Sundart

Sundart International Holdings Limited
承達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2288

Annual Report 2010

Corporate Information

BOARD OF DIRECTORS

Executive Directors

CHAN William *(Chairman)*
NG Tak Kwan *(Chief Executive Officer)*
LEUNG Kai Ming *(Chief Operating Officer)*
WONG Kim Hung, Patrick
YIP Chun Kwok

Independent Non-executive Directors

TO King Yan, Adam
WONG Hoi Ki
HO Kwok Wah, George

AUDIT COMMITTEE

HO Kwok Wah, George *(Chairman)*
TO King Yan, Adam
WONG Hoi Ki

REMUNERATION COMMITTEE

CHAN William *(Chairman)*
HO Kwok Wah, George
WONG Hoi Ki

NOMINATION COMMITTEE

CHAN William *(Chairman)*
HO Kwok Wah, George
WONG Hoi Ki

COMPANY SECRETARY

YIP Chun Kwok

AUDITORS

Deloitte Touche Tohmatsu

COMPLIANCE ADVISOR

CMB International Capital Corporation Limited

LEGAL ADVISOR

P.C. Woo & Co.

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Guangdong Development Bank Co., Ltd.
Industrial and Commercial Bank of China (Asia) Limited
Oversea-Chinese Banking Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

7/F, Millennium City 3
370 Kwun Tong Road
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
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
Hong Kong

STOCK CODE

2288

COMPANY'S WEBSITE

www.sundart.com

INVESTOR AND MEDIA RELATIONS CONTACT

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The Center
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Hong Kong
Tel: (852) 2136 6185
Fax: (852) 3170 6606

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Chairman's Statement

Riding on the strong recovery of the gaming and hospitality industry in Macau and sound property market in Hong Kong, combining with appropriate business strategies, the Group recorded encouraging results during the year.

William Chan, Chairman

Dear shareholders,

I am delighted to present you the annual report of Sundart International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "Sundart" or the "Group") for the year ended 31 March 2010 (the "year").

OVERVIEW

The year was a fruitful year for Sundart. The Company became a listed company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 August 2009 (the "Listing"), registering net proceeds of HK$457 million. The Listing greatly promoted Sundart's brand to Hong Kong and the global market, as the Company is the first listed company in the industry. The Listing also provided Sundart with a readily accessible and a sophisticated capital platform for Sundart's business development.

In addition, riding on the strong recovery of the gaming and hospitality industry in Macau and sound property market in Hong Kong, combining with appropriate business strategies, the Group recorded encouraging results during the year. The Group's turnover was HK$1,708 million (2008/2009: HK$1,465 million), while profit attributable to owners of the Company amounted to HK$175 million (2008/2009: HK$144 million). Excluding the HK$19 million of the one-off listing expenses and the non-cash transaction amounted to HK$21 million in respect of other service costs accounted for as share based payment transactions, which arise from the accounting standards, the profit of the Company was HK$215 million. Basic earnings per share were HK40 cents (2008/2009: HK40 cents). The board of directors (the "Board") proposed a final dividend of HK9.5 cents per share. Adding the interim dividend of HK8.5 cents per share, the total dividend declared for the year after the Listing will be HK18.0 cents, representing the dividend payout ratio of 49.4%.

BUSINESS REVIEW

Hong Kong

Property market in Hong Kong underwent strong rebound after the financial tsunami. The trend of adding value to residences by high-end fitting-out continues as the launching of several high-end residential projects has drawn wide attention.

The Financial Secretary also proposed to form a committee to work on the "adaptive re-use of industrial buildings" program, and several applications have already been reported. The promotion of this program creates a redevelopment market, in which

> "The year was a fruitful year for Sundart as the Company became a listed company on the Main Board of the Stock Exchange on 21 August 2009. The Listing greatly promoted Sundart's brand to Hong Kong and the global market as the Group is the first listed company in the industry."

Sundart's services and experience in high-end hotel and office fitting-out works will be welcomed in the process of decorating redeveloped properties.

While we possess an established reputation and a proven track record, and are able to capture opportunities, the Hong Kong market is getting more competitive. Hence, we have strived to maintain our competitiveness and the strong position we are currently enjoying by adopting flexible pricing strategies. The total revenue generated in the Hong Kong market for the year was HK$860 million (2008/2009: HK$868 million).

To further extend the Group's business scope, the Group entered into a provisional agreement and formal sale and purchase agreement to acquire a property located in Kwun Tong at a consideration of HK$315 million on 31 May 2010 and 28 June 2010 respectively. The Group is considering the options for the final usage including: (i) to renovate or build a new building for resale purpose or (ii) to resell the property when appropriate. We believe this acquisition can provide additional returns to our shareholders.

Macau

The gaming and hospitality industry in Macau recovered following the subsidence of the financial tsunami, bringing along opportunities to the Group with the resumption of several previously suspended projects in Cotai. With our strong ties with casino operators and hotel owners, we are able to obtain tenders for these projects and maintain our leading position in the Macau market. The total revenue generated from the Macau market for the year was HK$692 million (2008/2009: HK$548 million).

The People's Republic of China (the "PRC")

In view of its strong and quick recovery after the financial tsunami, and the robust property market, the PRC is a major market that we will put more efforts to increase our exposure in the long term. Cities like Beijing, Shanghai, Tianjin, Chongqing and Hainan Province have great potentials and have already attracted many renowned developers to invest in. We believe that we can extend our long-established cooperation with Hong Kong and international developers, hotel owners and main contractors to the PRC market by providing high quality fitting-out services to their projects in the mainland. Hence, we set up a

Chairman's Statement

City of Dreams

procurement center and a branch office in Shenzhen to seek and secure such opportunities and we hired local staff to enhance our competitiveness amongst local peers. During the year, we have completed the Ritz-Carlton Hotel as well as the Hong Kong Pavilion in EXPO 2010 in Shanghai. We have also started fitting-out works for mock-up rooms of several large projects in the PRC and were recently awarded a new contract of a shopping arcade located in Tianjin.

Other markets

We have been seeking expansion opportunities in a prudent manner. The Group has set up a joint venture in Qatar in May 2009 and successfully secured a number of purchase orders of supplying pre-fabricated finishing components during the year. While Dubai was suffering from financial crisis during the year, Qatar and Abu Dhabi, the markets we have been focusing on, were not affected but the developments there have been slowed down. Nonetheless, we will remain cautious when developing in the Middle East market.

FUTURE PROSPECTS

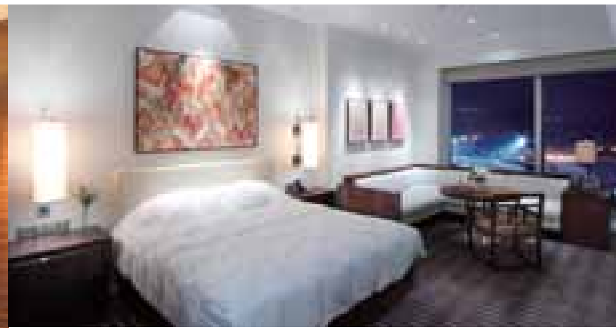
Hong Kong

We believe that ample opportunities are present in Hong Kong's construction and fitting-out market as there are 10 mega infrastructures coming and the residential property market is robust. Also, the "adaptive re-use" of old industrial buildings promoted by the government in the Policy Address provides a large market for the fitting-out industry, given that the land supply in Hong Kong for new buildings is getting increasingly limited and lower development cost for converting these buildings into other usages of higher value, which we are confident that will attract considerable investment. Furthermore, developers are likely to continue to deliver "premium residences" by adopting luxurious and stylish fitting-out to add higher value to their products.

Macau

The gaming and hospitality industry in Macau has been recovering, and a number of suspended projects have been resumed. We believe that Macau will continue to be one of the top gaming cities in Asia and the world, thus driving the development and furnishing of casinos and hotels. We are confident in keeping the momentum in Macau by securing these projects in the coming years. Same as Hong Kong, we will actively seek usage conversion and renovation opportunities in Macau. However, shortage of labour in the city may impede construction progress of some projects. Also, the phenomenon in 2007 and 2008, where hotel owners rushed to open casinos and were willing to pay a premium for urgent projects, was absent. Therefore, the profit margin in this market will return to a normal level.

"We will hold on to our goal of creating classy, comfortable and satisfactory lifestyle to property owners and users by delivering quality services and products."



City of Dreams

The PRC

The PRC will be a key market offering an enormous opportunity for developers, and hence, Sundart. We will step up efforts in seeking cooperation with leading Hong Kong and international developers for projects in the mainland, and we are aiming at high growth cities and focusing on high-end hotel and commercial projects such as shopping arcades.

Other markets and business segments

We will continue cautious development in the Middle East, carefully selecting and securing 1 to 2 projects every year. We have recently secured a fitting-out contract in Abu Dhabi and this project will be our first showcase in the Middle East market while our business focus in Qatar will be the supplying of pre-fabricated finishing components.

We will also continue to explore other business segments in the supply chain with a view to broaden the income basis of the Group. We may extend to upstream businesses such as setting up our own pre-fabrication facilities, possible acquisitions of fitting-out material suppliers and/or fitting-out related businesses. The recent acquisition of the property in Kwun Tong is a downstream extension of our business.

Sundart's Vision

We will hold on to our goal of creating classy, comfortable and satisfactory lifestyle to property owners and users by delivering quality services and products.

APPRECIATION

On behalf of the Board, I would like to express my gratitude towards the support and advice of our shareholders and business partners, for their recognition of the Company's direction and strategies of development, as well as the devotion and enthusiasm of our staff in all scopes of tasks. They all helped to drive the Company towards perfection. We, the Board and all the Company's staff, will continue to dedicate ourselves to refine our services and products to maximise the returns of our shareholders.

William Chan
Chairman

Hong Kong, 9 July 2010

The Peninsula Hotel Spa

The Peninsula Hotel Spa

Management Discussion and Analysis

FINANCIAL REVIEW

Overview

The Group recorded a consolidated revenue and the gross profit of the Group for the year were HK$1,708 million (2008/2009: HK$1,465 million) and HK$300 million (2008/2009: HK$205 million) respectively, whilst gross profit margin was 17.6% (2008/2009: 14.0%). The basic earnings per share was HK40 cents (2008/2009: HK40 cents).

As at 31 March 2010, total assets of the Group were HK$1,062 million (31 March 2009: HK$704 million) of which current assets were HK$1,047 million (31 March 2009: HK$697 million), representing 3.7 times (31 March 2009: 1.6 times) of current liabilities. The equity attributable to owners of the Company was HK$782 million (31 March 2009: HK$263 million).

During the year, the Company raised HK$457 million from the Listing on 21 August 2009. Cash and cash equivalents of the Group was HK$658 million as at 31 March 2010 (31 March 2009: HK$191 million), whilst net cash inflow from operating activities was HK$173 million (2008/2009: HK$285 million).

Revenue and Gross Profit

During the year, the Group recorded a revenue of HK$1,708 million (2008/2009: HK$1,465 million) and achieved a gross profit of HK$300 million (2008/2009: HK$205 million). The revenue from fitting-out works was HK$1,675 million (2008/2009: HK$1,465 million), whilst HK$33 million (2008/2009: Nil) was contributed from the sourcing and distribution of interior decorative materials.

Increase in revenue for the year as compared with the year ended 31 March 2009 was attributed to the increase of work done as a result from commencement and completion of certain sizable projects such as City of Dreams at Cotai, Serviced Apartments for Parcel 2 Cotai Resort Development in Macau and Residential Development Project at Ho Man Tin (Phase 2) in Hong Kong.

Segment Analysis

During the year, revenue was mainly generated from the fitting-out works in Hong Kong and Macau. The fitting-out works in Hong Kong and Macau contributed HK$860 million and HK$692 million on the Group's revenue respectively. The revenue from the fitting-out works in Hong Kong slightly decreased by 0.9%, while the revenue from fitting-out works in Macau increased by 26.3% as compared to last year. The revenue from the PRC segment also increased by 151.0% to HK$123 million as compared to last year. The new sourcing and distribution of interior decorative materials segment contributed HK$33 million to the Group during the year.

(1) Fitting-out works in Hong Kong

During the year, the revenue from the fitting-out works in Hong Kong remained stable with 0.9% decrease from HK$868 million for the year ended 31 March 2009 to HK$860 million for the year. While the gross profit was HK$127 million for the year, with a slight decrement of HK$4 million as compared to the year ended 31 March 2009. The gross profit margin slightly decreased from 15.1% for the year ended 31 March 2009 to 14.8% for the year. The reduction was because of the higher project costs incurred to implement the design and specification of certain projects.

(2) Fitting-out works in Macau

The revenue from the fitting-out works in Macau increased by 26.3% from HK$548 million for the year ended 31 March 2009 to HK$692 million for the year. The increase was attributed to the completion of certain sizable projects such as City of Dreams at Cotai and Serviced Apartments for Parcel 2 Cotai Resort Development.

The gross profit was HK$158 million for the year, with an increment of HK$87 million as compared to the year ended 31 March 2009. The gross profit margin increased from 13.0% for the year ended 31 March 2009 to 22.8% for the year because of the increase of the contract amount receivables from certain previously completed projects.

Segment Analysis (continued)

(3) Fitting-out works in the PRC

The revenue contributed by fitting-out works in the PRC increased by 151.0% from HK$49 million for the year ended 31 March 2009 to HK$123 million for the year which was due to the completion of Ritz-Carlton Hotel project. The achievement for the increase in revenue for the fitting-out works in the PRC enabled the Group to improve the PRC segment result by HK$7 million during the year.

(4) Sourcing and distribution of interior decorative materials

During the year, the Group recommenced the sourcing and distribution of interior decorative materials business. The revenue and segment profit contributed by the sourcing and distribution of interior decorative materials was HK$33 million and HK$3 million respectively. Revenue was contributed by the orders from Qatar, United States of America ("USA"), Hong Kong, Macau and others.

Administrative Expenses

Administrative expenses increased by 36.1% from HK$36 million for the year ended 31 March 2009 to HK$49 million for the year. The increase was mainly attributed to the increase in staff cost and trip expenses incurred for the expansion and exploration of the Group's business in the PRC market and the setting up of the new office in Qatar.

