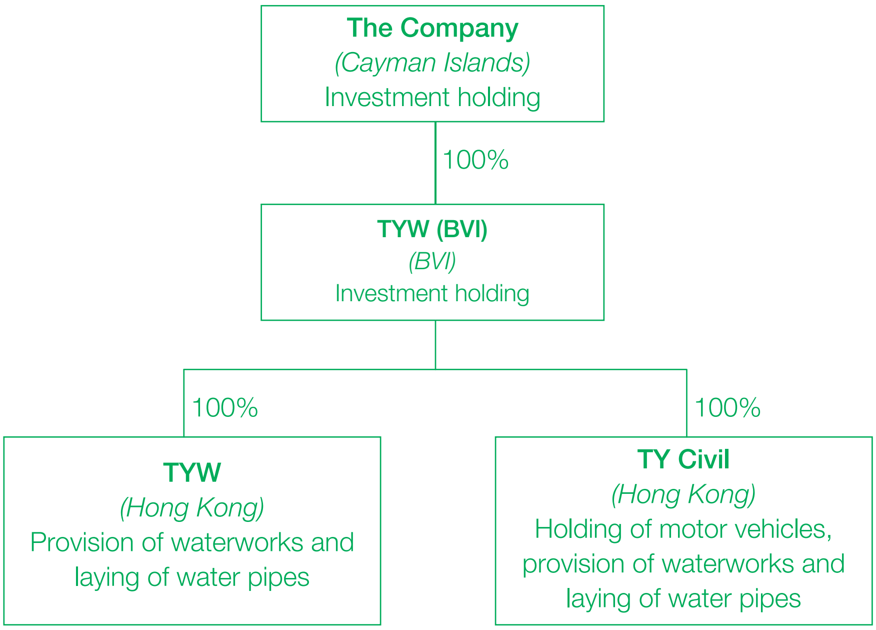
The Group has obtained following registrations from Works Branch Development Bureau (發展局工務科) of the Government for undertaking projects as a main contractor:

Registration	**Value of project which the Group is eligible to undertake under the relevant registration**
Approved Contractors for Public Works — Waterworks Category (Group B) (confirmed status)	Current contract value up to HK$75 million
Approved Contractors for Public Works — Roads and Drainage Category (Group B) (confirmed status)	Current contract value up to HK$75 million
Approved Contractors for Public Works — Site Formation Category (Group B) (probationary status)	Current contract value up to HK$75 million

Also, the Group has registered under the Voluntary Subcontractor Registration Scheme (非強制性分包商註冊制度), which is maintained by the Construction Industry Council (建造業議會), for participating in civil engineering works, road works and drainage services and waterworks engineering services as a subcontractor.

CORPORATE STRUCTURE OF THE COMPANY

The following diagram illustrates the corporate structure of the Company as at 31 March 2011:



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Kan Kwok Cheung *(Chairman)*
Mr. Cheng Ka Ming, Martin *(Vice-Chairman)*
Mr. Fung Chung Kin *(resigned on 1 January 2011)*
Mr. Chia Thien Loong, Eric John *(Chief Executive Officer)*
Mr. Hui Chi Kwong *(appointed on 2 June 2011)*

Independent Non-executive Directors

Mr. Lim Hung Chun
Mr. Lo Ho Chor
Mr. Sung Lee Kwok *(resigned on 16 May 2011)*
Mr. Hau Chi Kit *(appointed on 16 May 2011)*

AUTHORISED REPRESENTATIVES

Mr. Chia Thien Loong, Eric John
Mr. Cheng Ka Ming, Martin

COMPLIANCE OFFICER

Mr. Chia Thien Loong, Eric John

COMPANY SECRETARY

Mr. Tam Tsang Ngai, *FCCA, CPA*

AUDIT COMMITTEE

Mr. Lim Hung Chun *(Chairman)*
Mr. Lo Ho Chor
Mr. Sung Lee Kwok *(resigned on 16 May 2011)*
Mr. Hau Chi Kit *(appointed on 16 May 2011)*

REMUNERATION COMMITTEE

Mr. Kan Kwok Cheung *(Chairman)*
Mr. Lo Ho Chor
Mr. Sung Lee Kwok *(resigned on 16 May 2011)*
Mr. Hau Chi Kit *(appointed on 16 May 2011)*

NOMINATION COMMITTEE

Mr. Kan Kwok Cheung *(Chairman)*
Mr. Lo Ho Chor
Mr. Lim Hung Chun

COMPLIANCE ADVISOR

Optima Capital Limited

AUDITORS

BDO Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat 314, 3/F.
Fuk Shing Commercial Building
28 On Lok Mun Street, Fanling
New Territories

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F., Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Citibank (Hong Kong) Limited

WEBSITE

http://www.tsunyip.hk

STOCK CODE

8356

DEFINITIONS

In this report, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

"AGM"	the annual general meeting of the Company
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Chuwei"	Chuwei (BVI) Limited (祖為有限公司), a company incorporated in the BVI which is wholly and beneficially owned by Mr. Cheng
"Company"	Tsun Yip Holdings Limited (進業控股有限公司), a company incorporated in the Cayman Islands with limited liability on 15 March 2010
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of his entire substantial shareholding interest in the Company by Mr. Fung on 13 April 2011
"Financial Statements"	the audited financial statements of the Group for the year ended 31 March 2011
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Government"	the Government of Hong Kong
"Group"	the Company and its subsidiaries or, where the context otherwise requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries or the businesses which have since been acquired or carried on by them
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing"	the listing of the Shares on GEM on 30 August 2010
"Lotawater"	Lotawater (BVI) Limited, a company incorporated in the BVI which is wholly and beneficially owned by Mr. Chia
"Mr. Cheng"	Mr. Cheng Ka Ming, Martin (鄭家銘), an executive Director
"Mr. Chia"	Mr. Chia Thien Loong, Eric John (謝天龍), an executive Director
"Mr. Fung"	Mr. Fung Chung Kin (馮中健), a former executive Director

DEFINITIONS

"Mr. Kan"	Mr. Kan Kwok Cheung (簡國祥), an executive Director
"Placing"	the placing of 24,800,000 Shares each at a price of HK$1.28 per Share on 30 August 2010
"Prospectus"	the Company's prospectus dated 20 August 2010 in respect of the Listing
"Purplelight"	Purplelight (BVI) Limited, a company incorporated in the BVI which was wholly and beneficially owned by Mr. Fung before the Disposal and is now wholly and beneficially owned by Mr. Chia upon the completion of the Disposal
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended or otherwise modified from time to time
"Share(s)	ordinary share(s) of the Company
"Share Option Scheme"	the share option scheme of the Company adopted on 11 August 2010
"Share Subdivision"	the subdivision of each of the issued and unissued Share of HK$0.01 each into 10 new Shares of HK$0.001 each with effect from 23 December 2010
"Shareholder(s)"	holder(s) of the Share(s)
"Shunleetat"	Shunleetat (BVI) Limited, a company incorporated in the BVI which is wholly and beneficially owned by Mr. Kan
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TY Civil"	Tsun Yip Civil Construction Company Limited (進業土木工程有限公司), a company incorporated in Hong Kong with limited liability on 16 June 2000 and an indirect wholly-owned subsidiary of the Company
"TYW"	Tsun Yip Waterworks Construction Company Limited (進業水務建築有限公司), a company incorporated in Hong Kong with limited liability on 6 February 1996 and an indirect wholly-owned subsidiary of the Company
"TYW (BVI)"	TYW (BVI) Limited, a company incorporated in the BVI with limited liability on 2 July 2009 and a wholly-owned subsidiary of the Company
"WSD"	Water Supplies Department of the Government (水務署)
"HK$" and "HK cents"	Hong Kong dollar(s) and cent(s), respectively, the lawful currency of Hong Kong
"%"	per cent

CHAIRMAN'S STATEMENT

To all Shareholders,

On behalf of the Board, I am pleased to present the first annual results of the Group after the successful Listing.

RESULTS FOR THE YEAR

During the year ended 31 March 2011, we had obtained approximately HK$184.3 million revenue, representing an increase of approximately 23.8% over the revenue for the year ended 31 March 2010 (2010: HK$148.8 million).

Gross profit decreased by approximately 17.7% from approximately HK$27.0 million for the year ended 31 March 2010 to approximately HK$22.2 million for the year ended 31 March 2011.

The net profit of our Group for the year ended 31 March 2011 was approximately HK$9.7 million, representing approximately 42.1% decrease from that of last year (2010: HK$16.8 million).

FUTURE PROSPECTS

The successful Listing on 30 August 2010 was a major achievement for the development of the Group. Benefited from the Listing, the Group has strengthened its financial position to support further business development and to implement the business plans at stated in the Prospectus.

With established operating history and track record in the waterworks engineering industry and an enhanced reputation through the Listing, we intend to focus on the provision of waterworks engineering services and increase our market share by undertaking more work contracts in the capacity as a main contractor and as a subcontractor of waterworks engineering services in the near future. We believe our Group's proven track record in delivering works of high quality in a timely manner has placed us in an advantageous position to seize the growth opportunities in the civil engineering sector in Hong Kong. Not only will the replacement and rehabilitation program launched by WSD continue to open up numerous waterworks opportunities to our Group, the infrastructure and development projects being currently implemented or to be implemented by the Government, which we believe would inevitably involve waterworks, roads and drainage works or site formation works at some stage, will also create tremendous business opportunities to our Group in the coming years.

APPRECIATION

Finally, on behalf of the Board, I would like to take this opportunity to express my most sincere appreciation to all the management team and staff for their dedication and contribution over the past years. I would also like to thank all the Shareholders, customers, suppliers and business partners for their continuous support and trust.

Kan Kwok Cheung
Chairman

15 June 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of waterworks engineering services, road works and drainage services and site formation works for the public sector in Hong Kong. During the year ended 31 March 2011, the Group continued to focus on rendering waterworks engineering services to the public sector in Hong Kong.

During the year ended 31 March 2011, the Group has been undertaking two main contracts and four subcontracts, all of which are related to provision of waterworks engineering services. Details of the contracts undertaken are set out below:

Contract number	Particulars of contract	Client	Contract period under main contract
Main contracts			
3/WSD/09	Water supply to Ta Tit Yan, Tai Po — construction of water tank, pump house and mainlaying	WSD	Jun 2009–Oct 2010
9/WSD/09	Replacement and rehabilitation of water mains stage 3 — mains in Sai Kung	WSD	May 2010–Nov 2012
Subcontracts			
21/WSD/06	Replacement and rehabilitation of water mains stage 2 — mains in Tai Po and Fanling	Ming Hing Civil Contractors Limited	Aug 2007–Apr 2012
18/WSD/08	Replacement and rehabilitation of water mains stage 3 — mains on Hong Kong Island South and outlying islands	Ming Hing Civil Contractors Limited	Mar 2009–Sep 2013
1/WSD/09(W)	Term contract for Waterworks District W — New Territories West	Ming Hing Civil Contractors Limited	Sep 2009–Aug 2012
16/WSD/09	Salt water supply for Northwest New Territories, mainlaying in Yuen Long	China Geo-China Harbour Joint Venture	Feb 2010–Mar 2014

Total contract value
HK$676.4 million

Total amount of works certified *(Note)*
HK$389.7 million

Note: Amount of works certified is based on the certificates of payment received from client.

Among the above six contracts, one main contract (contract numbered 9/WSD/09) and one subcontract (contract numbered 16/WSD/09) were newly awarded during the year ended 31 March 2011.

Contract numbered 3/WSD/09 was completed during the year and has entered into the maintenance period for a period of 12 months.

During the year under review, the two subcontracts with contracts numbered 18/WSD/08 and 21/WSD/06 were the main contributors to the Group's revenue, which generated approximately HK$77.4 million and HK$64.5 million revenue, representing approximately 42.0% and 35.0% of the Group's total revenue respectively.

After the year ended 31 March 2011 and up to the date of this report, the Group has successfully obtained a new subcontract for replacement and rehabilitation of water mains, stage 4 phase 1 — mains in Tuen Mun, Yuen Long, North District and Tai Po (contract numbered 8/WSD/10), with contract sum of approximately HK$433.1 million, from Hsin Chong Construction Company Limited. The works of this subcontract started on April 2011 and are estimated to be completed in December 2015.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2011, the Group reported a turnover of approximately HK$184.3 million (2010: HK$148.8 million), representing an increase of approximately 23.8% as compared with that for the previous year.

The higher turnover was mainly due to the increase in works from the contract for replacement and rehabilitation of water mains stage 3 — mains on Hong Kong Island South and outlaying islands (contract numbered 18/WSD/08) and the commencement of new contract for replacement and rehabilitation of water mains stage 3 — mains in Sai Kung (contract numbered 9/WSD/09).

During the year under review, the revenue of the Group was primarily generated from the undertaking of waterworks contracts in the capacity of a subcontractor. The breakdown of total revenue by nature of capacity of the Group is set forth below:

	For the year ended 31 March			
	2011		2010	
	HK$'000	%	HK$'000	%
Main contractor	27,467	14.9	17,154	11.5
Subcontractor	156,840	85.1	131,690	88.5
Total	184,307	100.0	148,844	100.0

Cost of Service

The Group's cost of service increased by approximately 33.0% to approximately HK$162.1 million for the year ended 31 March 2011 (2010: HK$121.9 million) as compared with that for the previous year. Cost of service mainly includes raw materials, direct labour and subcontracting fee for services provided by the subcontractors. The following table sets out a breakdown of the Group's cost of service:

	For the year ended 31 March			
	2011		2010	
	HK$'000	%	HK$'000	%
Raw materials	37,640	23.2	30,331	24.9
Direct labour	31,489	19.4	22,899	18.8
Subcontracting fee	57,208	35.3	40,123	32.9
Other direct costs	35,770	22.1	28,519	23.4
Total	162,107	100.0	121,872	100.0

Gross Profit

The gross profit of the Group for the year ended 31 March 2011 decreased by approximately 17.7% to approximately HK$22.2 million (2010: HK$27.0 million) as compared with that for the previous year. The gross profit margin of the Group decreased to approximately 12.0% for the year ended 31 March 2011 (2010: 18.1%). The decrease in gross profit and gross profit margin was largely a consequence of certain projects reaching a work stage with relatively thinner gross profit margin.

Other Income

The Group's other income for the year ended 31 March 2011 amounted to approximately HK$544,000 (2010: HK$811,000). The main contributor of other income for the year ended 31 March 2011 was the compensation received from a supplier for late delivery of raw materials, while for the previous year, the main contributor was the write-off of long outstanding trade payables.

Administrative Expenses

The Group's administrative expenses for the year ended 31 March 2011 increased by approximately 59.0% to approximately HK$10.7 million (2010: HK$6.8 million) as compared with that for the previous year. The administrative expenses mainly consisted of auditor's remuneration, legal and professional fees, staff costs (including Directors' remuneration) and depreciation expenses. The increase in the administrative expenses was mainly attributable to the increase in staff costs to support the expansion of the Group's business and the increase in legal and professional fees for services provided by the professional parties after the Listing.

Finance Expenses

The Group's finance expenses for the year ended 31 March 2011 decreased by approximately 46.2% to approximately HK$341,000 (2010: HK$634,000) as compared with that for the previous year. The decrease was mainly attributable to the decrease in the interest expenses for finance leases since some finance leases were fully paid off while no new finance lease was entered into during the year ended 31 March 2011 and the decrease in interest expenses for bank loans/overdrafts since all the bank loans that were granted in the previous financial year had been cancelled in July 2010 and no bank overdrafts had been drawn during the year ended 31 March 2011.

Net Profit

The Group recorded a net profit attributable to owners of the Company of approximately HK$9.7 million for the year ended 31 March 2011 (2010: HK$16.8 million), representing a decrease of approximately 42.1% as compared with that for the previous year. The decrease in net profit was mainly resulted from the decrease in gross profit margin and the increase in staff costs (including Directors' remuneration), legal and professional fees in administrative expense.

Earnings per Share

The basic earnings per Share was approximately HK1.09 cents (2010: HK2.26 cents).

PROSPECTS

During the year ended 31 March 2011, the Group has obtained two new waterworks contracts. In addition, a new waterworks contract with contract sum of approximately HK$433.1 million has been awarded after the year ended 31 March 2011 and up to the date of this report. It is expected that this new contract will contribute significantly to the Group's turnover in the next four years.

In the coming years, it is believed that the replacement and rehabilitation programme of water mains (the "R&R Programme") launched by WSD will continue to open up numerous waterworks opportunities to the Group. According to WSD, Stage 4 Phase 1 of the R&R Programme has commenced in March 2011 and will be completed in 2015. About 500 kilometres of water mains will be replaced and rehabilitated at this stage. Stage 4 Phase 2 of the R&R Programme is scheduled to commence in 2012 and will be completed in 2015. About 350 kilometres of water mains will be replaced and rehabilitated at this stage.

Going forward, the Group will continue to improve its quality of service and enhance management capabilities and competitiveness to bid for more rewarding engineering contracts in Hong Kong and to further scale up the Group's business.

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the Prospectus with the Group's actual business progress for the year ended 31 March 2011 is set out below:

Business objectives for the year ended 31 March 2011 as stated in the Prospectus	Actual business progress up to 31 March 2011
Expansion of business scale	
• Form the project management team for the contract numbered 9/WSD/09 (the "New Project") obtained from WSD in which the Group acts as the main contractor	• The Group has formed the project management team for the New Project
• Draw up the master program for the New Project	• The Group has drawn up the master program for the New Project
• Source the required equipment and machinery for the implementation of the New Project	• The Group has acquired the required equipment and machinery for the implementation of the New Project
• Implementation of contract works under the New Project in progress	• The Group is implementing contract works under the New Project in progress
• Monitor the forecasts of work tenders published on the website of Work Branch Development Bureau for upcoming tenders for the period from April 2010 to September 2010	• The Group has been monitoring the upcoming tenders
• Closely monitor the tender notices published by the relevant Government department for contract works and identify prospective projects	• The Group has been monitoring the tenders
• In the capacity as a main contractor, submit tender(s) for waterworks contracts	• The Group has submitted tender for waterworks contracts as a main contractor
• Assuming the Group successfully obtains waterworks contracts (the "Prospective Projects") relating to replacement and rehabilitation of water mains with terms of around 2.5 years and estimated aggregate contract value of HK$150.0 million from WSD, prepare the kick-off of project implementation (including analysing the requirements on equipment and machinery, project management and technical personnel)	• No Prospective Projects have been obtained

Business objectives for the year ended 31 March 2011 as stated in the Prospectus	Actual business progress up to 31 March 2011
• Form the project management team and draw up the master programs for the Prospective Projects	• No Prospective Projects have been obtained
• Commence the sourcing of required equipment and machinery and the recruitment of required project management and technical personnel	• No Prospective Projects have been obtained
• Implementation of contract works under the New Project in progress	• No Prospective Projects have been obtained
Further enhancement in work quality	
• Review the existing quality assurance policy of the Group and the staffing	• The Group has reviewed the existing quality assurance policy of the Group and the staffing
• Identify suitable candidate(s) for the quality assurance team	• The Group has identified suitable candidates for the quality assurance team
• Recruit additional staff to be responsible for quality assurance	• The Group has recruited additional staff to be responsible for quality assurance
• Identify the areas of improvement based on the quality assurance policy and formulate steps or procedures to address the areas of improvement	• The Group has been identifying the area of improvement based on the quality assurance policy and formulate steps or procedures to address the areas of improvement
• Maintain ongoing quality assurance review on the works performed by the Group	• The Group has been maintaining ongoing quality assurance review on the works performed by the Group
Strengthening of safety team	
• Review the existing safety policy of the Group and the staffing	• The Group has reviewed the existing safety policy of the Group and the staffing
• Identify suitable candidate(s) for the safety team	• The Group has identified suitable candidates for the safety team
• Recruit additional staff for the safety team	• The Group has recruited additional staff for the safety team
• Identify the areas of improvement based on the existing safety policy and formulate steps or procedures to address the areas of improvement	• The Group has been identifying the areas of improvement based on the existing safety policy and formulate steps or procedures to address the areas of improvement

USE OF PROCEEDS

As disclosed in the Prospectus, the net proceeds from the Placing, after deducting the underwriting fees and the estimated expenses payable by the Company in connection thereto, were expected to be approximately HK$21.0 million. The actual net proceeds from the Placing, after deducting the underwriting fees and expenses paid by the Company in connection thereto, were approximately HK$20.2 million. The difference of approximately HK$0.8 million is mainly attributable to the higher costs in printing and auditing, and the incurring of cost for tax review and disbursements.

During the year ended 31 March 2011, the net proceeds from the Placing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus during the year ended 31 March 2011 (HK$ million)	Actual use of proceeds during the year ended 31 March 2011 (HK$ million)
Expansion of business scale		
• Acquisition of equipment and machinery	4.50	3.88
• Recruitment of additional staff	1.00	1.00
Further enhancement in work quality		
• Recruitment of additional quality assurance staff	0.20	0.20
Strengthening of safety team		
• Recruitment of safety staff	0.28	0.28
Repayment of Shareholder's loan	4.04	4.04
Repayment of finance leases	1.70	1.70
	11.72	11.10

Notes:

(a) *The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds were applied in accordance with the actual development of the market.*

(b) *The unused net proceeds as at 31 March 2011 have been placed as interest bearing deposits with licensed bank in Hong Kong.*

CAPITAL STRUCTURE

The Shares were listed on GEM on 30 August 2010. Except for the Share Subdivision, there has been no change in the capital structure of the Company since that date. The capital of the Group comprises only ordinary shares.

Total equity attributable to owners of the Company amounted to approximately HK$45.8 million at 31 March 2011 (31 March 2010: HK$22.3 million). The increase was mainly attributable to the funds raised from the Placing which amounted to HK$31,744,000 before share issue costs.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2011, the Group generally financed its operations through internally generated cash flows, borrowings from bank or Shareholder and net proceeds from the Placing.

At 31 March 2011, the Group had net current assets of approximately HK$34.9 million (31 March 2010: HK$11.5 million), including cash balance of approximately HK$16.2 million (31 March 2010: HK$10.3 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.31 at 31 March 2011 (31 March 2010: 1.31). The improvement in the current ratio was mainly due to the funds raised from the Placing.

GEARING RATIO

The gearing ratio, which is based on the amount of total bank borrowings and obligations under finance lease and advance received from customers divided by total assets, was 9.2% at 31 March 2011 (31 March 2010: 29.1%). The decrease was resulted from the full repayment of all the bank loans that granted in previous financial year, the full repayment of loan from a Shareholder, and the receipt of net proceeds from the Placing.

FOREIGN EXCHANGE EXPOSURE

The Group is principally engaged in the undertaking of engineering projects in Hong Kong. As the revenue and cost of services are principally denominated in Hong Kong dollars, the exposure to the risk of foreign exchange rate fluctuations for the Group is minimal. Hence, no financial instrument for hedging was employed.