Other Service Costs

The other service costs represent the non-cash transactions on share-based payment to Mr. Leung Kai Ming, a director of the Company, as mentioned in note 32 to the consolidated financial statements.

Listing Expenses

Listing expenses represents the one-off expense of HK$19 million in connection with the Listing that was charged to the consolidated statement of comprehensive income. For details, please refer to note 10 to the consolidated financial statements.

Finance Costs

Due to the continuous improvement in the net cash position of the Group during the year, the finance costs reduced by 86.2% from HK$2.9 million to HK$0.4 million as compared to the year ended 31 March 2009.

Earnings Per Share

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company and on the weighted average number of ordinary shares issued during the year. For details, please refer to note 16 to the consolidated financial statements.

BUSINESS REVIEW

Major Projects in Progress

As at 31 March 2010, the Group had an estimated value of contracts to be completed of approximately HK$1,120 million of which approximately HK$456 million and HK$613 million are fitting-out works in Hong Kong and Macau respectively while the remaining amount of approximately HK$51 million are fitting-out works in the PRC and Abu Dhabi and overseas trade orders.

From 1 April 2010 up to the date of this report, there are 6 new projects awarded with a total contract value of approximately HK$241 million of which approximately HK$138 million, HK$60 million and HK$43 million are fitting-out works in Hong Kong, Macau and the PRC respectively.

Management Discussion and Analysis

Major Projects in Progress (Continued)

The following are the major projects on hand as at the date of this report which are to be completed in the coming years by the Group:

Project name	Hotel	Residential	Commercial	Government Projects
Hong Kong				
1) Tai Wai Maintenance Centre Phase 3 Property Development		X		
2) Ma On Shan Area 77, Fitting-out Works for Typical Lobbies, Kitchen and Bathroom of Domestic Flats and Houses		X		
3) A Hotel located at Wellington Street – Alternation and Refurbishment Works	X			
4) Shopping Centre at Yau Tong Re-Development Phase 4			X	
5) Interior Fitting-out works to Typical Lift Lobbies and Shopping Arcade K.I.L. 11167 & 11168 West Kowloon		X		
6) Tamar Development Project				X
Macau				
1) Galaxy Resort & Casino Cotai City, Macau, 221-B1 (Okura Hotel)	X			
2) Galaxy Resort & Casino Cotai City, Macau, 221-B2 (Banyan Tree Hotel)	X			
3) Galaxy Resort & Casino Cotai City, Macau, 221A (Grand Galaxy Hotel)	X			
4) Galaxy Resort & Casino Cotai City, Suites Fitting-out Works (Grand Galaxy Hotel)	X			
The PRC				
1) Shopping Arcade at Tianjin			X	
Abu Dhabi				
1) City of Lights C15		X		

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

As at 31 March 2010, the Group's total debt to total assets ratio was 0.19% (31 March 2009: 3.98%). The gearing ratio (net debt to equity attributable to owners of the Company) was nil as at 31 March 2010 and 31 March 2009 as the Group has net cash (bank balances and cash less total debt) of HK$656 million as at 31 March 2010 (31 March 2009: HK$163 million). The gearing structure is set out below:

	As at 31 March 2010	As at 31 March 2009
Total debt (HK$ million) (note)	**2**	28
Net debt (HK$ million) (note)	**–**	–
Total assets (HK$ million)	**1,062**	704
Equity attributable to the owners of the Company (HK$ million)	**782**	263
Total debt/Total assets	**0.19%**	3.98%
Net debt/Equity attributable to the owners of the Company	**–**	–

Note: Total debt represents the total interest-bearing borrowings. Net debt is defined as total debt less bank balances and cash. A zero balance of net debt represents that the bank balances and cash exceeded total debt at the end of the reporting period.

Liquidity and Financial Resources (Continued)

The management and control of the Group's financial, capital management and external financing functions are centralised at the headquarters in Hong Kong. The Group has been adhering to the principle of prudent financial management in order to minimise financial and operational risks.

The Group mainly relies upon internally generated funds and bank borrowings to finance its operations and expansion. The net proceeds of HK$457 million raised from the Listing has enlarged the capital base of the Group and strengthened the Group's financial position thereby facilitating the expansion of the fitting-out business in markets outside Hong Kong and Macau and the setting up of pre-fabrication facilities.

As at 31 March 2010, the Group had bank balances and cash of HK$658 million (31 March 2009: HK$191 million) while bank borrowings was HK$2 million (31 March 2009: HK$28 million). The Group's total current assets increased from HK$697 million as at 31 March 2009 to HK$1,047 million as at 31 March 2010, while total current liabilities decreased from HK$438 million as at 31 March 2009 to HK$280 million as at 31 March 2010. As a result, the current ratios was improved from 1.6 as at 31 March 2009 to 3.7 as at 31 March 2010.

As at 31 March 2010, the Group had net cash of HK$656 million, together with the unutilised banking facilities (including the bank guarantee, trade credit and revolving loan), the Group has sufficient financial resources to meet the funding requirements for business development opportunities in Hong Kong, Macau, the PRC and overseas markets. The Group will cautiously seek for development opportunities with a view to balance the risk and opportunity in maximising shareholders' value.

Future Plans for Investment

On 31 May 2010 and 28 June 2010, the Group entered into a provisional sale and purchase agreement and formal sale and purchase agreement respectively with Malleson Limited for the acquisition of a property located at Kwun Tong Inland Lot No. 526, Elite Industrial Building, 135-137 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong at a consideration of HK$315 million. The consideration will be financed by a combination of internal resources of the Group and bank financing. Details are set out in the Company's announcements dated 1 June 2010 and 10 June 2010 and the Company's circular dated 5 July 2010. The acquisition has not been completed at the date of this report.

The acquisition is a harbour side property in Kwun Tong which has tremendous development potential due to its location and its proximity to the government planning of the use of land of the former airport. The Group plans to acquire the property for investment purposes and is considering the options for the final usage including: (i) to renovate or build a new building for resale purpose or (ii) to resell the property when appropriate. Taking into account the above factors, the directors consider that the terms of the acquisition are fair and reasonable and the acquisition is in the interests of the shareholders and the Company as a whole.

Pledge of Assets

The Group had pledged certain trade receivables, retentions receivable and bank deposits to secure the general banking facilities including bank borrowings, bills payable, performance bonds and advance payment bonds granted to the Group. The aggregate carrying value of the pledged assets was approximately HK$14 million (31 March 2009: HK$64 million)

Contingent Liabilities and Capital Commitments

The Group did not have any significant contingent liabilities or capital commitments as at 31 March 2010 and 31 March 2009.

Utilisation of Financial Resources

The Group has continued to actively participate in the fitting-out related investment projects by fully taking advantage of its strong financial capability and substantial experience in fitting-out projects. The Group will cautiously seek for development opportunities with a view to balance the risk and opportunity in maximising shareholder's value.

Exposure to Fluctuations in Exchange Rates and Interest Rates and Corresponding Hedging Arrangement

The Group's bank borrowings have been made at floating rates.

The Group operates in various regions with different foreign currencies including Macau Patacas, United States Dollar, Renminbi and Qatar Riyal. The exchange rates for the aforesaid currencies are relatively stable. The Group reviews the exchange risks regularly and closely monitors the fluctuation of foreign currencies and will make proper adjustments if necessary.

The Group has no hedging arrangements for foreign currencies or interest rates and has not been involved in financial derivatives.

Credit Exposure

The Group has adopted prudent credit policies to deal with credit exposure. In connection with projects in progress (no matter in Hong Kong, Macau, the PRC or overseas), the major customers are the local governments, institutional organisations and reputable property developers. Therefore, the Group is not exposed to significant credit risk.

Even though there is no significant credit risk exposure and there are no overdue trade receivables written-off during the year, the Group's management reviews from time to time the recoverability of trade receivables and closely monitors the financial position of the customers in order to keep a very low credit risk exposure of the Group.

Risk Management

In order to widen the revenue foundation of the Group, the Group is actively looking for opportunities in high-growth countries and regions with strong demand for high quality fitting-out services, such as Abu Dhabi in the Middle East. The Group will evaluate the market conditions and adjust its strategy in a timely manner and make decisions so as to ensure the effective implementation of the Group's expansion plan. The Group will continue to strengthen the internal control system and risk control system of the overseas operations by regularly reviewing the market risk, legal risk, contract risk and credit risk of the customers of the overseas markets.

Employees and Remuneration Policy

As at 31 March 2010, the Group had approximately 270 full-time employees and the total remuneration of the employees (including the directors' remuneration) were HK$50 million for the year (2008/2009: HK$22 million). The increase in total remuneration of the employees was mainly due to the other service costs and increase in number and average salaries of the employees. The Group offers an attractive remuneration policy. The Group also provides external training programmes which are complementary to certain job functions.

One Island East

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year.

The manner in which the principles and code provisions in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are applied and implemented are explained in this Corporate Governance Report.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance in order to safeguard the interests of shareholders and to enhance corporate value and accountability.

In addition to adhering to the CG Code, the Company has, based on the standards and experience of the Company, adopted its own Corporate Governance Manual (the "Manual") for reference by the Board and the management of the Company and its subsidiaries to meet the provisions as set out in the CG Code. A copy of the Manual is posted on the Company's website. In the opinion of the directors, the Company has complied with all applicable provisions as set out in the CG Code since the listing of the shares of the Company on the Main Board of the Stock Exchange on 21 August 2009 (the "Listing Date").

The Company will continue to review periodically the Manual and enhance its corporate governance practices to ensure the continuous compliance with the requirements of the CG Code.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Company's businesses, strategic decisions and performance. The Board has delegated to the Chief Executive Officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

All directors have carried out their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its shareholders at all times.

DELEGATION BY THE BOARD

The Company has formalised and adopted written terms on the division of functions reserved to the Board and delegated to the management.

The Board reserves for its decisions on all major matters of the Company, including the formulation and monitoring of all policies and directions, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

BOARD COMPOSITION

The Board of the Company comprises the following directors:

Executive directors:
Mr. CHAN William
(Chairman of the Board, the Remuneration Committee and the Nomination Committee)
Mr. NG Tak Kwan
(Chief Executive Officer)
Mr. LEUNG Kai Ming
(Chief Operating Officer)
Mr. WONG Kim Hung, Patrick
Mr. YIP Chun Kwok

Independent non-executive directors:
Mr. HO Kwok Wah, George
(Chairman of the Audit Committee, member of the Remuneration Committee and the Nomination Committee))
Mr. TO King Yan, Adam
(Member of the Audit Committee)
Mr. WONG Hoi Ki
(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)

BOARD COMPOSITION (Continued)

A brief description of the background of each director is presented on page 20 of this annual report under the heading of "Profiles of Directors and Senior Management".

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

None of the members of the Board is related to one another.

Throughout the period from the Listing Date to 31 March 2010 (the "Relevant Period"), the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise. The Board has maintained, throughout the Relevant Period, the proportion of the independent non-executive directors to at least one-third of the Board.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all such directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All directors, including the independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibilities between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority. The positions of Chairman and Chief Executive Officer are held by Mr. Chan William ("Mr. Chan") and Mr. Ng Tak Kwan ("Mr. Ng") respectively. Their respective responsibilities are clearly defined and set out in writing in the Manual.

The Chairman of the Board is responsible for the overall leadership of the Board, to ensure that the Board functions effectively, and to ensure communication of the views of the Board to the public. Besides, the Chairman of the Board is also responsible for chairing the meetings and to ensure that all major and appropriate issues are discussed by the Board in a timely and constructive manner. The Chief Executive Officer is responsible for running the Company's businesses, implementing the Company's strategic plans and business goals and formulating and recommending business plans and budgets to the Board.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's articles of association. The Nomination Committee is responsible for reviewing the Board Composition, developing and formulating procedures for nomination and appointment of directors.

Each of the directors of the Company is engaged on a service agreement (for executive director) or letter of appointment (for independent non-executive director) for a term of 3 years. The appointment may be terminated by giving 6 months' written notice.

Pursuant to the Company's articles of association, all directors of the Company are subject to retirement by rotation at annual general meeting at least once every three years and any director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the first general meeting or the next annual general meeting, as the case may be, of the Company after his appointment and be subject to re-election at such meeting.

Accordingly, all directors shall retire, and being eligible, offer themselves for re-election at the forthcoming 2010 annual general meeting pursuant to the Company's articles of association. Biographical details of all directors seeking for re-election are contained in the Company's circular dated 27 July 2010.

The Board recommended the re-appointment of the directors standing for re-election at the forthcoming annual general meeting of the Company.

INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules, common law and relevant statutory requirements.

All directors are also encouraged to undertake continuing education relating to new developments on the rights and duties, legal and ethical responsibilities of directors and changes in legal and regulatory compliance requirements so as to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors will be arranged whenever necessary.

BOARD AND COMMITTEE MEETINGS

Board Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance. Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 business days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management where necessary.

Draft and final versions of minutes are normally circulated to directors or the committee members for comment and records respectively within a reasonable time after each meeting. Minutes of Board meetings and committee meetings are kept by the Company Secretary or the duly appointed secretaries of the respective meetings (as the case may be) and are available for inspection by all directors at all reasonable time.

According to the current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's articles of association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

Directors' Attendance Records

During the Relevant Period, the Company held a total of five Board meetings, one of which is a regular meeting for reviewing and approving the interim financial and operating performance.

Attendance records of the Board meetings, the Remuneration Committee meetings, the Audit Committee meetings and the Nomination Committee meetings are as follows:-

	Attendance / Number of Meetings held during the tenure of directorship				
	Board		Remuneration	Nomination	Audit
Name of Directors	Regular	Other	Committee	Committee	Committee
Executive Directors					
CHAN William	1/1	4/4	1/1	1/1	N/A
NG Tak Kwan	1/1	4/4	N/A	N/A	N/A
LEUNG Kai Ming	1/1	4/4	N/A	N/A	N/A
WONG Kim Hung, Patrick	1/1	4/4	N/A	N/A	N/A
YIP Chun Kwok	1/1	4/4	N/A	N/A	N/A
Independent Non-Executive Directors					
WONG Kwok Wai, Albert *(resigned on 10 February 2010)*	1/1	0/3	1/1	1/1	1/1
TO King Yan, Adam	1/1	1/4	N/A	N/A	1/1
WONG Hoi Ki	1/1	1/4	1/1	1/1	1/1
HO Kwok Wah, George *(appointed on 10 February 2010)*	N/A	1/1	N/A	N/A	N/A

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions of the directors, senior management and relevant employees (who, because of their office or employment, is likely to be in possession of unpublished price-sensitive information in relation to the Company or its securities) of the Group (the "Securities Code") with standards no less exacting than that of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Having made specific enquiries, all of the directors and relevant employees of the Group confirmed that they have complied with the Securities Code and the Model Code throughout the Relevant Period.

BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are in line with the CG Code. These terms of reference are posted on the Company's website and are available to shareholders upon request. Board committees are provided with sufficient resources to discharge their duties and are required to report back to the Board on their decisions or recommendations.

REMUNERATION COMMITTEE

The Remuneration Committee comprises 3 members, the majority of them are independent non-executive directors.

The primary function of the Remuneration Committee is to assist the Board to oversee the Company's remuneration practices to ensure effective policies, processes and practices for rewarding directors and the senior management/heads of departments, and that the reward programs are fair and appropriate and managed with integrity and in compliance with the Listing Rules and other applicable rules and regulations. The Remuneration Committee is also responsible for establishing formal and transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee has met once during the Relevant Period to review and recommend to the Board the remuneration package of Mr. Ho Kwok Wah, George ("Mr. Ho") for his proposed appointment as an independent non-executive director of the Company; and to review and approve the discretionary bonus of the executive directors and senior management by reference to the revenue and profit margin of the Company achieved in the year.

The attendance records of the Committee meeting are set out under "Directors' Attendance Records" on page 16 of this report.

NOMINATION COMMITTEE

The Nomination Committee comprises 3 members, the majority of them are independent non-executive directors.

Principles duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive directors.

The Nomination Committee met once during the Relevant Period to consider the suitability of the appointment of Mr. Ho as an independent non-executive director, chairman of the Audit Committee, member of the Nomination Committee and the Remuneration Committee of the Company to the Board.

The attendance records of the Committee meeting are set out under "Directors' Attendance Records" on page 16 of this report.

AUDIT COMMITTEE

The Audit Committee comprises all the three independent non-executive directors with the chairman of which possesses the appropriate professional qualifications and accounting expertise. None of the committee members is a former partner of the Company's external auditors.

The Audit Committee is responsible for assisting the Board to review and supervise the adequacy and effectiveness of the Company's financial reporting system, internal control systems and the risk management system and associated procedures as well as the internal and external audit functions. It is also responsible for reviewing the completeness, accuracy, clarity and fairness of the Company's financial statements, considering the scope, approach and nature of both internal and external audit reviews and reviewing and monitoring connected transactions. The Board shall in consultation with the chairman of the Audit Committee provide sufficient resources to enable the Audit Committee to discharge its duties. The Audit Committee annually assesses the appointment of the external auditors and reviews the interim and final results of the Group prior to recommending them to the Board for approval.

During the Relevant Period, the Audit Committee met once to review the Company's interim results for the six months period ended 30 September 2009.

The Company's annual results for the year have been reviewed by the Audit Committee.

The attendance records of the Committee meeting are set out under "Directors' Attendance Records" on page 16 of this report.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities for the financial statements is set out in the Section headed "Independent Auditor's Report" on page 30.

The remuneration charged by the Company's auditors, Messrs. Deloitte Touche Tohmatsu, during the year is set out below:-

Category of Services	Fee Paid/Payable (HK$)
Audit Service	1,971,766
Non-audit Services	
– tax services	71,500
– accountant's report (for the Listing)	3,069,450
– internal control review	423,063
TOTAL	5,535,779

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and Company assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis. During the Relevant Period, the Board has conducted a review of the effectiveness of the internal control system of the Group. Such review covered the financial, operational, compliance and risk management aspects of the Group including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective and on-going communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to evaluate the performance of the Group.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as Chairman of the Remuneration Committee, the Audit Committee and the Nomination Committee or, in their absence, other members of the respective committees, shall be available to answer questions at shareholders' meetings.

The Company also communicates with the shareholders, investors and general public through the annual reports, interim announcements and other corporate announcements.

To promote effective communication, the Company maintains a website at http://www.sundart.com, where up-to-date information and updates on the Company's structure, board of directors, business developments and operations, financial information, corporate governance practices and other information are posted.

SHAREHOLDER RIGHTS

To safeguard the shareholder interests and rights, a separate resolution should be proposed for each substantially separate issue at shareholder meetings, including the election of individual directors. All resolutions put forward at shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholders' meeting. Detailed procedures for conducting a poll will be explained during the proceedings of meetings.

SOCIAL RESPONSIBILITIES

The management has been actively involved in a variety of charity initiatives and encourage the employees to contribute to the community by actively participating in voluntary and community activities.

During the year, the Company had made a donation of HK$ 1 million to the Community Chest of Hong Kong to help the community and support the domestic community developments and had also participated in the charity walk - the 2009/10 Hong Kong & Kowloon Walk which was organized by the Communities Chest of Hong Kong. The Company also demonstrates its contribution to the community by fully supporting the "Elderly Services" which aims to improve residential and community support services for the elderly.

The Company will continue to participate in a variety of charitable and community activities to fulfil the responsibility of a good corporate citizen.

Profiles of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. CHAN William (陳偉倫先生), aged 35, is an executive director and the Chairman of the Company. Mr. Chan also serves as the chairman of the Remuneration Committee and the Nomination Committee. He is also a director of Sundart Holdings Limited ("Sundart Holdings"), Sundart Products Limited ("Sundart Products"), Sundart Development Limited ("Sundart Development"), Sundart Investments Limited ("Sundart Investments"), Sundart International Supply Limited ("Sundart International"), Sundart Investments (Middle East) Limited ("Sundart (Middle East)"), Sundart Timber Products Company Limited ("Sundart Timber"), Sundart Engineering Services (Macau) Limited ("Sundart (Macau)"), Sundart Engineering & Contracting (Beijing) Limited* ("Sundart (Beijing)"), Vital Success Development Limited ("Vital Success"), Wit Legend Investments Limited ("Wit Legend") and Keen Virtue Group Limited ("Keen Virtue"). He is primarily responsible for overall strategies, planning and business development of the Group. Mr. Chan graduated from the University of La Verne, California of the United States with a bachelor of business administration degree in 2000 and a master of business administration degree in 2002. Mr. Chan joined the Group in March 2008. Mr. Chan was an executive director of Success Universe Group Limited (formerly known as Macau Success Limited) (a company whose shares are listed and traded on the Main Board of the Stock Exchange) from June 2004 to September 2006. Mr. Chan is an executive director of certain companies which are in various businesses including the management of a golf driving range and manufacturing and installation of exterior signage. He was a director of the Tung Wah Group of Hospitals (2003/2004), a director of Yan Chai Hospital (35th Term Board of Directors (2002/2003)) and a committee member of the Central and Sai Ying Pun Area Committee of Home Affairs Department of Hong Kong Government for the two years ended 31 March 2006.

Mr. NG Tak Kwan (吳德坤先生), aged 56, is an executive director and the Chief Executive Officer of the Company. Mr. Ng is one of the founders of the Group's business. He is also a director of Sundart Holdings, Sundart Products, Sundart Development, Sundart Investments, Sundart International, Sundart (Middle East), Sundart Timber, Sundart (Macau), Sundart (Beijing), Sundart Emirates Interior Contracting L.L.C. ("Sundart Emirates") and Glory Spring Investments Limited ("Glory Spring"). Mr. Ng is responsible for overseeing the fitting-out projects in Hong Kong, Macau and the PRC. Mr. Ng graduated from the University of Calgary with a bachelor of science degree in civil engineering in 1978 and the Asia International Open University (Macau) with a master of business administration degree in 1995.

Mr. LEUNG Kai Ming (梁繼明先生), aged 56, is an executive director and the Chief Operating Officer of the Company. Mr. Leung is one of the founders of the Group's business. He left the Group in July 2006 and then ran Dongguan Sundart Timber Products Co., Ltd.* ("DSTP") on his own. Before Mr. Leung left the Group in 2006, he was the chief executive officer of DSTP and mainly responsible for overseeing and managing the manufacturing business of timber products. He re-joined the Group in April 2009. Mr. Leung is also a director of Sundart Holdings, Sundart Products, Sundart Development, Sundart International, Sundart (Middle East), Sundart Interior Contracting (Middle East) L.L.C. ("Sundart Interior"), Sundart Emirates and Glory Spring. Mr. Leung is mainly responsible for overseeing the technical and engineering activities, the sourcing and distribution of materials business and the business development to and/or the fitting-out projects in the Middle East. Mr. Leung graduated from the Hong Kong Polytechnic with an ordinary certificate in electrical engineering in 1974.

Mr. WONG Kim Hung, Patrick (黃劍雄先生), aged 56, is an executive director of the Company. Mr. Wong is also a director of Sundart Holdings, Sundart Products, Sundart Development, Sundart Investments, Sundart International, Sundart (Middle East), Sundart Timber, Sundart (Macau), Sundart (Beijing), Vital Success, Wit Legend, Keen Virtue, Glory Spring and Nam Wah Architectural Lighting and Controls Limited. Mr. Wong joined the Group in 2002 and is responsible for overseeing the human resources and the financial, banking and administrative activities of the Group. Prior to joining the Group, Mr. Wong had worked in the Hong Kong offices of some international banks including Sanwa Bank (now known as the Bank of Tokyo-Mitsubishi UFJ, Limited) and the Bank of America for about 20 years. His last position was an assistant general manager at the Hong Kong branch of Sanwa Bank (now known as the Bank of Tokyo-Mitsubishi UFJ, Limited).

* English translation for reference only

Mr. YIP Chun Kwok (葉振國先生), aged 36, is an executive director, company secretary and financial controller of the Company. Mr. Yip is also a director of Vital Success, Wit Legend and Keen Virtue. He joined the Group in April 2008 and is responsible for overseeing the compliance matters and accounting activities of the Group. Mr. Yip graduated from the University of Hong Kong with a bachelor of business administration degree in 1996. He is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants, a member of each of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and a CFA charterholder of the CFA Institute.

Independent Non-Executive Directors

Mr. HO Kwok Wah, George (何國華先生), aged 52, was appointed as an independent non-executive director of the Company on 10 February 2010. Mr. Ho also serves as the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Ho has over 21 years of experience in accounting and auditing. Mr. Ho is a practicing certified public accountant in Hong Kong and is currently the proprietor of George K.W. Ho & Co., Certified Public Accountants. Mr. Ho is also a director of the Taxation Institute of Hong Kong, the Hong Kong Commerce and Industry Associations Limited and the Hong Kong Shatin Industries and Commerce Association Limited. From 2001 to 2003, Mr. Ho was the president of the Hong Kong Institute of Accredited Accounting Technicians. Mr. Ho is currently an independent non-executive director of each of Town Health International Investments Limited (formerly known as Town Health International Holdings Company Limited) and Belle International Holdings Limited, the securities of which are listed on the main board of the Stock Exchange.

Mr. TO King Yan, Adam (杜景仁先生), aged 50, was appointed as an independent non-executive director of the Company on 3 August 2009. Mr. To is also a member of the Audit Committee of the Company. Mr. To graduated from the University of London with a bachelor of laws degree in 1983. Mr. To has been a practising solicitor of the High Court of Hong Kong since 1986. He is also qualified to practice law in England and Wales and Australia and is a China Appointed Attesting Officer. He is currently a partner of K.B. Chau & Co., a firm of solicitors in Hong Kong with his practice focusing on conveyancing and litigation.

Mr. WONG Hoi Ki (黃開基先生), aged 56, was appointed as an independent non-executive director of the Company on 3 August 2009. Mr. Wong is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He is a registered professional surveyor (general practice) and has been practising in the surveying profession for over 25 years. Mr. Wong is a fellow of the Hong Kong Institute of Surveyors and a member of the Royal Institution of Chartered Surveyors. He is the founder and at present the managing director of Memfus Wong Surveyors Limited, an estate surveying firm in Hong Kong. Over the years, he has served the profession by working on the general council of the Hong Kong Institute of Surveyors as honorary secretary and honorary treasurer.

Senior Management

Mr. CHAN Yok Fai, Freddy (陳旭暉先生), aged 44, is the general manager of the Group's China division. Mr. Chan first joined the Group in 2001 and left in 2006 as an assistant general manager. He re-joined the Group in April 2008 as the general manager of the Group's China division and is responsible for the Group's business development in the PRC. Mr. Chan graduated from the Hong Kong Baptist College (now known as Hong Kong Baptist University) with a bachelor of business administration degree in 1991. After graduation, Mr. Chan has been serving sales and marketing positions in the building and construction related field. With about 20 years of experience, Mr. Chan has focused on business development of interior decoration projects.

Mr. CHUNG Tsz Lung, Jimmy (鍾子龍先生), aged 49, is the Group's assistant general manager and a director of Sundart Interior and Sundart Emirates. Mr. Chung joined the Group in 2000 and is now responsible for the Group's projects in the Middle East. Mr. Chung completed a program in architectural drafting at the Centennial College of Applied Arts and Technology of Toronto, Canada in 1990. He is a member of the Chartered Institute of Building of the United Kingdom. Prior to joining the Group, Mr. Chung has been working as quantity surveyor, contracts manager, assistant maintenance supervisor and project manager for various companies in Hong Kong and Canada.

Mr. CHAN Hak Man (陳克民先生), aged 55, is one of the Group's senior project managers. Mr. Chan joined the Group in 2007, at which time he was in charge of the Group's fitting-out projects in Macau. Due to the expansion of the Group's PRC business, Mr. Chan is now seconded to the PRC and managing the Group's projects in Shanghai. Prior to joining the Group, Mr. Chan has been serving in the building and construction related field for over 20 years.