CAPITAL COMMITMENT

At 31 March 2011, the Group did not have any significant capital commitments (31 March 2010: Nil).

CHARGES ON THE GROUP'S ASSETS

At 31 March 2011, the Company pledged HK$2,000,000 time deposit for a HK$10,000,000 bank facility. The outstanding amount of the loan facility was approximately HK$2.7 million at 31 March 2011. The Group's motor vehicles with the net book value at 31 March 2011 amounted to approximately HK$1.7 million (31 March 2010: HK$5.5 million for motor vehicles and HK$0.3 million for machinery) were held under finance lease.

CONTINGENT LIABILITIES

At 31 March 2011, the Group did not have any material contingent liabilities (31 March 2010: Nil).

INFORMATION ON EMPLOYEES

At 31 March 2011, the Group had 166 full-time employees in Hong Kong and over 90% of them are direct labour. Total staff costs (including remuneration of the Directors) for the year ended 31 March 2011 amounted to approximately HK$38.3 million (2010: HK$26.9 million), representing an increase of approximately 42.5% over that for the previous year. The increase was mainly due to the increase in the number of staff to support the expansion of the Group's business.

SIGNIFICANT INVESTMENT HELD

Except for investment in subsidiaries, during the year ended 31 March 2011 and as at the end of the reporting period, the Group did not hold any significant investment in equity interest in any company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2011, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Kan Kwok Cheung (簡國祥), aged 46, is the founder of the Group. Mr. Kan is the chairman of the Board and is responsible for the overall business planning and corporate strategy of the Group. Mr. Kan formed TYW and TY Civil in 1996 and 2000 respectively and has been the director of both companies since their formation. Mr. Kan has over 21 years of experience in handling civil engineering projects of various types. In the last three years, he held no directorships in any listed public companies. Mr. Kan has entered into a service contract with the Company for an initial term of three years commencing from 11 August 2010, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other or three months' salary being payment in lieu of notice. In addition, Mr. Kan has entered into an employment contract with TYW to act as the director of TYW for a continuous term commencing from 6 February 1996 until terminated by not less than thirty days' notice in writing served by either party on the other or thirty days' salary being payment in lieu of notice.

Mr. Cheng Ka Ming, Martin (鄭家銘), aged 60, is the vice-chairman of the Board and an executive Director and is responsible for the business management and corporate development of the Group. Mr. Cheng joined the Group as a director of TYW and a director of TY Civil in May 2009. Mr. Cheng obtained a bachelor's degree in civil engineering from the National Cheng Kung University, Taiwan in 1973 and a master's degree in analytical soil mechanics from the King's College, University of London in 1975. He has over 30 years of experience in the construction industry. Mr. Cheng was an independent non-executive director and a member of the audit committee of a Hong Kong listed company, Ming Hing Waterworks Holdings Limited (now named as Mongolia Investment Group Limited) (Stock Code: 402), from 1 October 2008 to 20 February 2009. Save as disclosed above, he held no directorships in other listed public companies in the last three years. He has entered into a service contract with the Company for an initial term of three years commencing from 11 August 2010, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other or three months' salary being payment in lieu of notice. In addition, Mr. Cheng has entered into an employment contract with TYW to act as the director of TYW for a continuous term commencing from 1 May 2009 until terminated by not less than thirty days' notice in writing served by either party on the other or thirty days' salary being payment in lieu of notice.

Mr. Chia Thien Loong, Eric John (謝天龍), aged 41, is the chief executive officer of the Group, an executive Director and the compliance officer of the Group and is responsible for overseeing the overall project management and the daily operation as well as the financial and compliance aspects of the Group. Mr. Chia has over 15 years of experience in corporate finance, management and investment and he joined the Group as director of TYW and TY Civil in May 2009. Mr. Chia graduated with a degree of Bachelor of Science in accounting and finance from Purdue University, Indiana, the United States of America in 1994. In the last three years, he held no directorships in any listed public companies. He has entered into a service contract with the Company for an initial term of three years commencing from 11 August 2010, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other or three months' salary being payment in lieu of notice. In addition, Mr. Chia has entered into an employment contract with TYW to act as the director of TYW for a continuous term commencing from 1 May 2009 until terminated by not less than thirty days' notice in writing served by either party on the other or thirty days' salary being payment in lieu of notice.

Mr. Hui Chi Kwong (許志光), aged 29, graduated from The Hong Kong University of Science and Technology with a bachelor of engineering in computer science (information engineering) in 2006. He has over five years of experience in insurance and investment sales. In the last three years, Mr. Hui did not hold any directorships in any listed public companies. He has entered into a service contract with the Company for an initial term of three years commencing from 2 June 2011, and will continue thereafter until terminated by not less than three months' notices in writing served by either party on the other or three months' salary being payment in lieu of notice.

Independent Non-Executive Directors

Mr. Lim Hung Chun (林洪進), aged 47, has been appointed by the Company as the independent non-executive Director on 11 August 2010. Mr. Lim graduated from the Hong Kong Polytechnic (now The Hong Kong Polytechnic University) in Accountancy in 1988. He is a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Lim has extensive experience of over 21 years in corporate and strategic planning, finance and administration, internal control and auditing, information technology and human resources management in various industries. On 21 September 2009, Mr. Lim was appointed as an independent non-executive director of Sanyuan Group Limited ("Sanyuan") which was then under delisting procedures. Based on Mr. Lim's experience in corporate and strategic planning, he was invited by the then board of directors of Sanyuan to make the last attempt in the application for resumption of trading of shares in Sanyuan. Mr. Lim resigned from his position on 14 December 2009 as resumption of trading of Sanyuan failed and Sanyuan had been subsequently delisted on 24 December 2009. Save as disclosed above, Mr. Lim held no directorships in other listed public companies in the last three years. He has not, by himself or through his firm in which he practices, provided professional services to the Company during the year ended 31 March 2011.

Mr. Lo Ho Chor (盧浩初), aged 55, has been appointed by the Company as the independent non-executive Director on 11 August 2010. Mr. Lo graduated from the University of Hong Kong in 1978 holding the degree of Bachelor of Social Sciences. He has over 21 years of experience in the banking industry. In the last three years, Mr. Lo held no directorships in any listed public companies. He has not, by himself or through his firm in which he practices, provided professional services to the Company during the year ended 31 March 2011.

Mr. Hau Chi Kit (侯志傑), aged 39, has been appointed by the Company as the independent non-executive Director on 16 May 2011. Mr. Hau graduated from University of Oregon, the United States of America, with a bachelor of science in economics in 1994, passed a common professional examination in College of Law, Guildford, the United Kingdom, in 1999 and obtained a postgraduate certificate in laws from The University of Hong Kong in 2000. During the period from 2002 to 2008, Mr. Hau practiced as a barrister-at-law in Hong Kong. Prior to becoming a barrister, Mr. Hau worked at the Securities and Futures Commission. Currently, Mr Hau is a solicitor in private practice. Mr. Hau was appointed as an independent non-executive director and was redesignated as a non-executive director of Amax Entertainment Holdings Limited (stock code: 959), a company listed on the Main Board of the Stock Exchange, on 29 August 2008 and 6 October 2008 respectively. He resigned from the above directorship on 30 March 2009. Save as disclosed above, Mr. Hau did not hold any directorships in any other listed public companies in the last three years. He has not, by himself or through his firm in which he practices, provided professional services to the Company during the year ended 31 March 2011.

SENIOR MANAGEMENT

Contracts Manager

Mr. Leung Hon Chung (梁漢忠), aged 53, has been the contracts manager of TYW since August 2008. Mr. Leung is experienced in overseeing contractual matters in relation to construction projects and has over 31 years of experience in project management for civil engineering projects. Mr. Leung obtained a diploma in civil engineering and a higher certificate in civil engineering from the Hong Kong Polytechnic (now The Hong Kong Polytechnic University) in 1978 and 1980 respectively. In the last three years, Mr. Leung held no directorships in any listed public companies.

Chief Financial Officer and Company Secretary

Mr. Tam Tsang Ngai (譚錚毅), aged 36, has been the chief financial officer and company secretary of TYW since April 2010. Mr. Tam worked in Deloitte Touche Tohmatsu from 1997 to 2000. Prior to joining the Group, Mr. Tam worked as the finance manager in both Ming Hing Civil Contractors Limited from 2008 to March 2010 and China Resources Petrochems (Group) Company Limited and China Resources Gas (Holdings) Limited from 2001 to 2007. Mr. Tam graduated with a bachelor's degree in business administration from The Chinese University of Hong Kong in 1997. Mr. Tam is a member of Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. In the last three years, Mr. Tam held no directorships in any listed public companies.

Administration Officer

Ms. Kan May Bo, Mabel (簡美寶), aged 43, has been working in TYW since October 1996. Ms. Kan has over 13 years of experience in clerical and administrative work. Ms. Kan is currently the administration officer of the Group and is responsible for the general administration of the Group. In the last three years, Ms. Kan held no directorships in any listed public companies.

CORPORATE GOVERNANCE REPORT

The Board hereby presents this corporate governance report for the year ended 31 March 2011.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance the performance of the Group.

The Company has applied the principles and code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the Code since the date of Listing and up to 31 March 2011.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results.

The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review. The Company was not aware of any non-compliance in this respect since the date of Listing and up to 31 March 2011.

BOARD OF DIRECTORS

The Board is accountable for promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interests of the Company.

Matters reserved for the Board include, but not limited to:

- approval of the Group's long term objectives and strategy, policies and annual budgets;
- oversight of the Group's operations and management;
- major changes to the Group's corporate structure, management and control structure;
- approval of quarterly, interim and annual results;
- approval of any significant changes in accounting policies or practices;
- responsible for the system of internal control and risk management; and
- approval of matters in relation to Board membership and Board remuneration.

The Board currently comprises seven Directors, including four executive Directors and three independent non-executive Directors and at least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. The composition of the Board is set out as follows:

Executive Directors

Mr. Kan Kwok Cheung *(Chairman)*
Mr. Cheng Ka Ming, Martin *(Vice-Chairman)*
Mr. Fung Chung Kin *(resigned on 1 January 2011) (Note)*
Mr. Chia Thien Loong, Eric John *(Chief Executive Officer)*
Mr. Hui Chi Kwong *(appointed on 2 June 2011)*

Independent Non-Executive Directors

Mr. Lim Hung Chun
Mr. Lo Ho Chor
Mr. Sung Lee Kwok *(resigned on 16 May 2011)*
Mr. Hau Chi Kit *(appointed on 16 May 2011)*

Biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" section on pages 18 to 20 of this report.

There are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

From the date of Listing and up to 31 March 2011, the Board had convened total five meetings, two of which are in regular nature. The attendance record of individual Directors at the Board and committees' meetings are set out on page 26 of this report.

Note: Mr. Fung Chung Kin resigned as an executive Director, the chief executive officer and the authorised representative of the Company with effect from 1 January 2011. Upon Mr. Fung's resignations, Mr. Chia Thien Loong, Eric John was appointed as the chief executive officer of the Company and Mr. Cheng Ka Ming, Martin was appointed as the authorised representative of the Company in his stead.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The role and duties of the chairman and the chief executive officer of the Company are carried out by different individuals.

The chairman of the Board is Mr. Kan Kwok Cheung, who provides strategic and business directions to the Board and ensures its effectiveness in all aspects.

Up to 31 December 2010, the chief executive officer of the Company was Mr. Fung Chung Kin. Upon Mr. Fung Chung Kin's resignation, Mr. Chia Thien Loong, Eric John is appointed as the chief executive officer of the Company in his stead. Chief executive officer of the Company is responsible for the Company's day-to-day management and operations and focuses on implementing objectives, policies and strategies approved and delegated by the Board.

APPOINTMENT, RE-ELECTION AND REMOVAL

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years subject to retirement by rotation and re-election at the AGM pursuant to the articles of association of the Company. In the case of Mr. Kan Kwok Cheung, Mr. Cheng Ka Ming, Martin and Mr. Chia Thien Loong, Eric John, their service term commenced on 11 August 2010; in the case of Mr. Hui Chi Kwong, his service term commenced on 2 June 2011.

Each of the independent non-executive Directors were appointed for a specific term of three years, subject to retirement by rotation and re-election at the AGM pursuant to the articles of association of the Company. In the case of Mr. Lim Hung Chun and Mr. Lo Ho Chor, their appointment term commenced on 11 August 2010; in the case of Mr. Hau Chi Kit, his appointment term commenced on 16 May 2011.

In accordance with the articles of association of the Company, at each AGM one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the AGM. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

None of the Directors has a service contract with any member of the Group which is not determinable by the relevant employer within one year without payment of compensation, other than statutory compensation.

BOARD COMMITTEES

The Board has established three committees, namely audit committee (the "Audit Committee"), nomination committee (the "Nomination Committee") and remuneration committee (the "Remuneration Committee"), to oversee particular aspects of the Company's affairs. Their respective terms of reference are set out in the Company's website.

Audit Committee

The Company has established the Audit Committee on 11 August 2010 with terms of reference in compliance with paragraph C3.3 of the Code.

The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the financial statements and the quarterly, interim and annual reports of the Group, and reviewing the terms of engagement and scope of audit work of the external auditors.

The composition of the Audit Committee is as follows:

Independent non-executive Directors

Mr. Lim Hung Chun *(Chairman)*
Mr. Lo Ho Chor
Mr. Sung Lee Kwok *(resigned on 16 May 2011)*
Mr. Hau Chi Kit *(appointed on 16 May 2011)*

The members of the Audit Committee possess diversified industry experience and the chairman of the Audit Committee has appropriate professional qualifications and experience in accounting matters.

During the year, the Audit Committee had reviewed the interim results for the six months ended 30 September 2010, the third quarterly results for the nine months ended 31 December 2010 and the annual results for the year ended 31 March 2011 and is of the opinion that the preparation of such results complied with the applicable accounting standards and that adequate disclosures have been made.

Nomination Committee

The Company has established the Nomination Committee on 11 August 2010 with terms of reference in compliance with paragraph A.4.5 of the Code.

The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying and nomination of directors and making recommendations to the Board on appointment and re-appointment of Directors.

The composition of the Nomination Committee is as follows:

Executive Director

Mr. Kan Kwok Cheung *(Chairman)*

Independent non-executive Directors

Mr. Lim Hung Chun
Mr. Lo Ho Chor

When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to the skills, experience, education background, professional knowledge, personal integrity and time commitments of the proposed candidates, and also the Company's needs and other relevant statutory requirements and regulations. Qualified candidates will then be recommended to the Board for approval.

During the year ended 31 March 2011, the Nomination Committee had convened a meeting to consider the resignation of Mr. Fung Chung Kin and recommend Mr. Chia Thien Loong, Eric John and Mr. Cheng Ka Ming, Martin to replace his positions as the chief executive officer and an authorised representative of the Company respectively.

Remuneration Committee

The Company has established the Remuneration Committee on 11 August 2010 with terms of reference in compliance with paragraph B.1.2 of the Code.

The primary duties of the Remuneration Committee include, among other things, formulating and making recommendations to the Board on the remuneration policy, determining the specific remuneration packages of all executive Directors and senior management and making recommendations to the Board of the remuneration of non-executive Directors.

The composition of the Remuneration Committee is as follows:

Executive Director

Mr. Kan Kwok Cheung *(Chairman)*

Independent non-executive Directors

Mr. Lo Ho Chor
Mr. Sung Lee Kwok *(resigned on 16 May 2011)*
Mr. Hau Chi Kit *(appointed on 16 May 2011)*

During the year ended 31 March 2011, the Remuneration Committee had considered the revision of Directors' remuneration by way of written resolution.

ATTENDANCE RECORDS OF MEETINGS

The Board is scheduled to meet regularly at least four times a year, and Directors will receive at least 14 days prior written notice of such meetings. For any ad hoc Board meetings, Directors are given as much notice as is reasonably practicable in those circumstances. Agendas and accompanying papers are sent not less than 3 days before the date of Board meetings to ensure that the Directors are given sufficient time to review the same.

Details of the Directors' attendance at Board and committees' meetings from the date of Listing and up to 31 March 2011 are set out below:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Number of meetings	5	2	1	0
Executive Directors				
Kan Kwok Cheung	5/5	—	1/1	—
Cheng Ka Ming, Martin	5/5	—	—	—
Fung Chung Kin *(resigned on 1 January 2011)*	4/4	—	—	—
Chia Thien Loong, Eric John	4/5	—	—	—
Independent non-executive Directors				
Lim Hung Chun	5/5	2/2	1/1	—
Lo Ho Chor	5/5	2/2	1/1	—
Sung Lee Kwok	4/5	2/2	—	—
Average attendance rate	**94%**	**100%**	**100%**	**N/A**

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND EXTERNAL AUDITORS

The Directors are responsible for the preparation of the Financial Statements, which give a true and fair view of the state of affairs, results and cash flow of the Group in accordance with relevant law and disclosure requirements under the Listing Rules.

The statement of the auditor of the Company about its reporting responsibilities on the Financial Statements is set out in "Auditor's Report" section on pages 38 and 39 of this report.

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services provided by the Company's auditor, BDO Limited, during the year ended 31 March 2011 is analyzed below:

Type of services provided by the external auditor	**Remuneration** HK$'000
Audit services	530
Non-audit services:	
Reviewing the Company's interim report for the six months ended 30 September 2010	70
Reviewing the Company's third quarterly report for the nine months ended 31 December 2010	70
Total	670

INTERNAL CONTROL

The Board has overall responsibility for maintaining the soundness and effectiveness of the internal control system of the Group to safeguard the Shareholders' investment and the Group's assets.

During the year ended 31 March 2011, the Company has reviewed the effectiveness of the Group's internal control system.

DIRECTORS' REPORT

The Directors are pleased to present this annual report together with the Financial Statements for the year ended 31 March 2011.

REORGANISATION

The Company was incorporated in the Cayman Islands on 15 March 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

Pursuant to a group reorganisation in preparation for the Listing, the Company had become the holding company of the subsidiaries now comprising the Group since 11 August 2010. Further details of the Group's reorganization are set forth in the Prospectus.

The Shares were listed on GEM on 30 August 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of waterworks engineering services, road works and drainage services and site formation works for the public sector in Hong Kong.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2011 are set out in the consolidated income statement on page 40 of this report.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2011 in view of the need for preserving capital for the implementation of the new contract awarded (contract numbered 8/WSD/10).

The total dividend paid for the year ended 31 March 2011 amounts to HK$3,273,600, comprising the first interim dividend of HK0.2 cents per Share (after adjustment for the Share Subdivision), totalling HK$1,984,000 for the six months ended 30 September 2010 paid by the Company on 7 December 2010, and the second interim dividend of HK0.13 cents per Share, totalling HK$1,289,600 for the three months ended 31 December 2010 paid by the Company on 25 February 2011, which represents a payout ratio of about 33.6%.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 15 August 2011 to Wednesday, 17 August 2011, both days inclusive. During this period, no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 12 August 2011.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the Financial Statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 26 to the Financial Statements.

RESERVE

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 43 of this report.

DISTRIBUTABLE RESERVES

As at 31 March 2011, the Company's distributable reserves, including the share premium account, calculated under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$39.1 million.

BANK LOANS AND OTHER BORROWINGS

Details of the Group's bank loans and other borrowings are set out in note 22 to the Financial Statements.

INTEREST CAPITALISED

No interest was capitalised by the Group during the year ended 31 March 2011.

FINANCIAL SUMMARY

A summary of the Group's results and financial position for the last three financial years is set out on page 84 of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the Group's revenue, subcontracting costs and purchases of raw materials attributable to the Group's major customers, subcontractors and suppliers respectively for the year ended 31 March 2011 is as follows:

Revenue	
The largest customer	83.2%
Five largest customers in aggregate	100.0%
Subcontracting costs	
The largest subcontractor	16.4%
Five largest subcontractors in aggregate	44.3%
Purchases of raw materials *(Notes)*	
The largest supplier	14.6%
Five largest suppliers in aggregate	29.3%

During the year, none of the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest customers, subcontractors and suppliers.

Notes: Total purchases of raw materials by the Group included purchases of raw materials by main contractors for the Group's use in carrying out waterworks engineering services as a subcontractor for respective contracts. However, the suppliers from which main contractors purchased the raw materials were not included as the suppliers of the Group as the Group did not have direct relationship with these suppliers.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2011 are set out in note 25 to the Financial Statements.

DIRECTORS

The Directors who held office during the year and up to the date of this report are:

Executive Directors

Mr. Kan Kwok Cheung *(Chairman)*
Mr. Cheng Ka Ming, Martin *(Vice-Chairman)*
Mr. Fung Chung Kin *(resigned on 1 January 2011)*
Mr. Chia Thien Loong, Eric John *(Chief Executive Officer)*
Mr. Hui Chi Kwong *(appointed on 2 June 2011)*

Independent Non-Executive Directors

Mr. Lim Hung Chun
Mr. Lo Ho Chor
Mr. Sung Lee Kwok *(resigned on 16 May 2011)*
Mr. Hau Chi Kit *(appointed on 16 May 2011)*

In accordance with article 83(3) of the Company's articles of association, all Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years from 11 August 2010, subject to retirement by rotation and re-election at the AGM pursuant to the articles of association of the Company.

Each of the independent non-executive Directors were appointed for a specific term of three years, subject to retirement by rotation and re-election at the AGM pursuant to the articles of association of the Company. In the case of Mr. Lim Hung Chun and Mr. Lo Ho Chor, their appointment term commenced on 11 August 2010; in the case of Mr. Hau Chi Kit, his appointment term commenced on 16 May 2011.

None of the Directors has a service contract with any member of the Group which is not determinable by the relevant employer within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Group as at the date of this report are set out in the "Biographical Details of Directors and Senior Management" section on pages 18 to 20 of this report.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

DIRECTORS' INTERESTS IN CONTRACT

Save as disclosed in the paragraph headed "Connected Transactions", no contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REMUNERATION POLICY

Remuneration is determined with reference to the nature of job, performance, qualifications and experience of individual employees, as well as the result of the Group and the market trend. The Group carries out staff performance appraisal once a year and the assessment result is used for salary reviews and promotion decisions. The Group recognises the importance of staff training and thus regularly provides internal and external training for its staff to enhance their skills and knowledge.

The remuneration of the Directors is determined with reference to the duties and level of responsibilities of each Director, the remuneration policy of the Group and the prevailing market conditions.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of the Directors and of the five highest paid individuals of the Group are set out in note 11 to the Financial Statements.

PENSION SCHEMES

Particulars of the pension schemes are set out in note 9 to the Financial Statements.

SHARE OPTION SCHEME

The Share Option Scheme has been adopted to provide incentive or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest. No share options have been granted or agreed to be granted pursuant to the Share Option Scheme since its adoption.