Profiles of Directors and Senior Management

Mr. TAM King Cheung, Raymond (談景祥先生), aged 53, is one of the Group's senior project managers. Mr. Tam first joined the Group in 1990 and left in 1997 and re-joined the Group in 2000. He had accumulated over 15 years of experience in project management with main focus in interior fitting-out projects. Mr. Tam has gained relevant experience in various types of premises including residential, hotel, commercial complex, apartment, etc. in Hong Kong, Shenzhen and Guangzhou. He was awarded as one of the Group's best performing staff in 2008 for his excellent performance in project management.

Mr. CHIU Yeuk Ho (趙若濠先生), aged 50, is one of the Group's senior project managers. Mr. Chiu joined the Group in 2004 and was promoted to the position of senior project manager in 2009. Mr. Chiu graduated from the University of Alberta of Canada with a bachelor of science degree in geography surveying. Prior to joining the Group, Mr. Chiu has been serving as estimator, assistant engineer, and project coordinator in other companies in Hong Kong and Canada for over 20 years and has headed various projects like constructions, civil works as well as interior fitting-out works.

Mr. CHAN Tze Chiu (陳子昭先生), aged 47, is one of the Group's senior project managers. Mr. Chan joined the Group in 2008 and is responsible for the Group's local fitting-out projects. He graduated from the Hua Chiao University (China) in 1987 with a bachelor of engineering degree in civil engineering. After graduation, Mr. Chan began his career in the interior fitting-out field and has gained rich project experience from the PRC, Hong Kong and Macau. Prior to joining the Group, he has been working as a project manager for other engineering companies.

Mr. CHAN Chung Ming (陳仲明先生), aged 41, is the Group's design manager. Mr. Chan joined the Group in 2000 and was promoted to the position of design manager in 2007. Mr. Chan graduated from the City University of Hong Kong in 1996 with a higher diploma in architectural studies. After graduation, he has been working for various and participating in interior design and drawing of different fitting-out projects. With over 12 years of experience, Mr. Chan has very rich experience in interior design and drawing for various types of buildings.

Mr. LAU Mong Yu, Alex (劉夢如先生), aged 47, is the Group's purchasing manager. Mr. Lau joined the Group in August 2003 and was promoted to the position of purchasing manager in January 2008. He is in charge of the Group's purchasing department whose primary duty is to coordinate all of the Group's purchasing activities. With over 15 years of experience in the procurement field, Mr. Lau is experienced in procuring professional timber products and building and decoration related materials, vendor sourcing, price negotiation and vendor performance analysis. He was awarded as one of the Group's best performing staff in 2008.

Mr. NG Chi Hang (吳智恒先生), aged 34, is the Group's quantity surveying manager. Mr. Ng joined the Group in 2005 and has undertaken quantity surveying and project management for various projects in both Hong Kong and Macau. Before joining the Group, Mr. Ng has been working in the quantity surveying field with professional recognition. He graduated from the University of Hong Kong with a bachelor of science degree in surveying in 1998 and from the Hong Kong Polytechnic University in 2004 with a master of science degree in construction and real estate. Mr. Ng is a registered professional surveyor and a member of each of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors.

Mr. BOO Kai Ming, Richard (布啟明先生), aged 49, is the Group's technical manager. Mr. Boo first joined the Group in 2001 and left in 2006. He re-joined the Group in 2009 and is responsible for providing technical support to the Group's project team, research and development of timber products and pre-fabrication and installation technique. Mr. Boo graduated from the University of Reading in 1992 with a bachelor of science degree in estate management and from the Hong Kong Polytechnic University in 2002 with a master of science degree in project management. He is a member of the Chartered Institute of Building from the United Kingdom. Prior to joining the Group, Mr. Boo has been working in various companies and has extensive project management experience from different aspects like property development, interior design, building maintenance, etc.

Mr. WONG Hing Fai (黃慶輝先生), aged 56, is the Group's mechanical & electrical manager. Mr. Wong joined the Group in 2007 as a mechanical & electrical manager of Sundart (Macau). Prior to joining the Group, Mr. Wong has had over 30 years of experience in design, contract administration and construction management as contractor and consulting electrical and mechanical engineer in the construction industry in Hong Kong and the United Kingdom. Mr. Wong graduated from the University of Hong Kong with a bachelor of science in engineering degree in 1981 and from the University of Paisley with a master of science degree in quality management in 1997. He is a member of each of the Hong Kong Institution of Engineers, the Institution of Electrical Engineers, the Chartered Institution of Building Services Engineers, the Institution of Electronic and Radio Engineers and the Institute of Quality Assurance.

Ms. CHUI Muk Heung (徐木香女士), aged 41, is the Group's chief accountant. Ms. Chui joined the Group in 2003 as a senior accountant and was promoted to chief accountant in 2007. She is an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Prior to joining the Group, Ms. Chui has been working as an accounting professional in various companies including construction firm and accounting consultancy firm for over 12 years.

Ms. YIU Yuen Ngo, Fion (姚婉娥女士), aged 40, is the Group's human resources and administration manager, who joined the Group in 2005 and was promoted to human resources and administration manager in April 2008. Ms. Yiu graduated from the Ryerson Polytechnic University of Toronto, Canada in 1994 with a bachelor of business management degree. Prior to joining the Group, Ms. Yiu has been working in the administration department and serving as a management professional in different companies for over 10 years.

Ms. YEUNG Man Yan, Megan (楊文欣女士), aged 27, is the Group's legal counsel. Ms. Yeung joined the Group in May 2010. Ms. Yeung is a Hong Kong qualified solicitor. Ms. Yeung graduated from the University of Hong Kong with a Bachelor of Laws in 2005 and a Postgraduate Certificate in Laws in 2006. Ms. Yeung also graduated from Leiden University, the Netherlands in 2007 with an Advanced Studies Masters of Laws. Prior to joining the Group, Ms. Yeung has been working in an international law firm.

Directors' Report

The directors are pleased to present their annual report and the audited consolidated financial statements of the Group for the year.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries and jointly controlled entity are set out in notes 39 and 20 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 31.

Pursuant to the group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 3 August 2009. The group reorganisation was completed by interspersing the Company between Sundart Holdings and the shareholders of Sundart Holdings. The Group comprising the Company and its subsidiaries resulting from the group reorganisation is regarded as a continuing entity. Details of the group reorganisation were set out in the section headed "History, Reorganisation and Group Structure" of the prospectus dated 11 August 2009 issued by the Company (the "Prospectus").

The shares of the Company were listed on the Stock Exchange with effect from 21 August 2009.

On 30 July 2009, prior to the listing of the Company, Sundart Holdings declared dividends of HK$120,000,000 to its shareholders on the register of members on 5 August 2009.

An interim dividend of HK8.5 cents per share amounting to HK$40,800,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK9.5 cents per share to the shareholders on the register of members on 10 September 2010, amounting to HK$45,600,000.

USE OF NET PROCEEDS RECEIVED FROM THE LISTING

In August 2009, net proceeds received from the Listing, after deducting related expenses, were approximately HK$457 million. Up to 31 March 2010, the Company has utilised such net proceeds in the manner consistent with that mentioned in the Prospectus under the section headed "Use of Proceeds", of which approximately HK$8.1 million to finance the Group's fitting-out projects in the PRC; approximately HK$1.3 million to set up the Company's own procurement office and for the Group's research and development; approximately HK$41.1 million to finance the Company's fitting-out projects in Hong Kong and Macau; approximately HK$0.4 million for the Company's marketing activities; and approximately HK$41.1 million were used for working capital requirements and other general corporate purposes, while the balance of un-utilised proceeds were deposited in banks.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past four financial years is set out on pages 74.

An analysis of the Group's results by segment for the year is set out in note 8 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

BANK BORROWINGS

Details of bank borrowings are set out in note 29 to the consolidated financial statements.

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2010 comprised:

	HK$'000
Share premium	472,253
Accumulated profits	205,267
	677,520

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's articles of association, dividends shall be distributed out of the accumulated profits or other reserves, including the share premium account of the Company.

Details of movements during the year in the share premium and reserves of the Group are set out on page 34.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. CHAN William *(Chairman)*	(Appointed on 27 April 2009)
Mr. NG Tak Kwan *(Chief Executive Officer)*	(Appointed on 27 April 2009)
Mr. LEUNG Kai Ming *(Chief Operating Officer)*	(Appointed on 27 April 2009)
Mr. WONG Kim Hung, Patrick	(Appointed on 27 April 2009)
Mr. YIP Chun Kwok	(Appointed on 3 August 2009)

Independent Non-executive Directors

Mr. HO Kwok Wah, George	(Appointed on 10 February 2010)
Mr. TO King Yan, Adam	(Appointed on 3 August 2009)
Mr. WONG Hoi Ki	(Appointed on 3 August 2009)
Mr. WONG Kwok Wai Albert	(Appointed on 3 August 2009 and resigned on 10 February 2010)

Notes: Pursuant to the Company's articles of association, all directors of the Company are subject to retirement by rotation at annual general meeting and any director appointed by the Board to fill a casual vacancy or as addition to the Board shall hold office until the first general meeting or the next annual general meeting, as the case may be, of the Company after his appointment and be subject to re-election at such meeting. Accordingly, all directors shall retire, and being eligible, offer themselves for re-election at the forthcoming 2010 annual general meeting pursuant to the Company's articles and association.

Information regarding directors' emoluments is set out in note 12 to the consolidated financial statements.

DIRECTORS' PROFILES

Details of the directors' profiles are set out in the "Profiles of Directors and Senior Management" of this Annual Report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors a confirmation of his independence pursuant to rule 3.13 of the Listing Rules and has duly reviewed the confirmation of independence of each of these directors. The Company considers that all of the independent non-executive directors have been independent from the date of their appointment to 31 March 2010.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service agreement with the Company for a term of three years commencing from the date that the Company was listed on the Stock Exchange which may be terminated by either party by giving 6 months' written notice.

Each of the independent non-executive directors has signed an appointment letter with the Company for a term of three years with effect from their respective date of appointment which may be terminated by either party by giving 6 months' written notice.

Other than as disclosed above, none of the directors has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2010, the interests and short positions of the directors and chief executives of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
CHAN William	Long	Interest in a controlled corporation (1)	97,104,000	20.23
	Long	Other interest (2)	97,104,000	20.23
			194,208,000	40.46
NG Tak Kwan	Long	Beneficial owner	84,000,000	17.50
LEUNG Kai Ming	Long	Beneficial owner	34,272,000	7.14
WONG Kim Hung, Patrick	Long	Beneficial owner	23,520,000	4.90

Notes:

1. Mr. Chan, as the sole beneficial owner of Tiger Crown Limited, is deemed to be interested in the shares of the Company owned by Tiger Crown Limited.

2. Since Tiger Crown Limited, Scenemay Holdings Limited, Mr. Chan, Mr. Li Chu Kwan ("Mr. Li") and Ms. Li Wing Yin ("Ms. Li") are regarded as a group of controlling shareholders acting in concert to exercise their voting rights in the Company, pursuant to the provisions of the SFO, each of them is deemed to be interested in the 97,104,000 shares of the Company owned or deemed to be interested by each other. Hence, Mr. Chan is also deemed to be interested in the 97,104,000 shares of the Company owned by Scenemay Holdings Limited.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following substantial shareholders (other than the directors and chief executives of the Company) had notified the Company of relevant interests in the issued share capital of the Company:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
Tiger Crown Limited (1)	Long	Beneficial owner	97,104,000	20.23
	Long	Other interest (2)	97,104,000	20.23
			194,208,000	40.46
Scenemay Holdings Limited (3)	Long	Beneficial owner	97,104,000	20.23
	Long	Other interest (2)	97,104,000	20.23
			194,208,000	40.46
LI Chu Kwan	Long	Interest in a controlled corporation (3)	97,104,000	20.23
	Long	Other interest (2)	97,104,000	20.23
			194,208,000	40.46
LI Wing Yin	Long	Interest in a controlled corporation (3)	97,104,000	20.23
	Long	Other interest (2)	97,104,000	20.23
			194,208,000	40.46

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

1. Tiger Crown Limited is a controlled corporation of Mr. Chan and so Mr. Chan is deemed to be interested in the shares of the Company owned by Tiger Crown Limited.

2. Since Tiger Crown Limited, Scenemay Holdings Limited, Mr. Chan, Mr. Li and Ms. Li are regarded as a group of controlling shareholders acting in concert to exercise their voting rights in the Company, pursuant to the provisions of the SFO, each of them is deemed to be interested in the 97,104,000 shares of the Company owned or deemed to be interested by each other.

3. The entire issued share capital of Scenemay Holdings Limited is owned by Mr. Li and Ms. Li in equal shares and so each of Mr. Li and Ms. Li is deemed to be interested in the 97,104,000 shares of the Company owned by Scenemay Holdings Limited.

SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to the written resolutions of all the shareholders passed on 3 August 2009. As at 31 March 2010, no share option under the share option scheme had been granted.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS

During the year, save as disclosed below, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of rule 14A.45 of the Listing Rules.

The Group has entered into transaction with certain connected persons (as defined under chapter 14A of the Listing Rules) ("Connected Persons") which constituted exempt continuing connected transaction under rule 14A.33(3) of the Listing Rules and the Company is exempt from all reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Particulars of such exempt continuing connected transaction are set out below and in the section headed "Connected Transactions" of the Prospectus.

Procure registrations and patents from Sundart Products Group Limited ("SPG") and Dongguan Sundart Timber Products Company Limited ("DSTP")

SPG and DSTP are directly or indirectly wholly-owned by Mr. Leung Kai Ming ("Mr. Leung") and therefore are Connected Persons of the Company. Agreements were made on 14 March 2009, 20 May 2009 and 26 May 2009 between SPG, DSTP and the Group pursuant to which (i) each of SPG and DSTP agreed to sell, and SPG agreed to procure DSTP to sell the certificates, authorisations and approvals granted to SPG and DSTP by Underwriters Laboratories Inc., Intertek Testing Services NA, Inc., CERTIFIRE and FM Approvals and (ii) DSTP agreed to sell, among others, certain patents registered in the PRC, South Korea, Malaysia, Indonesia, Vietnam and Taiwan to the Group, at a total consideration of HK$1,800,000.