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in the Shares:

Name	Capacity/Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Kan *(Note a)*	Interest in controlled corporation	409,200,000	41.250%
Mr. Cheng *(Note b)*	Interest in controlled corporation	130,200,000	13.125%
Mr. Fung *(Note c)*	Interest in controlled corporation	111,600,000	11.250%
Mr. Chia *(Note d)*	Interest in controlled corporation	93,000,000	9.375%

Notes:

(a) Mr. Kan is the sole beneficial owner of Shunleetat, which was interested in 409,200,000 Shares. Under the SFO, Mr. Kan is deemed to be interested in all the Shares held by Shunleetat.

(b) Mr. Cheng is the sole beneficial owner of Chuwei, which was interested in 130,200,000 Shares. Under the SFO, Mr. Cheng is deemed to be interested in all the Shares held by Chuwei.

(c) Mr. Fung is the sole beneficial owner of Purplelight, which was interested in 111,600,000 Shares. Under the SFO, Mr. Fung is deemed to be interested in all the Shares held by Purplelight.

(d) Mr. Chia is the sole beneficial owner of Lotawater, which was interested in 93,000,000 Shares. Under the SFO, Mr. Chia is deemed to be interested in all the Shares held by Lotawater.

Saved as disclosed above, as at 31 March 2011, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as was known to the Directors, as at 31 March 2011, the following persons/entities (other than the Directors or chief executive of the Company) had, or are deemed to have, interests or short positions in the shares, underlying shares or 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 who/which were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO with details as follows:

Long position in the Shares:

Name	Capacity/Nature of interest	Number of Shares held	Percentage of issued share capital
(A) Substantial shareholders of the Company			
Shunleetat *(Note a)*	Beneficial owner	409,200,000	41.250%
Chuwei *(Note b)*	Beneficial owner	130,200,000	13.125%
Purplelight *(Note c)*	Beneficial owner	111,600,000	11.250%
Lotawater *(Note d)*	Beneficial owner	93,000,000	9.375%
(B) Other persons			
Lam Shun Kiu, Rosita *(Note a)*	Spouse interest	409,200,000	41.250%
Cham Yee Wa *(Note c)*	Spouse interest	111,600,000	11.250%
Wan Pui Ki *(Note d)*	Spouse interest	93,000,000	9.375%

Notes:

(a) Shunleetat is wholly and beneficially owned by Mr. Kan. Accordingly, Mr. Kan is deemed to be interested in the 409,200,000 Shares held by Shunleetat under the SFO. Ms. Lam Shun Kiu, Rosita is the spouse of Mr. Kan and is deemed to be interested in 409,200,000 Shares under the SFO.

(b) Chuwei is wholly and beneficially owned by Mr. Cheng. Accordingly, Mr. Cheng is deemed to be interested in the 130,200,000 Shares held by Chuwei under the SFO.

(c) Purplelight is wholly and beneficially owned by Mr. Fung. Accordingly, Mr. Fung is deemed to be interested in the 111,600,000 Shares held by Purplelight under the SFO. Ms. Cham Yee Wa is the spouse of Mr. Fung and is deemed to be interested in 111,600,000 Shares under the SFO.

(d) Lotawater is wholly and beneficially owned by Mr. Chia. Accordingly, Mr. Chia is deemed to be interested in the 93,000,000 Shares held by Lotawater under the SFO. Ms. Wan Pui Ki is the spouse of Mr. Chia and is deemed to be interested in 93,000,000 Shares under the SFO.

Saved as disclosed above, as at 31 March 2011, the Directors were not aware of any other person/entity (other than the Directors or chief executive as disclosed in the paragraph headed "Directors and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above) who/which had, or is deemed to have, interests or short positions in the shares, underlying shares or 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 who/which were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, none of the Directors and their respective associates including spouses and children under 18 years of age was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the year ended 31 March 2011.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Save as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the year ended 31 March 2011.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public throughout the period from the date of the Listing to 31 March 2011 and as at the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPLIANCE ADVISER'S INTEREST IN THE COMPANY

As at 31 March 2011, as notified by the Company's compliance adviser, Optima Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 20 August 2010, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPETING INTERESTS

Interest in Vietnam Infrastructure (BVI) Limited

An executive Director, Mr. Chia, is the director and the beneficial owner of Vietnam Infrastructure (BVI) Limited, a company engaged in the provision of civil engineering services in Vietnam. The civil engineering services provided by Vietnam Infrastructure (BVI) Limited are similar to those provided by the Group but are limited to Vietnam. Mr. Chia confirms that Vietnam Infrastructure (BVI) Limited does not intend to extend its business to Hong Kong. As the Group and Vietnam Infrastructure (BVI) Limited are carrying on business in two distinct jurisdictions, the Directors consider that the business of Vietnam Infrastructure (BVI) Limited is not in direct competition with that of the Group.

Save as disclosed above, during the year and up to date of this report, none of the Directors, controlling Shareholders and their respective associates is interested in any business which competes or is likely to compete, directly or indirectly, with the business of the Group under the GEM Listing Rules.

CONNECTED TRANSACTIONS

During the year, the Group entered into following exempted continuing connected transactions:

Lease Agreement

A lease agreement (the "Lease Agreement") has been entered into between the Company's subsidiary, TYW (as tenant), and Hong Kong Listco Limited ("HKLC") (as landlord) in relation to the office premises situated at Rooms No. 1 and 3, 7/F., Anton Building, 1 Anton Street, Wanchai, Hong Kong at a monthly rent of HK$4,000. The Lease Agreement has a term of 30 months from 1 May 2009 to 31 October 2011. The aforesaid office premises were leased by HKLC from Super Pizza Holdings Limited. HKLC is a company incorporated in Hong Kong and is wholly and beneficially owned by Mr. Chia; and Super Pizza Holdings Limited is a company incorporated in Hong Kong and is owned as to 50% by Mr. Chia, who is also the sole director of both HKLC and Super Pizza Holdings Limited.

Announcement Posting Agreement

On 1 June 2010, the Company entered into an agreement (the "Announcement Posting Agreement") with HKLC pursuant to which HKLC will provide the Company with the service of dissemination of announcements including hosting and posting of announcements, press releases or other documents as required by the GEM Listing Rules on the website(s) of the Group at a monthly service fee of HK$750 for a term of one year commencing from 1 July 2010. The Company considers it more cost effective to engage a professional firm to take up this announcement posting obligation after Listing.

GEM Listing Rules Implications

Given that the annual rental payable under the Lease Agreement and the annual service fee payable under the Announcement Posting Agreement referred to above are both less than HK$1 million and none of the percentage ratios, on an annual basis, equals or exceeds 5%, and that the Lease Agreement and the Announcement Posting Agreement were entered into in the ordinary and usual course of business of the Group, the transactions under the aforesaid agreements are exempt continuing connected transactions of the Company pursuant to Rule 20.33(3)(c) of the GEM Listing Rules, which are exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Save as disclosed above, none of the Directors, controlling Shareholders and their respective associates has any other conflict of interests with the Group during the year ended 31 March 2011.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices are set out in the "Corporate Governance Report" section on pages 21 to 27 of this report.

POST BALANCE SHEET EVENTS

Subsequent to 31 March 2011 and up to the date of this report, following significant event has taken place:

Change in Shareholding Structure and Substantial Shareholder

Mr. Fung, who was a substantial shareholder of the Company has disposed of his substantial shareholding interest in the Company on 13 April 2011. Prior to the Disposal, Mr. Fung was the sole beneficial owner of Purplelight which in turn held 111,600,000 Shares, representing 11.25% of the issued share capital of the Company.

The Disposal involved (i) Purplelight disposing of 33,480,000 Shares, representing 3.375% of the issued share capital of the Company, to Chuwei; and (ii) Mr. Fung disposing of his shareholding in the entire issued share capital of Purplelight, which then held 78,120,000 Shares representing 7.875% of the issued share capital of the Company, to Mr. Chia. Completion of the Disposal took place on 13 April 2011. Upon completion of the Disposal, Mr. Cheng, through his interest in Chuwei, is interested in 163,680,000 Shares, representing 16.50% of the issued share capital of the Company as at the date hereof, while Mr. Chia, through his interests in Lotawater and Purplelight, is interested in an aggregate of 171,120,000 Shares, representing 17.25% of the issued share capital of the Company as at the date of this report. Mr. Fung ceased to be interested in any Shares after the Disposal.

Further details of the Disposal are set out in the announcement of the Company dated 13 April 2011.

Except disclosed above, the Directors are not aware of any significant events that have taken place subsequent to 31 March 2011 and up to the date of this report.

AUDITOR

The Financial Statements have been audited by BDO Limited which will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM. A resolution to re-appoint BDO Limited and to authorise the Directors to fix its remuneration will be proposed at the forthcoming AGM.

On behalf of the Board

Kan Kwok Cheung
Chairman

Hong Kong, 15 June 2011

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF TSUN YIP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Tsun Yip Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 40 to 83, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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. This report is made solely to you, as a body, in accordance with the terms of our 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 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 Company and of the Group as at 31 March 2011, 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.

BDO Limited
Certified Public Accountants
Li Yin Fan
Practising Certificate Number P03113

Hong Kong, 15 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	*6*	184,307	148,844
Cost of service		(162,107)	(121,872)
Gross profit		22,200	26,972
Other income	*6*	544	811
Administrative expenses		(10,739)	(6,753)
Profit from operations	*8*	12,005	21,030
Finance costs	*10*	(341)	(634)
Profit before income tax		11,664	20,396
Income tax	*12*	(1,918)	(3,558)
Profit and total comprehensive income for the year attributable to the owners of the Company		9,746	16,838
Earnings per share attributable to owners of the Company — Basic and diluted (HK cents)	*15*	1.09	2.26

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	16	12,711	13,308
Current assets			
Inventories	17	16,180	9,788
Trade and other receivables	18	26,779	28,271
Pledged bank deposits		2,000	—
Tax recoverable		321	—
Cash and cash equivalents		16,233	10,330
		61,513	48,389
Total assets		74,224	61,697
Current liabilities			
Trade and other payables	20	22,008	24,451
Finance lease creditors	21	748	3,052
Borrowings	22	2,733	4,532
Employee benefits	23	897	473
Current tax liabilities		273	4,365
		26,659	36,873
Net current assets		34,854	11,516
Total assets less current liabilities		47,565	24,824
Non-current liabilities			
Finance lease creditors	21	244	826
Deferred tax liabilities	24	1,541	1,658
		1,785	2,484
Total liabilities		28,444	39,357
NET ASSETS		45,780	22,340
Capital and reserves			
Share capital	26	992	9,868
Reserves	27	44,788	12,472
TOTAL EQUITY		45,780	22,340

On behalf of the Board

Kan Kwok Cheung
Director

Chia Thien Loong, Eric John
Director

STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000
Non-current assets		
Investment in a subsidiary	25	23,647
Current assets		
Other receivables		134
Amounts due from subsidiaries	25	3,776
Pledged bank deposits		2,000
Cash and cash equivalents		10,698
		16,608
Total assets		40,255
Current liabilities		
Accrued expenses and other payables		172
Net current assets		16,436
Total assets less current liabilities		40,083
NET ASSETS		40,083
Capital and reserves		
Share capital		992
Reserves		39,091
TOTAL EQUITY		40,083