The Group has also entered into transactions with certain Connected Persons which constituted non-exempt continuing connected transactions under the Listing Rules (the "Continuing Connected Transactions"). With respect to those Continuing Connected Transactions, the Stock Exchange has granted a waiver from strict compliance with the announcement requirement under rule 14A.47 of the Listing Rules and the independent shareholders' approval requirement under rule 14A.48 of the Listing Rules (where applicable). Further details of these Continuing Connected Transactions are set out below and in the section headed "Connected Transactions" of the Prospectus.

Purchase of timber products from DSTP

The Group has entered into a manufacturing and supply agreement dated 14 March 2009 with DSTP and SPG, a group principally engaged in the manufacture and sale of timber products, pursuant to which DSTP would supply timber products to the Group for a period of three years with effect from 1 April 2009.

The proposed annual caps of consideration payable by the Group for the purchase of timber products from DSTP for the year and the two years ending 31 March 2011 and 2012 are HK$120,000,000, HK$138,000,000 and HK$158,700,000, respectively.

The actual amount paid by the Group to DSTP for purchase of timber products for the year was approximately HK$78,990,000.

Provision of fitting-out works to Waldo Hotel Limited ("Waldo")

Waldo is a company in which Ms. Li has a controlling interest, directly and indirectly. As Ms. Li has a controlling interest, directly or indirectly, in Waldo, Waldo therefore is an associate of a Controlling Shareholder and thus a Connected Person. On 30 June 2009, Sundart (Macau) and Waldo entered into an agreement (the "WHL Agreement") pursuant to which Sundart (Macau) has agreed with Waldo to provide fitting-out works in respect of certain areas/floors of Waldo Hotel, Macau for the period commencing from 1 July 2009 up to 31 December 2009.

The proposed cap of consideration payable by Waldo to the Group pursuant to the WHL Agreement for the period from 1 July 2009 to 31 March 2010 is HK$29,040,000.

The actual amount paid by Waldo to the Group for provision of fitting-out works for the period from 1 July 2009 to 31 March 2010 was approximately HK$28,248,000.

Pursuant to rule 14A.37 of the Listing Rules, the above Continuing Connected Transactions have been reviewed by the independent non-executive directors of the Company, who confirmed that these Continuing Connected Transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed-upon procedures in respect of the Continuing Connected Transactions. The auditor has reported its factual findings on these procedures in respect of the Continuing Connected Transactions to the Board.

Saved as disclosed above, significant related party transactions entered by the Group during the year, which do not constitute connected transactions under the Listing Rules are disclosed in note 37 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as the related party transactions disclosed in note 37 to the consolidated financial statements, no other contracts of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interests, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING INTERESTS

For the year, none of the directors or the controlling shareholders of the Company and their respective associates had any interest in a business, apart from the business of the Company, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under rule 8.10 of the Listing Rules.

EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Remuneration Committee. The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and the comparable market trend.

RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme (the "MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. During the year, the Group made contribution to the MPF Scheme amounting to approximately HK$1.3 million. No forfeited contribution under this scheme is available to reduce the contribution payable in future years.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this report, the Company has maintained a sufficient public float throughout the Relevant Period as required under the Listing Rules.

CHARITABLE DONATIONS

Donations made by the Group during the year for charity amounted to HK$1,055,000 (2009: nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the year, the five largest customers of the Group accounted for 83.6% of the Group's total revenue and total revenue from the largest customer included therein accounted for 33.9%. The aggregate purchases attributable to the five largest suppliers of the Group during the year were less than 30% of the purchases of the Group.

Other than disclosed above, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers, subcontractors or suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Shares of the Company were listed on 21 August 2009 and the Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the Relevant Period.

CORPORATE GOVERNANCE

During the Relevant Period, the Company had complied with the code provisions and certain recommended best practices set out in the CG Code contained in Appendix 14 to the Listing Rules, details of which are set out in the section headed "Corporate Governance Report" on pages 14 to 19.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 38 to the consolidated financial statements.

AUDITOR

The consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu ("Deloitte"), who will retire and, being eligible, offer themselves for re-appointment at the Company's forthcoming annual general meeting.

A resolution to re-appoint Deloitte as the Company's external auditor will be submitted for shareholders' approval at the Company's forthcoming annual general meeting.

On behalf of the Board
Sundart International Holdings Limited
CHAN William
Chairman

Hong Kong, 9 July 2010

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF SUNDART INTERNATIONAL HOLDINGS LIMITED
承達國際控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sundart International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 73, which comprise the consolidated statement of financial position as at 31 March 2010, 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 notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 judgment, 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 and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2010 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.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
9 July 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	NOTES	2010 HK$'000	2009 HK$'000
Revenue	7	**1,708,136**	1,465,230
Cost of sales		**(1,408,164)**	(1,260,105)
Gross profit		**299,972**	205,125
Other income, other gains and losses	9	**4,030**	2,627
Administrative expenses		**(49,449)**	(35,659)
Other service costs	32	**(20,534)**	–
Other expenses		**(4,720)**	(1,656)
Listing expenses	10	**(19,327)**	–
Finance costs	11	**(415)**	(2,920)
Profit before taxation		**209,557**	167,517
Income tax expenses	13	**(34,365)**	(23,810)
Profit for the year attributable to owners of the Company	14	**175,192**	143,707
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**201**	806
Total comprehensive income for the year attributable to the owners of the Company		**175,393**	144,513
Earnings per share			
Basic (HK cents)	16	**40**	40

Consolidated Statement of Financial Position

At 31 March 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	17	**6,872**	6,000
Goodwill	18	**746**	746
Other intangible assets	19	**6,752**	–
		14,370	6,746
Current assets			
Amounts due from related companies	21	**7,536**	5,128
Trade and other receivables	22	**91,304**	314,919
Bills receivable	22	**5,945**	–
Amounts due from customers for contract work	23	**150,090**	70,056
Retentions receivable	22	**134,873**	114,914
Tax recoverable		**92**	43
Pledged bank deposits	24	**–**	809
Bank balances and cash	25	**657,506**	191,074
		1,047,346	696,943
Current liabilities			
Trade and other payables	26	**224,013**	353,520
Bills payable	26	**–**	2,291
Amount due to a related company	27	**3,948**	5,181
Amount due to a jointly controlled entity	28	**6,354**	–
Amounts due to customers for contract work	23	**15,410**	15,512
Tax payable		**28,380**	35,017
Bank borrowings	29	**1,667**	26,667
		279,772	438,188
Net current assets		**767,574**	258,755
Total assets less current liabilities		**781,944**	265,501

Consolidated Statement of Financial Position

At 31 March 2010

	NOTES	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital	31	**4,800**	40
Reserves		**776,772**	263,437
		781,572	263,477
Non-current liabilities			
Bank borrowings	29	**–**	1,667
Deferred taxation	30	**372**	357
		372	2,024
		781,944	265,501

The consolidated financial statements on pages 31 to 73 were approved and authorised for issue by the Board of Directors on 9 July 2010 and are signed on its behalf by:

CHAN William	**WONG Kim Hung, Patrick**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Legal reserve HK$'000 (Note a)	Statutory reserve HK$'000 (Note b)	Translation reserve HK$'000	Shareholders' contribution reserve HK$'000	Other reserve HK$'000	Special reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 April 2008	40	66,799	49	–	4,218	–	–	–	160,858	231,964
Exchange differences arising on translation of foreign operations	–	–	–	–	806	–	–	–	–	806
Profit for the year	–	–	–	–	–	–	–	–	143,707	143,707
Total comprehensive income for the year	–	–	–	–	806	–	–	–	143,707	144,513
Dividends paid (Note 15)	–	–	–	–	–	–	–	–	(113,000)	(113,000)
At 31 March 2009	40	66,799	49	–	5,024	–	–	–	191,565	263,477
Exchange differences arising on translation of foreign operations	–	–	–	–	201	–	–	–	–	201
Profit for the year	–	–	–	–	–	–	–	–	175,192	175,192
Total comprehensive income for the year	–	–	–	–	201	–	–	–	175,192	175,393
Issue of shares on 27 April 2009 (Note 31)	–	–	–	–	–	–	–	–	–	–
Issue of shares on 3 August 2009 (Note c)	700	–	–	–	–	–	–	(700)	–	–
Reserve arising from group reorganisation completed on 3 August 2009 (Note c)	(40)	(66,799)	–	–	–	–	–	66,839	–	–
Capitalisation of share premium (Note 31)	2,900	(2,900)	–	–	–	–	–	–	–	–
Issue of shares on 21 August 2009 (Note 31)	1,200	500,400	–	–	–	–	–	–	–	501,600
Transaction costs attributable to issue of new shares (Note 10)	–	(25,247)	–	–	–	–	–	–	–	(25,247)
Dividends paid (Note 15)	–	–	–	–	–	–	–	–	(160,800)	(160,800)
Shareholders' contribution (Note 32)	–	–	–	–	–	6,615	–	–	–	6,615
Recognition of other service costs (Note 32)	–	–	–	–	–	–	20,534	–	–	20,534
Transfer of reserve	–	–	–	690	–	–	–	–	(690)	–
At 31 March 2010	**4,800**	**472,253**	**49**	**690**	**5,225**	**6,615**	**20,534**	**66,139**	**205,267**	**781,572**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

Notes:

(a) In accordance with the provisions of the Macao Commercial Code, one of the subsidiaries of the Company in Macao is required to transfer a minimum of 25% of its profit for the year to a legal reserve before appropriation of dividends until the legal reserve equals half of the quota capital of that subsidiary. This reserve is not distributable to the shareholders.

(b) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC") the subsidiary established in the PRC shall set aside 10% of its net profit to the statutory reserve before the distribution of the net profit each year until the balance reaches 50% of its paid-in capital. The statutory reserve can only be used upon approval by the board of directors of the relevant subsidiary to offset accumulated losses or increase capital.

(c) Pursuant to a deed for sale and purchase dated 3 August 2009 entered into between Tiger Crown Limited ("Tiger Crown"), Scenemay Holdings Limited, Mr. Ng Tak Kwan ("Mr. Ng"), Mr. Leung Kai Ming ("Mr. Leung") and Mr. Wong Kim Hung, Patrick ("Mr. Wong") as vendors (collectively referred to as the "Vendors"), and the Company as purchaser, the Company issued 69,990,000 shares of HK$0.01 each amounting to approximately HK$700,000 to the Vendors for acquiring the entire issued capital of Sundart Holdings Limited ("Sundart Holdings") in proportion to their respective holding in Sundart Holdings. The acquisition of Sundart Holdings by the Company is accounted for as a group reorganisation involving interspersing the Company between the Vendors and Sundart Holdings. The consolidated financial statements are prepared as a continuation of Sundart Holdings and its subsidiaries (see note 1). Special reserve of the Group amounting to approximately HK$66,139,000 represents the difference between the nominal value of the shares issued by the Company and the issued share capital and share premium of Sundart Holdings at the date of the share swap.

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
Operating activities		
Profit before taxation	**209,557**	167,517
Adjustments for:		
Depreciation of property, plant and equipment	**999**	753
Amortisation of other intangible assets	**1,686**	–
Loss (gain) on disposal of property, plant and equipment	**91**	(8)
Interest income	**(1,063)**	(932)
Interest expense	**415**	2,920
Other service costs	**20,534**	–
Operating cash flows before movements in working capital	**232,219**	170,250
(Increase) decrease in amounts due from related companies	**(2,408)**	2,106
Decrease (increase) in trade and other receivables	**223,615**	(34,102)
Increase in bills receivable	**(5,945)**	–
(Increase) decrease in amounts due from customers for contract work	**(80,034)**	71,231
Increase in retentions receivable	**(19,959)**	(5,752)
(Decrease) increase in trade and other payables	**(129,507)**	81,754
(Decrease) increase in bills payable	**(2,291)**	1,921
(Decrease) increase in amount due to a related company	**(1,233)**	5,181
(Decrease) increase in amounts due to customers for contract work	**(102)**	5,210
Cash generated from operations	**214,355**	297,799
Interest paid	**(415)**	(2,920)
Income tax refund	**4**	127
Income tax paid	**(41,042)**	(10,421)
Net cash generated from operating activities	**172,902**	284,585
Investing activities		
Purchases of property, plant and equipment	**(1,943)**	(1,516)
Purchases of other intangible assets	**(1,823)**	–
Proceeds from disposal of property, plant and equipment	**7**	16
Interest received	**1,063**	932
Decrease in pledged bank deposits	**809**	69,981
Net cash (used in) generated from investing activities	**(1,887)**	69,413
Financing activities		
New bank borrowings raised	**94,958**	137,992
Repayments of bank borrowings	**(121,625)**	(269,686)
Net proceeds from issue of shares	**476,353**	–
Dividends paid	**(160,800)**	(113,000)
Advance from a jointly controlled entity	**6,354**	–
Net cash generated from (used in) financing activities	**295,240**	(244,694)
Net increase in cash and cash equivalents	**466,255**	109,304
Cash and cash equivalents at the beginning of the year	**191,074**	81,064
Effect of foreign exchange rate changes	**177**	706
Cash and cash equivalents at the end of the year, represented by bank balances and cash	**657,506**	191,074

Notes to Consolidated Financial Statements

For the year ended 31 March 2010

1. GROUP RESTRUCTURING AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 27 April 2009. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 7th Floor, Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong, respectively.

Pursuant to the group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"), the Company acquired the entire issued capital of Sundart Holdings Limited ("Sundart Holdings") by issuing 69,990,000 shares of HK$0.01 each to Tiger Crown Limited ("Tiger Crown"), Scenemay Holdings Limited, Mr. Ng Tak Kwan ("Mr. Ng"), Mr. Leung Kai Ming ("Mr. Leung") and Mr. Wong Kim Hung, Patrick ("Mr. Wong") (collectively referred to as the "Vendors"), in proportion to their respective holding in Sundart Holdings and became the holding company of the Group on 3 August 2009. Details of the group reorganisation were set out in the section headed "History, Reorganisation and Group Structure" of the prospectus dated 11 August 2009 issued by the Company. The acquisition of Sundart Holdings by the Company is a group reorganisation where the Company is interspersed between the Vendors and Sundart Holdings. The consolidated financial statements of the Group are prepared as a continuation of Sundart Holdings and its subsidiaries. Comparative information presented in the consolidated financial statements represents the financial information of Sundart Holdings and its subsidiaries.