On behalf of the Board

Kan Kwok Cheung
Director

Chia Thien Loong, Eric John
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Share capital HK$'000 *(Note 26)*	Share premium account HK$'000 *(Note 27)*	Other reserves HK$'000 *(Note 27)*	Retained earnings HK$'000 *(Note 27)*	Proposed dividend HK$'000 *(Note 27)*	Total equity HK$'000
At 1 April 2009	9,868	—	—	14,204	—	24,072
Total comprehensive income for the year	—	—	—	16,838	—	16,838
Interim dividend paid during the year	—	—	—	(18,570)	—	(18,570)
Proposed final dividend	—	—	—	(4,000)	4,000	—
At 31 March 2010 and 1 April 2010	9,868	—	—	8,472	4,000	22,340
Total comprehensive income for the year	—	—	—	9,746	—	9,746
Reorganisation	(9,868)	—	9,868	—	—	—
Issue of Share pursuant to the Placing	248	31,496	—	—	—	31,744
Share placement expenses	—	(10,776)	—	—	—	(10,776)
Capitalisation of share premium account	744	(744)	—	—	—	—
2010 final dividend paid	—	—	—	—	(4,000)	(4,000)
2011 1st interim dividend paid	—	—	—	(1,984)	—	(1,984)
2011 2nd interim dividend paid	—	—	—	(1,290)	—	(1,290)
At 31 March 2011	992	19,976	9,868	14,944	—	45,780

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Cash flows from operating activities		
Profit before income tax	11,664	20,396
Adjustments for:		
Depreciation of property, plant and equipment	5,052	3,831
Write-off of long outstanding trade payables	—	(802)
Impairment loss on trade receivables	—	243
Loss on disposal of property, plant and equipment	127	40
Finance costs	341	634
Interest income	(3)	(9)
	17,181	24,333
Increase in inventories	(6,392)	(2,025)
Decrease/(increase) in trade and other receivables	1,492	(124)
(Decrease)/increase in trade and other payables	(2,588)	5,515
Increase/(decrease) in employee benefits	424	(40)
Cash generated from operations	10,117	27,659
Income tax paid	(6,447)	(536)
Income tax refunded	—	46
Net cash from operating activities	3,670	27,169
Cash flows from investing activities		
Purchases of property, plant and equipment	(4,583)	(5,464)
Proceeds from sale of property, plant and equipment	—	213
Interest received	3	9
Net cash used in investing activities	(4,580)	(5,242)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	31,744	—
Expenses paid in connection with the issue of new shares	(10,776)	—
Increase in pledged bank deposits	(2,000)	—
Proceeds from borrowings	3,000	6,000
Repayment of borrowings	(4,799)	(1,468)
Interest element of finance lease creditors	(243)	(396)
Repayment of finance lease creditors	(2,886)	(3,971)
Interest paid	(98)	(238)
Dividends paid by subsidiaries to their then shareholders prior to the Reorganisation	(4,000)	(9,945)
Dividends paid to the owners of the Company	(3,129)	—
Net cash from/(used in) financing activities	6,813	(10,018)
Net increase in cash and cash equivalents	5,903	11,909
Cash and cash equivalents at beginning of year	10,330	(1,579)
Cash and cash equivalents at end of year	16,233	10,330

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. GENERAL

The Company was incorporated in the Cayman Islands on 15 March 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office and principal place of business of the Company are located at the offices of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Flat 314, 3/F., Fuk Shing Commercial Building, 28 On Lok Mun Street, Fanling, New Territories, Hong Kong respectively.

The shares of the Company were listed on GEM on 30 August 2010.

The principal activity of the Company is investment holding. The principal activity of its subsidiaries is the provision of waterworks engineering services, road works and drainage services and site formation works for the public sector in Hong Kong.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 April 2010

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKAS 32	Classification of rights issues
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK (IFRIC)-Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements — Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new/revised standards and interpretations has no significant impact on the Group's financial statements.

HKFRS 3 (Revised) — Business Combinations and HKAS 27 (Revised) — Consolidated and Separate Financial Statements

The revised accounting policies are described in note 4 to the financial statements, which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as there has been no business combination transaction during the year.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

(a) Adoption of new/revised HKFRSs — effective 1 April 2010 *(Continued)*

HK Interpretation 5 — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

Under the requirements of HK Interpretation 5, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the statement of financial position. The adoption of the interpretation has had no material impact on the consolidated financial statements during the current and prior years as the Group's existing accounting policies are already in compliance with the interpretation.

Other than these, adoption of the other new or revised HKFRSs has had no material effects on the Group's consolidated financial statements nor resulted in substantial changes to the Group's accounting policies.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1&2]
Amendments to HK(IFRIC)-Interpretation 14	Prepayments of a Minimum Funding Requirement[2]
HK(IFRIC)-Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
Amendments to HKFRS 7	Disclosure — Transfers of Financial Assets[3]
Amendments to HKAS12	Referral Tax — Recovery of Underlying Assets[4]
HKFRS 9	Financial Instruments[5]

[1] *Effective for annual periods beginning on or after 1 July 2010*
[2] *Effective for annual periods beginning on or after 1 January 2011*
[3] *Effective for annual periods beginning on or after 1 July 2011*
[4] *Effective for annual periods beginning on or after1 January 2012*
[5] *Effective for annual periods beginning on or after 1 January 2013*

The Group is in the process of making an assessment of the potential impact of other new and revised HKFRSs and the directors so far have concluded that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

(a) Group reorganisation

Under a group reorganisation scheme (the "Reorganisation") to rationalise the structure of the Group in preparation for the Listing, the Company became the holding company of the companies now comprising the Group on 11 August 2010.

Details of the Reorganisation are set out in the paragraph headed "Further information about the Company and its subsidiaries" in Appendix V to the prospectus dated 20 August 2010 issued by the Company.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared in accordance with accounting policies as set out in note 4(a).

(b) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

(c) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(d) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates 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.

Business combination from 1 January 2010

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(a) Business combination and basis of consolidation *(Continued)*

Common control combinations

The consolidated financial statements for the year ended 31 March 2010 incorporated the financial statements of the combining entities in which the common control combination occurred as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. No amount was 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 included the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

(b) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Property, plant and equipment *(Continued)*

Property, plant and equipment are depreciated at rates sufficient to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The depreciation rates/useful lives are as follows:

Site offices	Over the respective projects terms
Leasehold improvements	30% or over the respective life of the leases, whichever is shorter
Machinery	30%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	20%

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Leasing

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

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired.

Loans and receivables comprise of trade and other receivables, deposits and cash and cash equivalents, they are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Loans and receivables are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Financial instruments *(Continued)*

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred.

Financial liabilities include trade and other payables, obligations under finance lease and borrowings, they are initially recognised at fair value, net of directly attributable transaction costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset only when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders and claims. Contract costs comprise direct materials, costs of subcontracting, direct labour, borrowing costs attributable directly to the construction and an appropriate portion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of reporting period.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

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

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

(g) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expense.

(h) Revenue recognition

Revenue from construction contracts is recognised on the percentage of completion method, measured by reference to the certification by architects.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(j) Employee benefits

(i) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) Short-term employee benefits

Short-term employee benefits are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(j) Employee benefits *(Continued)*

(iv) Long service payments

The Group's net obligation in respect of long service payments payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods. 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 attributable to contributions made by the Group.

(k) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- investment in a subsidiary.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Construction contract revenue recognition

According to the accounting policies of construction contracts as stated in note 4(f), the Group uses the percentage of completion method to determine the appropriate revenues to be recognised in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as percentage of total estimated costs for each contract.

Upon applying the percentage of completion method, the Group needs to estimate the gross profit margin of each construction contract, which was determined based on the estimated total construction contract costs and total construction contract sum, including confirmed variation orders and claims, and liquidated damages. If the actual gross profit margin of construction contract differs from the management's estimates, the construction contract revenue to be recognised within the next year will need to be adjusted accordingly.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

(ii) Impairment of assets

The Group assesses annually whether the financial assets and non-financial assets have suffered any impairment in accordance with accounting policies stated in note 4(e)(ii) and 4(k) respectively. The assets are reviewed for the impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The determination of recoverable amount requires an estimation of future cash flows and the selection of appropriate discount rates.

6. REVENUE AND OTHER INCOME

Revenue and other income recognised during the year are as follows:

	2011 HK$'000	2010 HK$'000
Revenue		
Turnover — revenue from construction works	184,307	148,844
Other income		
Write-off of long outstanding trade payables which were overdue more than 6 years	—	802
Sundry income	544	9
	544	811

7. OPERATING SEGMENTS

The Group is principally engaged in the provision of waterworks engineering services, road works and damage services and site formation works for the public sector in Hong Kong.

Information about major customers

Revenue from major customers is as follows:

	2011 HK$'000	2010 HK$'000
Customer A	27,467	17,154
Customer B	153,398	131,376
Others	3,442	314
	184,307	148,844

8. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging:

	2011 HK$'000	2010 HK$'000
Contract costs recognised as expense, including borrowing costs of HK$57,000 (2010: HK$242,000)	162,107	121,872
Auditor's remuneration	670	500
Depreciation	5,052	3,831
Impairment loss on trade receivables	—	243
Loss on disposal of property, plant and equipment	127	40
Staff costs *(note 9)*	38,325	26,896

9. STAFF COSTS

	2011 HK$'000	2010 HK$'000
Staff costs (including directors' remuneration) comprise:		
Wages, salaries and other benefits	36,931	26,086
Contributions to defined contribution retirement plan	1,394	810
	38,325	26,896

10. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on finance leases	243	396
Interest on bank overdraft	—	20
Interest on bank loans wholly repayable within five years	98	218
Interest on advance payment from a customer	57	242
	398	876
Less: Amount classified as contract costs	(57)	(242)
	341	634

11. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(i) Directors' remuneration

The aggregate amounts of the remuneration paid and payable to the directors of the Company by the Group for the year ended 31 March 2011 and 2010 are as follows:

	Fees HK$'000	Salaries and allowances HK$'000	Bonus HK$'000	Defined contribution retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2011					
Executive directors					
Mr. Cheng Ka Ming, Martin	—	908	—	12	920
Mr. Chia Thien Loong, Eric John	—	140	1	7	148
Mr. Fung Chung Kin*	—	665	—	9	674
Mr. Kan Kwok Cheung	—	1,334	—	12	1,346
Independent non-executive directors					
Mr. Lim Hung Chun **	61	—	—	—	61
Mr. Lo Ho Chor **	61	—	—	—	61
Mr. Sung Lee Kwok***	61	—	—	—	61
	183	3,047	1	40	3,271

11. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(i) Directors' remuneration *(Continued)*

	Fees HK$'000	Salaries and allowances HK$'000	Bonus HK$'000	Defined contribution retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2010					
Executive directors					
Mr. Cheng Ka Ming, Martin	—	880	—	11	891
Mr. Chia Thien Loong, Eric John	—	11	—	1	12
Mr. Fung Chung Kin *	—	600	50	12	662
Mr. Kan Kwok Cheung	—	1,093	50	12	1,155
	—	2,584	100	36	2,720

* *Resigned on 1 January 2011*
** *Appointed on 11 August 2010*
*** *Appointed on 11 August 2010 and resigned on 16 May 2011*

None of directors waived any emoluments during the years ended 31 March 2010 and 2011 and there were no emoluments paid by the Group to any directors as an inducement to join, or upon joining the Group or as compensation for loss of office.

(ii) Five highest paid individuals

The five highest paid individuals whose emoluments were the highest in the Group included two directors (2010: three) for the year ended 31 March 2011 whose emoluments are reflected in the analysis as shown in note 11(i). The emoluments of the remaining three (2010: two) individuals for the year ended 31 March 2011 are as follows:

	2011 HK$'000	2010 HK$'000
Basic salaries, bonuses and other allowances	1,442	1,300
Defined contribution retirement benefit scheme contributions	24	24
	1,466	1,324

11. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(CONTINUED)*

(ii) Five highest paid individuals *(Continued)*

Their emoluments were within the following band:

	2011 No. of employees	2010 No. of employees
Nil to HK$1,000,000	3	2

During the years ended 31 March 2010 and 2011, none of the senior management waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group or as compensation for loss of office.

12. INCOME TAX

The amount of income tax in the consolidated statement of comprehensive income represents:

	2011 HK$'000	2010 HK$'000
Current tax — Hong Kong Profits tax		
— tax for the year	2,005	2,603
— under-provision in respect of prior years	30	90
	2,035	2,693
Deferred tax *(note 24)*		
— current year	(117)	865
Income tax	1,918	3,558

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the year.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and its subsidiary, TYW (BVI), are not subject to any income tax in the Cayman Islands and the BVI respectively.

12. INCOME TAX *(CONTINUED)*

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

	2011 HK$'000	2010 HK$'000
Profit before income tax	11,664	20,396
Tax calculated at the domestic tax rate of 16.5%	1,925	3,365
Tax effect of expenses not deductible for tax purposes	211	63
Tax effect of other temporary difference not recognised	(248)	40
Under-provision in respect of prior years	30	90
Income tax expense	1,918	3,558

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company, which has been dealt with in the financial statements of the Company amounted to HK$1,258,000 (2010: Nil).

14. DIVIDENDS

	2011 HK$'000	2010 HK$'000
Dividends distributed by the Company *(note (i))*	3,274	—
Dividends distributed by the subsidiaries *(note (ii))*	4,000	18,570
	7,274	18,570

Notes:

(i) The Directors declared and paid the first interim dividend of HK0.2 cents per Share and second interim dividend of HK0.13 cents per Share, totalling HK$1,984,000 and HK$1,289,600 respectively for the year ended 31 March 2011.

(ii) The amount represented dividends declared and paid by the Company's subsidiaries to their then shareholders prior to the Listing. The rates of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful for the purpose of the annual financial statements.

(iii) No dividend has been proposed since the end of reporting period.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per Share attributable to owners of the Company is based on the following data:

	2011 HK$'000	2010 HK$'000
Earnings for the purposes of basic and diluted earnings per Share	9,746	16,838

	Number of shares '000	 '000
Weighted average number of Shares for the purposes of basic and diluted earnings per Share	890,762	744,000

For the years ended 31 March 2011 and 2010, basic earnings per Share is same as diluted earnings per Share as there is no dilutive potential ordinary share outstanding during the years.

The weighted average number of Shares used in the calculation of basic and diluted earnings per Share for both years has been adjusted for the Share Subdivision effective on 23 December 2010 (note 26).

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Site offices HK$'000	Total HK$'000
Cost							
At 1 April 2009	80	2,616	561	1,631	7,008	1,141	13,037
Additions at cost	—	2,889	137	367	4,741	561	8,695
Disposals	—	—	(3)	(1)	(341)	—	(345)
At 31 March 2010 and 1 April 2010	80	5,505	695	1,997	11,408	1,702	21,387
Additions at cost	11	219	666	1,464	618	1,604	4,582
Disposals	—	(123)	(1)	(2)	(166)	—	(292)
At 31 March 2011	91	5,601	1,360	3,459	11,860	3,306	25,677
Accumulated depreciation							
At 1 April 2009	12	1,341	161	418	1,928	480	4,340
Depreciation	24	1,044	128	361	1,891	383	3,831
Eliminated on disposals	—	—	(1)	—	(91)	—	(92)
At 31 March 2010 and 1 April 2010	36	2,385	288	779	3,728	863	8,079
Depreciation	27	1,346	208	524	2,290	657	5,052
Eliminated on disposals	—	(71)	(1)	(2)	(91)	—	(165)
At 31 March 2011	63	3,660	495	1,301	5,927	1,520	12,966
Net book value							
At 31 March 2011	28	1,941	865	2,158	5,933	1,786	12,711
At 31 March 2010	44	3,120	407	1,218	7,680	839	13,308

16. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Group *(Continued)*

The net carrying amount of property, plant and equipment includes the following assets held under finance leases (note 21).

	Group	
	2011 HK$'000	2010 HK$'000
Machinery	—	327
Motor vehicles	1,715	5,544
	1,715	5,871

17. INVENTORIES

	Group	
	2011 HK$'000	2010 HK$'000
Construction materials	16,180	9,788

18. TRADE AND OTHER RECEIVABLES

	Group	
	2011 HK$'000	2010 HK$'000
Trade receivables — current *(note (i), (iii))*	3,026	2,612
Retention receivables *(note (ii), (iii)), (note 19)*	6,425	6,495
Other receivables and prepayments	5,424	7,935
Amounts due from customers for contract works *(note 19)*	10,967	10,635
Deposits	937	594
	26,779	28,271

18. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Notes:

(i) *Trade receivables as at the end of the reporting period mainly derived from provision of construction works on civil engineering contracts. The related customers are mainly government department/organisation and reputable corporations. These customers have established good track records with the Group and have no history of default payments. On this basis, the management of the Company believes that no impairment allowance is necessary in respect of the trade receivables as at the end of reporting period. The Group does not hold any collateral over these balances.*

Included in trade and other receivables are trade debtors (net of impairment losses) with the following ageing analysis as of end of reporting period:

	Group	
	2011 HK$'000	2010 HK$'000
Current	3,026	2,612
Less than 1 month past due	—	—
1 to 3 months past due	—	—
More than 3 months but less than 12 months past due	—	—
	3,026	2,612

The Group grants an average credit period of 30 days to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.

The balance of trade receivables is neither past due nor impaired.

(ii) *Retention monies withheld by customers of contract works are released after the completion of maintenance period of the relevant contract or in accordance with the terms specified in the relevant contract.*

(iii) *Trade and other receivables including the retention receivables are short term and hence the Directors consider the carrying amounts of trade and other receivables approximate their fair values at the end of reporting periods.*

19. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	Group	
	2011 HK$'000	2010 HK$'000
Contracts in progress at the end of reporting period:		
Contract costs incurred to date plus recognised profits	377,190	210,075
Less: recognised losses	—	—
	377,190	210,075
Progress billings	(366,223)	(199,440)
	10,967	10,635

"Contract costs incurred to date plus recognised profits" comprise direct materials, costs of subcontracting, direct labour, an appropriate portion of variable and fixed construction overheads and gross profit earned to date of the contracts, which is measured by reference to the certification by architects.

"Progress billings" represent the amounts billed to the customers for work performed up to the end of reporting period.

At 31 March 2011, retentions held by customers for contract works included in other receivables (note 18) amounted to HK$6,425,000 (2010: HK$6,495,000).

At 31 March 2011, advances received from customers included in other payables (note 20) under current liabilities amounted to HK$3,129,000 (2010: HK$9,550,000).

20. TRADE AND OTHER PAYABLES

	Group	
	2011 HK$'000	2010 HK$'000
Trade payables	11,083	8,046
Retention money payables	2,237	2,854
Advances received from customers *(note (i)) (note 19)*	3,129	9,550
Amount due to a shareholder *(note (ii))*	145	—
Other payables and accruals	5,414	4,001
	22,008	24,451

Notes:

(i) Advances received from customers are unsecured, interest free and repayable on demand except for an amount of HK$3,450,000 bears interest at a rate of HIBOR + 4% per annum at 31 March 2010.

(ii) Amount due to a shareholder represents the dividend payable to a shareholder, which is unsecured, interest-free and repayable on demand as at 31 March 2011.

The Group normally settles trade payables within 30 days' credit term. Based on the invoice date, ageing analysis of trade payables at the end of the reporting period is as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Current or less than 1 month	8,503	5,418
1 to 3 months	2,322	1,104
More than 3 months but less than 12 months	35	385
More than 12 months	223	1,139
	11,083	8,046

All amounts are short term and hence the carrying values of trade payables are considered to be a reasonable approximation of fair value.

21. LEASES

(a) Finance leases

The Group leases a number of its motor vehicles and machinery. Such assets are classified as finance leases as the rental period approximates the estimated useful economic lives of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount. The lease terms ranged from one to three years. For the year ended 31 March 2011, the weighted average interest rate is 8.6% (2010: 7.9%) per annum.

Future lease payments are due as follows:

Group

	2011		
	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Not later than one year	797	49	748
Later than one year and not later than five years	250	6	244
	1,047	55	992

Group

	2010		
	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Not later than one year	3,335	283	3,052
Later than one year and not later than five years	875	49	826
	4,210	332	3,878

21. LEASES *(CONTINUED)*

(b) Operating leases — lessee

The Group leased its office property, director's quarter and certain office equipment under operating lease arrangement which were negotiated for terms from two to three years with an option to renew the leases upon expiry when all terms are renegotiated. None of the leases included contingent rentals.

The lease payments recognised as an expenses are as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Minimum lease payments	1,078	991

The total future minimum lease payments are due as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Not later than one year	822	658
Later than one year and not later than five years	394	412
	1,216	1,070

The Company does not have any significant operating lease commitments as at 31 March 2011.

22. BORROWINGS

	Group	
	2011 HK$'000	2010 HK$'000
Interest bearing :		
Bank loans — on demand	2,733	4,532

During the year ended 31 March 2011, the Group obtained a new bank loan together with the banking facilities, which was secured by pledged deposits with an amount of HK$2,000,000 and a cross guarantee from a subsidiary and the Company. The bank loans carry variable interest at the rate of HIBOR plus 2.5% per annum and is repayable in November 2012. It is classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at its own discretion.

At 31 March 2010, the bank loans together with the banking facilities were secured by personal guarantees executed by Mr. Kan and a cross guarantee from a subsidiary.

On 9 July 2010, Mr. Kan repaid all the outstanding bank loans on behalf of the Group and the Group in turn fully repaid the loan to Mr. Kan on 11 September 2010. The personal guarantees of Mr. Kan provided for the loans and other banking facilities were released during the year.

23. EMPLOYEE BENEFITS

	Group	
	2011 HK$'000	2010 HK$'000
Liabilities for employee benefits comprise:		
Annual leave entitlement	484	330
Long service payments entitlement	413	143
	897	473

24. DEFERRED TAX

Details of the deferred tax liabilities of the Group recognised and movements during the years are as follows:

	Accelerated depreciation allowances HK$'000
At 1 April 2009	793
Charge to profit or loss for the year *(note 12)*	865
At 31 March 2010 and 1 April 2010	1,658
Credit to profit or loss for the year *(note 12)*	(117)
At 31 March 2011	1,541

25. INTERESTS IN SUBSIDIARIES

	Company HK$'000
Unlisted shares, at cost	23,647
Amounts due from subsidiaries	3,776

The amounts due from subsidiaries are unsecured, interest-free and with no fixed repayment term.

25. INTERESTS IN SUBSIDIARIES *(CONTINUED)*

Details of the subsidiaries are as follows:

Name of company	Place and date of incorporation and form of business structure	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Nominal value of issued capital	Principal activities
Subsidiaries					
TYW (BVI)	BVI, 2 July 2009, limited liability company	100%	—	United States Dollars ("US$") 10,000, divided into 10,000 shares of US$1.00 each	Investment holding
TY Civil	Hong Kong, 16 June 2000, limited liability company	—	100%	HK$ 1,000 divided into 1,000 shares of HK$1.00 each	Rental of motor vehicles, provision of waterworks and laying of water pipes
TYW	Hong Kong, 6 February 1996, limited liability company	—	100%	HK$10,000,000, divided into 10,000,000 shares of HK$1.00 each	Provision of waterworks and laying of water pipes

None of the subsidiaries had issued any debt securities at the end of the year.