The shares of the Company have been listed on the Stock Exchange since 21 August 2009.

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are set out in note 39.

The consolidated financial statements are presented in Hong Kong Dollars ("HKD"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

The following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") were adopted in preparing the consolidated financial statements of the Group in the current year.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)-INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC)-INT 13	Customer loyalty programmes
HK(IFRIC)-INT 15	Agreements for the construction of real estate
HK(IFRIC)-INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC)-INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Notes to Consolidated Financial Statements

For the year ended 31 March 2010

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (Continued)

Except as described below, the adoption of these new and revised HKFRSs had no material effect on the consolidated financial statements of the Group.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. However, HKAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

Improving disclosures about financial instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. Please refer to note 8 for information about segment disclosure.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related party disclosure[4]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of right issues[5]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[6]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[7]
HKFRS 2 (Amendments)	Group cash-settled share-based payments transactions[6]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[8]
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a minimum funding requirement[4]
HK(IFRIC)-INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC)-INT 19	Extinguishing financial liabilities with equity instruments[7]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 February 2010.
6 Effective for annual periods beginning on or after 1 January 2010.
7 Effective for annual periods beginning on or after 1 July 2010.
8 Effective for annual periods beginning on or after 1 January 2013.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (Continued)

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification of the Group's leasehold land.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

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

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

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

Business combinations

The acquisition of a business (other than the group reorganisation as set out in note 1) is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Joint ventures

Jointly controlled entities

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

The Group recognises its interests in jointly controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar line items, line by line, in the consolidated financial statements. Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a business or a jointly controlled entity (see above).

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Revenue recognition

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

Revenue from fixed price supply and installation contracts including fitting-out works is recognised on the percentage of completion method, measured by reference to the value of work certified during the year. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Revenue from sales of goods including sourcing and distribution of interior decorative materials is recognised when goods are delivered and title has been passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supply and installation contracts including fitting-out works

When the outcome of a supply and installation contract including fitting-out works can be estimated reliably, contract costs are charged to profit or loss by reference to the stage of completion of the contract activity at the end of each reporting period on the same basis as contract revenue.

When the outcome of a supply and installation contract including fitting-out works cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs incurred are recognised as expenses in the period in which they are incurred.

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale for which the commencement date for capitalisation is on or after 1 April 2009, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis.

Retirement benefits costs

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly loans and receivables. The accounting policies adopted in respect of loans and receivables are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

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

Loans and receivables

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

Impairment of financial assets

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

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

The carrying amount is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account (if any). Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Notes to Consolidated Financial Statements

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables, bills payable, amount due to a related company, amount due to a jointly controlled entity and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HKD) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-settled share-based payment transactions

Where a shareholder transferred the equity instruments of a group entity to an employee in return for service provided to the Group, the transaction is accounted for as equity-settled share-based payment transaction of the Group. The fair value of services received is determined by reference to the difference between the fair value of the equity instruments and the consideration given by the employee to the shareholder, if any, on the transaction date. It is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (other reserve).

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

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

Other intangible assets

Other intangible assets acquired separately with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Amortisation for other intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of other intangible assets are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount 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, such 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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2010

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The key sources of estimation uncertainty and critical judgments that can significantly affect the amounts recognised in the consolidated financial statements are set out below.

Critical judgment on determination of functional currency of the Company

The Group operates in Hong Kong, Macau and the People's Republic of China (the "PRC"). Its revenue and expenses are denominated in the respective local currency of the subsidiaries it operates which includes HKD, Macau Pataca ("MOP") and Renminbi ("RMB") which are the functional currencies of the respective subsidiaries. In determining the functional currency of the Company, the management has carefully considered the currencies that mainly affect its revenue and operating expenses and the currency of funds from financing activities. The management considered that HKD is able to represent most faithfully the economic environment the Company operates because substantial revenue and financing activity of the Company are denominated in HKD and therefore determined that HKD is the functional currency of the Company.

Estimation uncertainty on supply and installation contracts including fitting-out works

The Group's contract profit or loss arising from supply and installation contracts is estimated by reference to the latest available budgets of individual supply and installation contracts prepared by the management of the Company. The estimation of budget contract costs is based on management's best estimates and judgments. Contract costs include costs for interior decorative materials, labour costs and subcontracting fees. If the price of interior decorative materials or the wages of labour or the subcontracting fees varied significantly in the coming months from the budgets, the contract profit for each of the individual projects will differ significantly from the estimated contract profit. If estimated costs exceed contract revenue, a contract loss will be recognised.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 29, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits. The Group's overall strategy remains unchanged from prior year.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, issuance of new share as well as the issue of new debts or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2010 HK$'000	2009 HK$'000
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**882,113**	593,712
Financial liabilities		
Amortised cost	**229,459**	269,171

Financial risk management objectives and policies

The Group's major financial instruments include amounts due from related companies, trade and other receivables, bills receivable, retentions receivable, pledged bank deposits, bank balances, trade and other payables, bills payable, amount due to a related company, amount due to a jointly controlled entity and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The directors of the Company consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

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

Notes to Consolidated Financial Statements

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6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
HKD against MOP	**160,351**	82,493	**7,380**	17,471
Qatar Riyal ("QAR") against HKD	**17,446**	–	**6,354**	–
United States Dollars ("USD") against HKD and MOP	**13,896**	870	**1,004**	1,248
HKD against RMB	**10,346**	–	**–**	–
Euro against HKD	**299**	10,737	**–**	2,377

Sensitivity analysis

As HKD and QAR are pegged to USD and the exchange rate of HKD/MOP and USD/MOP is relatively stable, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the USD/HKD, USD/MOP, QAR/HKD and HKD/MOP exchange rates. As a result, the directors of the Company consider that the sensitivity of the Group's exposures towards the change in foreign exchange rates between USD/HKD, USD/MOP, QAR/HKD and HKD/MOP is minimal.

The following table details the Group's sensitivity to a 5% increase and decrease in HKD against RMB and Euro against HKD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the change taking place at the beginning of the financial year and held constant throughout the reporting period. The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period includes only outstanding HKD (against RMB which is functional currency of the group entity) and Euro denominated monetary items. A positive number below indicates an increase in profit for the current year where Euro strengthens 5% against HKD or HKD strengthens 5% against RMB. For a 5% weakening of Euro against HKD or HKD against RMB, there would be an equal and opposite impact on the profit for the year as set out below:

	HKD against RMB impact		Euro against HKD impact	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Increase in post-tax profit	**388**	–	**12**	349

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the reporting period.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate pledged bank deposits (see note 24 for details of the pledged bank deposits). The Group has not used any derivative contracts to hedge its exposure to interest rate risk.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances and bank borrowings (see note 25 for details of the bank balances and note 29 for details of these borrowings). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank balances and bank borrowings, the analysis is prepared assuming the bank balances and bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis point increase or decrease in variable-rate bank balances is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rate increases/decreases by the aforesaid basis point, and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2010 would increase/decrease by approximately HK$618,000. A 50 basis point increase or decrease in variable-rate bank borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rate increases/decreases by the aforesaid basis point, and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2010 would decrease/increase by approximately HK$7,000.

At 31 March 2009, a 50 basis point was used in estimating the potential interest rate change for variable-rate bank balances and bank borrowings. If interest rate had been 50 basis points higher/lower and all other variables were held constant, the Company's post-tax profit for the year ended 31 March 2009 would increase/decrease by approximately HK$722,000.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable and other receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group has no concentration of credit risk with exposure spread over a number of counterparties.

The Group's bank balances are deposited with banks with high credit-ratings, so the Group has limited credit risk on liquid funds.

Notes to Consolidated Financial Statements

For the year ended 31 March 2010

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Company monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

As at 31 March 2010, the Group has available unutilised short-term bank loan facilities of approximately HK$436,974,000 (2009: HK$268,723,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. It has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate %	Less than 4 months or on demand HK$'000	Between 4 to 6 months HK$'000	Between 7 to 12 months HK$'000	Between 1 to 3 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2010							
Non-derivative financial liabilities							
Trade and other payables	N/A	190,638	7,232	6,686	12,934	217,490	217,490
Amount due to a related company	N/A	2,045	–	–	1,903	3,948	3,948
Amount due to a jointly controlled entity	N/A	6,354	–	–	–	6,354	6,354
Bank borrowings	1.13%	1,672	–	–	–	1,672	1,667
		200,709	7,232	6,686	14,837	229,464	229,459

	Weighted average interest rate %	Less than 4 months or on demand HK$'000	Between 4 to 6 months HK$'000	Between 7 to 12 months HK$'000	Between 1 to 3 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2009							
Non-derivative financial liabilities							
Trade and other payables	N/A	204,392	7,446	11,028	15,680	238,546	238,546
Bills payable	N/A	2,291	–	–	–	2,291	2,291
Bank borrowings	1.73%	9,783	13,732	3,372	1,675	28,562	28,334
		216,466	21,178	14,400	17,355	269,399	269,171

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

Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE

Revenue represents the net amounts received and receivable for fitting-out works rendered and sourcing and distribution of interior decorative materials by the Group to outside customers, net of discounts.

An analysis of the Group's revenue for the year is as follows:

	2010 HK$'000	2009 HK$'000
Contract revenue from fitting-out works	**1,674,849**	1,465,230
Sourcing and distribution of interior decorative materials	**33,287**	–
	1,708,136	1,465,230

8. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach.

The Group's primary reporting format under HKAS 14 was geographical segments by location of customers. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Company's executive directors are the chief operating decision makers as they collectively make strategic decisions towards the Group's operations. The Group is principally operating in three geographical areas-Hong Kong, Macau and the PRC.

Information reported to the Company's executive directors for the purpose of resources allocation and assessment of performance focuses on the geographical areas (e.g. Hong Kong, Macau and the PRC) for fitting-out works. During the year, the Group recommences sourcing and distribution of interior decorative materials which was operated separately from the fitting-out business. The financial information of the sourcing and distribution of interior decorative materials is reported separately to the chief operating decision makers. The Group's operating segments under HKFRS 8 are therefore as follows:

(a) Fitting-out works in Hong Kong;
(b) Fitting-out works in Macau;
(c) Fitting-out works in the PRC; and
(d) Sourcing and distribution of interior decorative materials.

Notes to Consolidated Financial Statements

For the year ended 31 March 2010

8. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the year ended 31 March 2010

	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Fitting-out works in the PRC HK$'000	Sourcing and distribution of interior decorative materials HK$'000	Elimination HK$'000	Consolidated HK$'000
Revenue						
External revenue	859,998	692,336	122,515	33,287	–	1,708,136
Inter-segment revenue	–	–	–	46,117	(46,117)	–
Total	859,998	692,336	122,515	79,404	(46,117)	1,708,136

Inter-segment revenue is charged at prevailing market rates.

	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Fitting-out works in the PRC HK$'000	Sourcing and distribution of interior decorative materials HK$'000	Elimination HK$'000	Consolidated HK$'000
Segment profit	109,459	151,790	3,477	3,012	–	267,738
Corporate expenses						(59,372)
Corporate income						1,606
Finance costs						(415)
Profit before taxation						209,557
Income tax expenses						(34,365)
Profit for the year						175,192

For the year ended 31 March 2009

	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Fitting-out works in the PRC HK$'000	Consolidated HK$'000
Revenue				
External revenue	867,908	547,786	49,536	1,465,230
Segment profit (loss)	118,676	66,463	(3,900)	181,239
Corporate expenses				(11,734)
Corporate income				932
Finance costs				(2,920)
Profit before taxation				167,517
Income tax expenses				(23,810)
Profit for the year				143,707

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

Segment profit (loss) represents the profit earned by (loss from) each segment, excluding income and expenses of the corporate function, including certain other income, certain administrative expenses, other service costs, certain other expenses, listing expenses and finance costs. This is the measure reported to the Company's executive directors for the purpose of resource allocation and assessment of segment performance.

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment presented to the Company's executive directors.

	2010 HK$'000	2009 HK$'000
Segment assets		
Fitting-out works in Hong Kong	233,924	287,417
Fitting-out works in Macau	113,586	187,748
Fitting-out works in the PRC	33,630	29,502
Sourcing and distribution of interior decorative materials	21,424	–
Total segment assets	402,564	504,667
Unallocated corporate assets		
– Property, plant and equipment	514	–
– Other receivables	1,040	7,096
– Tax recoverable	92	43
– Pledged banks deposits	–	809
– Banks balances and cash	657,506	191,074
Total consolidated assets of the Group	1,061,716	703,689
Segment liabilities		
Fitting-out works in Hong Kong	165,447	181,800
Fitting-out works in Macau	41,254	163,298
Fitting-out works in the PRC	32,028	30,199
Sourcing and distribution of interior decorative materials	2,999	–
Total segment liabilities	241,728	375,297
Unallocated corporate liabilities		
– Other payables	1,643	1,207
– Amount due to a joint controlled entity	6,354	–
– Tax payable	28,380	35,017
– Banks borrowings	1,667	28,334
– Deferred taxation	372	357
Total consolidated liabilities of the Group	280,144	440,212

For the purposes of monitoring segment performances and allocating resources between segments:

All assets are allocated to operating segments other than certain property, plant and equipment, certain other receivables, tax recoverable, pledged bank deposits and bank balances and cash which are commonly used by different segments or used for corporate operation.

All liabilities are allocated to operating segments other than certain other payables, amount due to a jointly controlled entity, tax payable, bank borrowings and deferred taxation which are corporate liabilities.