26. SHARE CAPITAL

	Notes	Number of shares At HK$0.01 each	Number of shares At HK$0.001 each	Nominal value HK$'000
Authorised				
On incorporation and at 1 April 2010	*(a)*	38,000,000	—	380
Increase in authorised share capital	*(b)*	49,962,000,000	—	499,620
Effect of Share Subdivision to HK$0.001 each	*(e)*	(50,000,000,000)	500,000,000,000	—
At 31 March 2011		—	500,000,000,000	500,000
Issued				
At 1 April 2010		—	—	9,868
Reorganisation		—	—	(9,868)
Issue of Shares in connection with the Recognisation		1,000	—	—
Issue of Shares pursuant to the Placing	*(c)*	24,800,000	—	248
Capitalisation of share premium account	*(d)*	74,399,000	—	744
Effect of Share Subdivision	*(e)*	(99,200,000)	992,000,000	—
At 31 March 2011		—	992,000,000	992

Notes:

(a) The Company was incorporated in the Cayman Islands on 15 March 2010 with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. On the same date, one Share was allotted and issued nil paid to the initial subscriber.

(b) Pursuant to the written resolutions of all the shareholders passed on 11 August 2010, the authorised share capital of the Company was increased from HK$380,000 to HK$500,000,000 by the creation of additional 49,962,000,000 Shares of HK$0.01 each which ranked pari passu in all respects with the Shares then in issue.

(c) On 30 August 2010, 24,800,000 Shares of HK$0.01 each were issued by way of the Placing at a price of HK$1.28 per Share for cash consideration of HK$31,744,000. The excess of the placing price over the par value of the Shares issued was credited to the share premium account.

(d) On 30 August 2010, an aggregate of 74,399,000 Shares of HK$0.01 each were allotted, issued at par and fully paid to the shareholders whose names appeared on the register of members of the Company as at 11 August 2010 by way of capitalisation of a total sum of HK$743,990 out of the share premium account of the Company arising from the Placing.

(e) On 22 December 2010, an ordinary resolution was passed by the shareholders at an extraordinary general meeting of the Company pursuant to which each of the issued and unissued Share of HK$0.01 each was sub-divided into 10 new Shares of HK$0.001 each with effect from 23 December 2010.

27. RESERVES

Group	Share premium account HK$'000	Other reserve HK'000	Retained earnings HK$'000	Proposed dividend HK$'000	Total HK$'000
At 31 March 2009	—	—	14,204	—	14,204
Total comprehensive income for the year	—	—	16,838	—	16,838
Interim dividends paid during the year *(note 14)*	—	—	(18,570)	—	(18,570)
Proposed final dividend	—	—	(4,000)	4,000	—
At 31 March and 1 April 2010	—	—	8,472	4,000	12,472
Total comprehensive income for the year	—	—	9,746	—	9,746
Reorganisation	—	9,868	—	—	9,868
Issue of Shares pursuant to the Placing	31,496	—	—	—	31,496
Share placement expenses	(10,776)	—	—	—	(10,776)
Capitalisation of share premium account	(744)	—	—	—	(744)
Dividends paid during the year *(note 14)*	—	—	(3,274)	(4,000)	(7,274)
At 31 March 2011	19,976	9,868	14,944	—	44,788

Company	Share premium account HK$'000	Other reserve HK'000	Accumulated losses HK$'000	Total HK$'000
At 15 March 2010 (date of incorporation)	—	—	—	—
Reorganisation	—	23,647	—	23,647
Issue of Shares pursuant to the Placing	31,496	—	—	31,496
Share placement expenses	(10,776)	—	—	(10,776)
Capitalisation of share premium account	(744)	—	—	(744)
Loss for the year	—	—	(1,258)	(1,258)
Dividends paid during the year *(note 14)*	—	—	(3,274)	(3,274)
At 31 March 2011	19,976	23,647	(4,532)	39,091

27. RESERVES *(CONTINUED)*

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share premium	Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the shareholders provided that immediately following that date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts when they fall due in the ordinary course of business.
Other reserve	Other reserve of the Company represents the difference between the consolidated net assets of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the Reorganisation.
Retained earnings/accumulated losses	Cumulative net gains and losses recognised in profit or loss.

28. SHARE-BASED PAYMENT

Pursuant to the share option scheme adopted by the Company on 17 August 2010, the Company may grant options to the directors, employees, non-executive directors, suppliers of goods and services, customers, advisors and consultants, shareholders of the Company or any of its subsidiaries for the primary purpose of providing incentives to them, to subscribe for shares in the Company with the payment of HK$1 per offer. The total number of shares in respect of which options may be granted shall not exceed 10% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual in any one year shall not exceed 1% of the issued share capital of the Company. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's issued share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders. The exercise price of the share option will be determined at the higher of the average of closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the options; the closing price of the shares on the Stock Exchange on the date of grant; and the nominal value of the shares. The share options are exercisable for a period not later than 10 years from the date of grant, where the acceptance date should not be later than 28 days after the date of offer.

No option has been granted by the Company under the Share Option Scheme since its adoption up to 31 March 2011.

29. CONTINGENT LIABILITIES

At 31 March 2011, the Company provides guarantee to the extent of approximately HK$2,733,000 (2010: Nil) for the banking facilities granted to a subsidiary.

The Company has not recognised any deferred income in respect of the guarantees for banking facilities granted to subsidiaries as their fair value cannot be reliably measured and their transaction price was nil.

30. RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following related party transactions:

Related party relationship	Type of transaction	Transaction amount 2011 HK$'000	2010 HK$'000
A company that Mr. Chia, a Director had material interest	Rental expenses for an office premise paid *(note (i))*	48	44
	Service fee for announcement posting agreement	9	–
Spouse of Mr. Fung, a former Director	Sale of a motor vehicle to the Group *(note (ii))*	–	150
Mr. Kan, a Director and controlling shareholder of the Company	Shareholder's loan to the Company *(note (iii))*	4,040	–

Notes:

(i) Rental expense was charges at a term mutually agreed between the Group and the related company.

(ii) The purchase of motor vehicle from the spouse of Mr. Fung, a former Director was made according to the published price. This related transaction is one-off in nature.

(iii) The loan was repaid to Mr. Kan on 11 September 2010.

One of the Company's Directors, who is also a shareholder of the Company, has provided personal guarantee to the lessor in respect of the Group's obligations under finance lease as at the end of the reporting period as disclosed in note 16.

The Directors considered that the above related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

30. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Compensation of key management personnel of the Group

The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them during the year are set out in note 11.

31. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions during the years are as follows:

(i) During the year ended 31 March 2010, dividend of approximately HK$8,625,000 payable to a shareholder of one of the Company's subsidiaries was settled by offsetting the current account with the director who was also the then shareholder of that subsidiary under the instruction of the then shareholder.

(ii) During the year ended 31 March 2010, the Group entered into finance lease arrangements in respect of purchase of property, plant and equipment with a capital value of the inception of the leases of approximately HK$3,231,000.

32. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity and interest rate arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share prices.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Ongoing credit evaluation is performed on the financial condition of trade customers and, where appropriate, credit guarantee insurance cover is purchased. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 57% (2010: 66%) and 93% (2010: 93%) of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively.

32. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans of cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The table below summaries the maturity profile of the Group's financial liabilities at 31 March on contractual undiscounted payments:

Group	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2011					
Other payables and accruals	5,559	—	—	—	5,559
Borrowings	2,794	—	—	—	2,794
Finance lease creditors	172	191	434	250	1,047
	8,525	191	434	250	9,400
2010					
Other payables and accruals	4,001	—	—	—	4,001
Borrowings	4,855	—	—	—	4,855
Finance lease creditors	1,662	537	1,136	875	4,210
	10,518	537	1,136	875	13,066

32. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(b) Liquidity risk *(Continued)*

Company	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	Over 1 year HK$'000	Total HK$'000
2011					
Accrued expenses and other payables	172	—	—	—	172
Financial guarantee issued	2,794	—	—	—	2,794
	2,966	—	—	—	2,966

(c) Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates primarily relates to the Group's pledged bank deposits, cash at bank, bank borrowings and obligations under finance leases. The Company manages the risk by regularly evaluating its cash flows and by repaying the bank borrowings when sufficient funds are available.

Interest rate profile

The following table details interest rates analysis that the directors of the Company evaluate its interest rate risk.

	2011		2010	
	Effective interest rate (%)	HK$'000	Effective interest rate (%)	HK$'000
Financial liabilities				
Fixed rate borrowings				
— Bank borrowings	—	—	3.75	1,799
— Obligation under finance leases	8.6	992	7.9	3,878
Floating rate borrowings				
— Bank borrowings	2.7	2,733	6	2,733
Financial assets				
Fixed rate borrowings				
— Pledged bank deposits	0.35	2,000	—	—
Floating rate assets				
— Bank balances	0.01–0.05	16,233	0.01	10,330

32. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(c) Interest rate risk *(Continued)*

Sensitivity analysis

At 31 March 2011, it is estimated that a general decrease or increase of 100 (2010: 100) basis points in interest rates, with all other variables held constant, would increase or decrease the Company's profit after tax by approximately HK$135,000 (2010: HK$55,000). There is no impact on other components of equity.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point decrease or increase represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2010.

33. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

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

The capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves.

The capital structure of the Group consists of debts, which includes the borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, reserves and retained earnings. The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

33. CAPITAL RISK MANAGEMENT *(CONTINUED)*

The net debt to equity ratio at the end of reporting period was as follows:

	2011 HK$'000	2010 HK$'000
Debt	26,630	33,334
Less: Cash and cash equivalents	(16,233)	(10,330)
Net debt	10,397	23,004
Equity	45,780	22,340
Net debt and equity	56,177	45,344
Net debt to equity ratio	19%	51%

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 15 June 2011.

FINANCIAL SUMMARY

A summary of the results and of the financial position of the Group for the last three financial years, as extracted from the published audited financial statements, is set out below.

CONSOLIDATED RESULTS

For the year ended 31 March

	2011 HK$'000	2010 HK$'000	2009 HK$'000
Revenue	184,307	148,844	87,696
Cost of services	(162,107)	(121,872)	(70,617)
Gross profit	22,200	26,972	17,079
Other income	544	811	2,539
Administrative expenses	(10,739)	(6,753)	(5,431)
Profit from operations	12,005	21,030	14,187
Finance costs	(341)	(634)	(455)
Profit before income tax	11,664	20,396	13,732
Income tax	(1,918)	(3,558)	(2,327)
Profit and total comprehensive income for the period	9,746	16,838	11,405

CONSOLIDATED FINANCIAL POSITION

As at 31 March

	2011 HK$'000	2010 HK$'000	2009 HK$'000
Non-current assets	12,711	13,308	8,697
Current assets	61,513	48,389	45,196
Total assets	74,224	61,697	53,893
Less: Current liabilities	26,659	36,873	27,497
Total assets less current liabilities	47,565	24,824	26,396
Less: Non-current liabilities	1,785	2,484	2,324
Total net assets/Total equity	45,780	22,340	24,072

Note:

(a) The summary of financial information for the two years ended 31 March 2008 and 2007 were not disclosed as combined financial statements for the Group have not been prepared for those years.

(b) The summary of the financial information of the Group for each of two years ended 31 March 2009 and 2010 have been extracted from the Prospectus. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.