Notes to Consolidated Financial Statements

For the year ended 31 March 2010

8. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2010

	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Fitting-out works in the PRC HK$'000	Sourcing and distribution of interior decorative materials HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or segment assets:						
Additions of property, plant and equipment	551	10	704	70	608	1,943
Additions of other intangible assets	–	–	–	8,438	–	8,438
Depreciation of property, plant and equipment	321	241	330	13	94	999
Amortisation of other intangible assets	–	–	–	1,686	–	1,686
Loss on disposal of property, plant and equipment	–	–	91	–	–	91
Other service costs	–	–	–	–	20,534	20,534

For the year ended 31 March 2009

	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Fitting-out works in the PRC HK$'000	Sourcing and distribution of interior decorative materials HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions of property, plant and equipment	380	701	435	–	–	1,516
Depreciation of property, plant and equipment	263	201	289	–	–	753

8. SEGMENT INFORMATION (Continued)

Geographical information

The management has categorised the sales by location of customers as follows:

	2010 HK$'000	2009 HK$'000
Hong Kong	862,512	867,908
Macau	695,815	547,786
The PRC	122,515	49,536
Qatar	19,850	–
United States of America ("USA")	7,414	–
Others	30	–
	1,708,136	1,465,230

Included in the revenue by location of customers, approximately HK$3,479,000 (2009: Nil), HK$19,850,000 (2009: Nil), HK$7,414,000 (2009: Nil) and HK$30,000 (2009: Nil) from Macau, Qatar, USA and others respectively are attributed to customers from foreign countries of the respective group entity.

The Group's information about its non-current assets by geographical location of the assets or by the location of the related operations are detailed below:

	2010 HK$'000	2009 HK$'000
Hong Kong	8,256	1,217
Macau	319	550
The PRC	5,281	4,979
Qatar	514	–
	14,370	6,746

All non-current assets of the Group are located in the respective group entity's country of domicile.

Information about major customers

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

	2010 HK$'000	2009 HK$'000
Customer A (Note 1)	578,271	588,486
Customer B (Note 2)	426,314	243,467
Customer C (Note 2) (Note 3)	222,030	N/A

Notes:

(1) Revenue from fitting-out works in Hong Kong.
(2) Revenue from fitting-out works in Macau.
(3) The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2009.

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For the year ended 31 March 2010

9. OTHER INCOME, OTHER GAINS AND LOSSES

	2010 HK$'000	2009 HK$'000
Other income		
Interest income	1,063	932
Others	1,406	1,691
	2,469	2,623
Other gains and losses		
Net foreign exchange gains (losses)	1,652	(4)
(Loss) gain on disposal of property, plant and equipment	(91)	8
	1,561	4
	4,030	2,627

10. LISTING EXPENSES

The amount represents professional fees and other expenses related to the Listing. Transaction costs are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to issue of shares that otherwise would have been avoided. HKAS 32 Financial Instruments: Presentation requires transaction costs that relate jointly to more than one transaction to be allocated to those transactions using a basis of allocation that is rational and consistent with similar transaction. Other listing expenses are recognised as an expense in profit or loss.

11. FINANCE COSTS

Finance costs represent interest on bank borrowings wholly repayable within five years.

12. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

The emoluments of directors of the Company are analysed as follows:

	Salaries and other benefits		Discretionary bonus (Note 4)		Retirement benefit scheme contributions		Total	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Executive directors:								
Mr. Chan William ("Mr. Chan")	960	960	80	–	12	12	1,052	972
Mr. Ng	1,200	1,200	100	–	12	12	1,312	1,212
Mr. Leung (Note 1)	21,734	–	100	–	12	–	21,846	–
Mr. Wong	840	840	70	–	12	12	922	852
Mr. Yip Chun Kwok	1,037	900	500	–	12	12	1,549	912
Independent non-executive directors:								
Mr. To King Yan, Adam	74	–	–	–	–	–	74	–
Mr. Wong Hoi Ki	74	–	–	–	–	–	74	–
Mr. Wong Kwok Wai, Albert (Note 2)	57	–	–	–	–	–	57	–
Mr. Ho Kwok Wah, George (Note 3)	17	–	–	–	–	–	17	–
	25,993	3,900	850	–	60	48	26,903	3,948

12. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

Notes:

(1) Mr. Leung was appointed as an executive director of Sundart Holdings and the Company on 1 April 2009 and on 27 April 2009 respectively. Including in the salaries and other benefits paid to Mr. Leung, there is an amount of approximately HK$20,534,000 (2009: Nil) related to other service costs for the year ended 31 March 2010. Details of which are set out in note 32.

(2) Mr. Wong Kwok Wai, Albert resigned as an independent non-executive director on 10 February 2010.

(3) Mr. Ho Kwok Wah, George was appointed as an independent non-executive director on 10 February 2010.

(4) The discretionary bonus is determined by reference to the Group's operating results and the individual performance of the directors and approved by the remuneration committee.

The emoluments for the five individuals with the highest emoluments in the Group included three executive directors of the Company for the year ended 31 March 2010 (2009: One). The emoluments of these executive directors are included in the disclosure set out above. The emoluments of the remaining individuals were as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other benefits	2,595	5,748
Retirement benefit scheme contributions	24	36
	2,619	5,784

The emoluments were within the following bands:

	No. of individuals 2010	 2009
HK$1,000,001 to HK$1,500,000	2	3
HK$2,000,001 to HK$2,500,000	–	1

During the year ended 31 March 2010 (2009: Nil), no emolument was paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office, other than the transfer of shares by Golden Tiger Group Limited ("Golden Tiger") to Mr. Leung as an inducement to join the Group which is set out in note 32. None (2009: None) of the directors waived any emoluments during the year ended 31 March 2010.

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For the year ended 31 March 2010

13. INCOME TAX EXPENSES

	2010 HK$'000	2009 HK$'000
Current tax		
Hong Kong Profits Tax	**16,018**	15,940
Macau Profits Complementary Tax	**18,425**	7,999
PRC Enterprise Income Tax	**5**	–
	34,448	23,939
(Over)underprovision in prior years		
Hong Kong Profits Tax	**(188)**	(31)
Macau Profits Complementary Tax	**92**	–
	(96)	(31)
Deferred taxation (Note 30)		
Current year	**13**	(98)
	34,365	23,810

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Macau Profits Complementary Tax is calculated at the progressive rates from 9% to 12% of the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable tax rate of a PRC subsidiary, Sundart Engineering & Contracting (Beijing) Limited ("Sundart Beijing") is 25% effective from 1 January 2008 onwards.

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

	2010 HK$'000	2009 HK$'000
Profit before taxation	**209,557**	167,517
Tax at the weighted average tax rate (Note)	**28,233**	24,296
Tax effect of expenses not deductible for tax purpose	**6,595**	201
Tax effect of income not taxable for tax purpose	**(51)**	(174)
Overprovision in respect of prior years	**(96)**	(31)
Tax effect of tax losses not recognised	**–**	901
Utilisation of tax losses previously not recognised	**(947)**	(1,400)
Others	**631**	17
Income tax for the year	**34,365**	23,810

13. INCOME TAX EXPENSES (Continued)

Note: The weighted average applicable tax rate for different jurisdictions for the year ended 31 March 2010 is approximately 13% (2009: 14%). The weighted average applicable tax rate represents the weighted average tax rate in different jurisdictions in which the Group operates and is calculated on the basis of the profit or loss before taxation arising in these jurisdictions and on the statutory rates applicable.

14. PROFIT FOR THE YEAR

	2010 HK$'000	2009 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,972**	650
Depreciation of property, plant and equipment	**999**	753
Amortisation of other intangible assets	**1,686**	–
Total depreciation and amortisation	**2,685**	753
Cost of inventories recognised as expense	**28,422**	–
Contract costs recognised as expense	**1,379,742**	1,260,105
Operating lease payments in respect of rented properties	**5,057**	5,228
Staff costs		
– Gross staff costs (including directors' emoluments)	**82,783**	73,142
– Other service costs	**20,534**	–
Less: Staff costs capitalised to contract costs	**(53,160)**	(51,423)
	50,157	21,719

15. DIVIDENDS

On 3 December 2008 and 11 March 2009, Sundart Holdings declared interim dividends of HK$8,431 and HK$13,725 per share amounting to HK$43,000,000 and HK$70,000,000 in total respectively. The aggregate amount of HK$113,000,000 was distributed to the then shareholders according to their respective shareholdings and recognised as distributions.

Pursuant to the directors' meeting of Sundart Holdings on 30 July 2009, interim dividends of HK$23,529 per share amounting to HK$120,000,000 in total, were declared and distributed to the then shareholders according to their respective shareholdings on 5 August 2009.

Pursuant to the directors' meeting of the Company on 10 December 2009, interim dividends of HK8.5 cents per share amounting to HK$40,800,000 in total, were declared and distributed to the shareholders according to their respective shareholdings on 28 December 2009.

A final dividend of HK9.5 cents per share with an aggregate amount of HK$45,600,000 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

16. EARNINGS PER SHARE

The calculation of the basic earnings per share in respect of the year ended 31 March 2010 is based on the consolidated profit attributable to owners of the Company and on the weighted average number of shares as follows:

	2010	2009
Weighted average number of ordinary shares issued	**433,272,929**	359,948,571

Note: The number of shares for the purpose of calculating basic earnings per share is based on the weighted average number of shares in issue after taking into account the effect of the share swap under which 69,990,000 shares of the Company were issued in exchange for the 5,100 shares of Sundart Holdings pursuant to the group reorganisation and adjusted for the 290,000,000 shares of the Company issued pursuant to the capitalisation issue on 3 August 2009.

No diluted earnings per share information has been presented as there were no potential ordinary shares outstanding for both years.

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17. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2008	4,407	451	4,897	577	10,332
Exchange adjustments	103	–	8	5	116
Additions	–	925	326	265	1,516
Disposals	–	(52)	(23)	(300)	(375)
At 31 March 2009	4,510	1,324	5,208	547	11,589
Exchange adjustments	22	–	6	–	28
Additions	–	291	1,484	168	1,943
Disposals	–	(145)	(30)	–	(175)
At 31 March 2010	4,532	1,470	6,668	715	13,385
DEPRECIATION					
At 1 April 2008	39	448	4,314	396	5,197
Exchange adjustments	1	–	3	2	6
Provided for the year	102	249	298	104	753
Eliminated on disposals	–	(52)	(15)	(300)	(367)
At 31 March 2009	142	645	4,600	202	5,589
Exchange adjustments	–	–	2	–	2
Provided for the year	103	328	415	153	999
Eliminated on disposals	–	(58)	(19)	–	(77)
At 31 March 2010	245	915	4,998	355	6,513
CARRYING VALUES					
At 31 March 2010	4,287	555	1,670	360	6,872
At 31 March 2009	4,368	679	608	345	6,000

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method, at the following rates per annum:

Land and building	2% or over the remaining term of lease, if shorter
Leasehold improvements	20%-33$\frac{1}{3}$% or over the remaining term of lease, if shorter
Furniture, fixtures and equipment	15%-25%
Motor vehicles	10%-33$\frac{1}{3}$%

The land and building is situated in the PRC under medium term leases.

18. GOODWILL

	HK$'000
Carrying amount as at 1 April 2008, 31 March 2009 and 2010	746

Goodwill represents the excess of consideration paid over the fair value of net assets taken over on the acquisition of a subsidiary, Sundart Timber Products Company Limited ("Sundart Timber").

For the purpose of impairment test, the carrying amount of goodwill has been allocated to the cash generating unit ("CGU") of Sundart Timber under the fitting-out works in Hong Kong segment.

The recoverable amount of CGU has been determined based on a value in use calculation. For the year ended 31 March 2010 and 2009, the calculation uses cash flow projections based on the most recent financial budgets approved by management covering a 2-year period and discount rate of 10%. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGU to exceed the aggregate recoverable amount of CGU.

19. OTHER INTANGIBLE ASSETS

	Registrations HK$'000	**Patents** HK$'000	**Total** HK$'000
COST			
At 1 April 2008 and 31 March 2009	–	–	–
Additions	8,307	131	8,438
At 31 March 2010	8,307	131	8,438
AMORTISATION			
At 1 April 2008 and 31 March 2009	–	–	–
Charge for the year	1,660	26	1,686
At 31 March 2010	1,660	26	1,686
CARRYING VALUES			
At 31 March 2010	6,647	105	6,752
At 31 March 2009	–	–	–

The Group's registrations and patents related to door products and timber panels ("Patents") which were acquired from Sundart Products Group Limited ("SPG") and Dongguan Sundart Timber Products Co., Ltd. ("DSTP"). SPG and DSTP are beneficially owned by Mr. Leung that give him control over these companies. Details of this transaction are set out in note 32.

The above other intangible assets are amortised on a straight-line basis over 5-year.

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20. INTEREST IN A JOINTLY CONTROLLED ENTITY

As at 31 March 2010, the Group had interests in the following jointly controlled entity:

Name of entity	Form of business structure	Place/ Country of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group as at 31.3.2010	Profit sharing	Proportion of voting power held as at 31.3.2010	Principal activity
Sundart Interior Contracting (Middle East) L.L.C. ("Sundart Interior")	Incorporated	Qatar	Qatar	Ordinary	47%	51%	50% (Note)	Interior fitting-out works

Note: Pursuant to the joint venture agreement and amendment agreement dated 14 May 2009 and 15 July 2009 respectively, entered into between Sundart Investments (Middle East) Limited ("Sundart Middle East"), a subsidiary of the Company, and three other shareholders, Sundart Middle East occupies two out of four directorships in Sundart Interior. Any decision of the Board shall be made by a simple majority of votes at a duly constituted meeting and every director shall have one vote. As a result, the proportion of voting power held by Sundart Middle East is 50%. Nevertheless, the key financial and operating activities of Sundart Interior including all tenders, commercial contracts, tax and government documents and single payment of more than QAR50,000 require joint authorisation of Sundart Middle East and Abdullateef M. A Al-Kuwari ("Abdullateef"), the 47% and 51% equity holders of Sundart Interior respectively. Hence, Sundart Middle East together with Abdullateef jointly control Sundart Interior.

The summarised financial information in respect of the Group's share of interest in the jointly controlled entity which is accounted for using proportionate consolidation with the line-by-line reporting format is set out below:

	2010 HK$'000
Current assets	
– Amount due from the Group	6,613
– Other current assets	757
	7,370
Non-current assets	514
Current liabilities	232
Non-current liabilities	–
Income recognised in profit or loss	–
Expenses recognised in profit or loss	3,233
Other comprehensive income	(19)

21. AMOUNTS DUE FROM RELATED COMPANIES

	2010 HK$'000	2009 HK$'000
Trade receivables:		
– Waldo Hotel Limited ("Waldo") (Note 1)	3,000	5,128
Retentions receivable:		
– Giant World Corporation Limited ("Giant World") (Note 2)	2,300	–
Purchase deposits paid:		
– DSTP (Note 3)	2,236	–
Amounts due from related companies	7,536	5,128

Notes:

(1) Waldo is controlled by Ms. Li Wing Yin, a beneficial shareholder of the Company.

(2) This is a company in which Mr. Chan has beneficial interest that gives him significant influence over this company.

(3) This is a company in which Mr. Leung has beneficial interest that gives him control over this company.

The Group allows an average credit period of 30 days to its trade receivables due from related companies. All receivables due from a related company are aged within 30 days and not yet fall due at the end of the reporting period.

As at 31 March 2010, all retentions receivable from a related company are expected to be recovered within twelve months.

The Group's amounts due from related companies denominated in HKD (against MOP) which is foreign currency of the group entity are as follows:

	2010 HK$'000	2009 HK$'000
Trade receivables	3,000	5,128

22. OTHER FINANCIAL ASSETS

Trade and other receivables and retentions receivable at the end of the reporting period comprise receivables from third parties as follows:

	2010 HK$'000	2009 HK$'000
Trade and other receivables		
Trade receivables	56,484	237,122
Other receivables	34,820	77,797
	91,304	314,919

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22. OTHER FINANCIAL ASSETS (Continued)

The Group allows an average credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at the end of the reporting period:

	2010 HK$'000	2009 HK$'000
1-30 days	42,881	218,674
31-60 days	1,064	7,185
61-90 days	2,731	5,865
Over 90 days	9,808	5,398
	56,484	237,122

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly.

As at 31 March 2010, included in the Group's trade receivable balances are receivables with aggregate carrying amount of approximately HK$21,525,000 (2009: HK$18,549,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable. Accordingly, the directors believe that there is no provision for doubtful debts required. The Group does not hold any collateral over these balances.

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

	2010 HK$'000	2009 HK$'000
Overdue		
1-30 days	16,448	10,376
31-60 days	630	2,237
61-90 days	35	692
Over 90 days	4,412	5,244
	21,525	18,549

Other receivables

Other receivables comprise receivables from third parties and deposits paid to suppliers and are unsecured, interest free and recoverable within one year. All balances are neither past due nor impaired as at 31 March 2010 and 2009.

Bills receivables

All bills receivable are aged within 60 days.

Retentions receivable

	2010 HK$'000	2009 HK$'000
Retentions receivable which:		
– will be recovered within twelve months	114,205	88,699
– will be recovered more than twelve months after the end of the reporting period	20,668	26,215
	134,873	114,914

22. OTHER FINANCIAL ASSETS (Continued)

The Group's trade and other receivables, bills receivable and retentions receivable denominated in foreign currencies of the group entities are as follows:

	2010 HK$'000	2009 HK$'000
Trade receivables		
Denominated in:		
HKD (against MOP)	–	43,626
USD	4,420	–
Other receivables		
Denominated in:		
QAR	117	–
HKD (against MOP)	3,917	6,644
Euro	–	337
Bills receivable		
Denominated in:		
USD	5,945	–
Retentions receivable		
Denominated in:		
HKD (against MOP)	7,547	11,196

Certain trade receivables and retentions receivable were pledged to banks to secure banking facilities granted to the Group. Details are set out in note 36.

23. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2010 HK$'000	2009 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	3,290,704	1,880,735
Less: Progress billings	(3,156,024)	(1,826,191)
	134,680	54,544
Analysed for reporting purposes as:		
Amounts due from contract customers	150,090	70,056
Amounts due to contract customers	(15,410)	(15,512)
	134,680	54,544

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23. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK (Continued)

The Group's retentions held by customers (including related companies) and advances received from customers (including a related company) for contract work are as follows:

	2010 HK$'000	2009 HK$'000
Retentions receivable for contract work		
External customers (included in retentions receivable)	134,873	114,914
Related companies (included in amounts due from related companies)	2,300	–
	137,173	114,914
Advances received for contract work		
External customers (included in trade and other payables)	1,259	105,519
Related companies (included in amount due to a related company)	–	5,181
	1,259	110,700

24. PLEDGED BANK DEPOSITS

The pledged bank deposits as at 31 March 2009 represented deposits pledged to secure performance bonds and were therefore classified as current assets. At 31 March 2009, the pledged bank deposits carried interest at the market rate of 1.98% per annum and were released upon the expiry of the performance bonds. As at 31 March 2009, the whole pledged bank deposits were denominated in RMB which was not freely convertible into other currencies.

25. BANK BALANCES AND CASH

The bank balances carried interest at prevailing market interest rates.

As at 31 March 2010, the bank balances amounting to approximately HK$42,823,000 (2009: HK$30,905,000) were denominated in RMB which is not freely convertible into other currencies.

The Group's bank balances and cash denominated in foreign currencies of the relevant group entities are as follows:

	2010 HK$'000	2009 HK$'000
Bank balances and cash		
Denominated in:		
HKD (against MOP)	145,887	15,899
QAR	17,329	–
HKD (against RMB)	10,346	–
USD	3,531	870
Euro	299	10,400

26. OTHER FINANCIAL LIABILITIES

Trade and other payables at the end of the reporting period comprise amounts outstanding for trade purposes and daily operating costs. The average credit period taken for trade purchase is 30 days.

	2010 HK$'000	2009 HK$'000
Trade and other payables		
Contract creditors and suppliers	132,800	167,751
Retentions payable	69,753	58,728
	202,553	226,479
Other payables	14,937	12,067
Trade and other payables classified as financial liabilities	217,490	238,546
Non-financial liabilities		
Advances received from customers	1,275	105,519
Other non-financial liabilities	5,248	9,455
Total	224,013	353,520

As at 31 March 2010, retentions payable of approximately HK$12,934,000 (2009: HK$15,680,000) are expected to be paid after one year.

The Group's trade and other payables and bills payable denominated in foreign currencies of the relevant group entities are as follows:

	2010 HK$'000	2009 HK$'000
Trade and other payables		
Denominated in:		
HKD (against MOP)	7,380	17,471
USD	1,004	1,248
Euro	–	86
Bills payable		
Denominated in:		
Euro	–	2,291

The aged analysis of contract creditors and suppliers is stated as follows:

	2010 HK$'000	2009 HK$'000
Trade payables:		
– 1-30 days	120,781	152,817
– 31-60 days	4,980	6,689
– 61-90 days	1,136	1,780
– Over 90 days	5,903	6,465
	132,800	167,751

At 31 March 2009, bills payable are repayable within 90 days and are secured by pledged assets and directors' guarantee set out in notes 36 and 37 respectively.

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27. AMOUNT DUE TO A RELATED COMPANY

	2010 HK$'000	2009 HK$'000
Trade payables:		
– DSTP	2,045	–
Retentions payable:		
– DSTP	1,903	–
Advances received for contract work:		
– Giant World	–	5,181
Amount due to a related company	3,948	5,181

The average credit period taken by the Group for trade purchases from its related company is 30 days. The following is an aged analysis of trade payables to a related company at the end of the reporting period:

	2010 HK$'000	2009 HK$'000
1-30 days	1,984	–
31-60 days	49	–
61-90 days	12	–
	2,045	–

As at 31 March 2010, retentions payable to a related company is expected to be paid after one year.

28. AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY

The amount is unsecured, non-interest bearing and repayable on demand. The balance is non-trading in nature, and is denominated in QAR which is foreign currency of the relevant group entity.

29. BANK BORROWINGS

	2010 HK$'000	2009 HK$'000
Unsecured bank loans	1,667	28,334
Carrying amount repayable:		
Within one year	1,667	26,667
More than one year, but not exceeding two years	–	1,667
	1,667	28,334
Less: Amounts due within one year shown under current liabilities	(1,667)	(26,667)
Non-current liabilities	–	1,667

At 31 March 2010, the bank loans are variable-rate borrowings which bear interest at 1.00% per annum (2009: 1.00% to 1.25% per annum) over the Hong Kong interbank offer rate and interest is repriced every one to three months. At 31 March 2010, the average effective interest rate (which is also equal to contracted interest rate) on the Group's bank loans is approximately 1.13% per annum (2009: 1.73% per annum). All bank borrowings are denominated in the functional currency of the relevant group entity.

Details of the pledge of assets and directors' guarantee to secure banking facilities are set out in notes 36 and 37 respectively.

30. DEFERRED TAXATION

The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior year:

	HK$'000
At 1 April 2008	445
Exchange adjustments	10
Credit to profit or loss (Note 13)	(98)
At 31 March 2009	357
Exchange adjustments	2
Charge to profit or loss (Note 13)	13
At 31 March 2010	372

Deferred taxation represents the temporary differences between the carrying amounts of the property situated in the PRC and the corresponding tax bases.

Under the EIT Law and Implementation Regulation of the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. The Group's PRC subsidiary did not have any distributable profit generated between 1 January 2008 to 31 March 2010.

At the end of the reporting period, the Group had unused estimated tax losses of approximately HK$2,339,000 (2009: HK$6,098,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unrecognised estimated tax losses due to unpredictability of future profit streams. The unrecognised tax losses will expire on various dates up to 2013 as set out below:

	2010 HK$'000	2009 HK$'000
Expired in:		
2011	**–**	1,484
2012	**–**	1,007
2013	**2,339**	3,607
	2,339	6,098

31. SHARE CAPITAL

For the purpose of the preparation of the consolidated statement of financial position, the balance of share capital at 1 April 2008 and 31 March 2009 represented the share capital of Sundart Holdings which consisted of 5,100 issued and fully paid ordinary shares of US$1 (approximately to HK$8) each.

	Number of shares	**Share capital HK$'000**
Ordinary share of HK$0.01 each		
Authorised:		
On the date of incorporation	**39,000,000**	**390**
Increase on 3 August 2009 (Note a)	**961,000,000**	**9,610**
At 31 March 2010	**1,000,000,000**	**10,000**
Issued and fully paid:		
On the date of incorporation (Note b)	**10,000**	**–**
Issued on 3 August 2009 (Note c)	**69,990,000**	**700**
Capitalisation on 3 August 2009 (Note d)	**290,000,000**	**2,900**
Issued on 21 August 2009 (Note e)	**120,000,000**	**1,200**
At 31 March 2010	**480,000,000**	**4,800**

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31. SHARE CAPITAL (Continued)

Pursuant to the group reorganisation completed on 3 August 2009, the Company became the holding company of the companies comprising the Group.

Notes:

(a) Pursuant to the written resolutions passed on 3 August 2009, the authorised share capital of the Company was increased from HK$390,000 to HK$10,000,000 by the creation of an additional 961,000,000 shares.

(b) On 27 April 2009, one subscriber's share was transferred to Mr. Wong. On the same date, the Company issued and allotted for cash at par, 5,780 shares to Golden Tiger, 2,500 shares to Mr. Ng, 1,020 shares to Mr. Leung and 699 shares to Mr. Wong.

(c) Pursuant to a deed for sale and purchase dated 3 August 2009 entered into between the Vendors and the Company, the Company issued 69,990,000 shares of HK$0.01 each amounting to approximately HK$700,000 to the Vendors for acquiring the entire issued share capital of Sundart Holdings in proportion to their respective holding in Sundart Holdings. Sundart Holdings became a wholly-owned subsidiary of the Company.

(d) On 3 August 2009, the Company capitalised an amount of HK$2,900,000 standing to the credit of its share premium account in paying-up in full 290,000,000 shares, each of which was subsequently allotted and issued to the existing shareholders whose names appear on the register of members of the Company in proportion to their shareholding of the Company on that date.

(e) On 21 August 2009, the Company issued 120,000,000 new shares pursuant to the Listing of HK$4.18 per share and the Company's shares were listed on the Stock Exchange on the same date.

(f) All the shares issued during the year rank pari passu with the existing shares in all respects.

32. MAJOR NON-CASH TRANSACTIONS

Pursuant to the agreement dated 14 March 2009, Mr. Leung acquired 520 shares in the share capital of Sundart Holdings, representing approximately 10.2% interest in Sundart Holdings (the "Sale Shares"), from Golden Tiger, a then shareholder of Sundart Holdings, at a consideration of HK$26,874,710 ("Share Consideration"), which was determined based on and represented 10.2% of the net asset value of Sundart Holdings as at 31 March 2009. Mr. Leung was also required to procure SPG and DSTP to sell the Patents to the Group at a consideration of HK$1.8 million ("Patent Consideration"). According to the valuation conducted by an independent valuer, the fair values of the Sale Shares and the Patents are approximately HK$67.1 million and HK$8.4 million respectively. The fair value of the Sale Shares was estimated using a combination of income and market approach while the fair value of the Patents was valued by replacement cost approach. In determining the fair value of the Sale Shares, the following major assumptions were made:

Income approach:

Weighted average cost of capital	14%
Terminal growth rate	3%

Market approach:

Enterprise value to sales ratio	0.45
Enterprise value to earnings before interest and tax ratio	7.5
Enterprise value to earnings before interest, tax, depreciation and amortisation ratio	6.5
Marketability discount	20%

As a condition of the above transaction, Mr. Leung signed a service contract with the Group for three years and became a director of the Company and took the lead to develop the business of sourcing and distribution of interior decorative materials as well as to expand the interior fitting-out business to the Middle East.

32. MAJOR NON-CASH TRANSACTIONS (Continued)

The difference between the fair value of the Sale Shares of HK$67.1 million and Share Consideration of HK$26.9 million amounting to HK$40.2 million is allocated into two components for accounting purposes. The difference between the fair value of the Patents of HK$8.4 million and the Patent Consideration of HK$1.8 million amounting to HK$6.6 million represents contribution from the shareholder in respect of the Patents and is credited directly to equity in the current year. The remaining balance of HK$33.6 million is expensed over the three years' vesting period in accordance with the terms under the service contract with the Company and the share transfer arrangement between Golden Tiger and Mr. Leung. During the current year, approximately HK$20,534,000 were charged to profit or loss as expenses.

33. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2010 **HK$'000**	2009 HK$'000
Within one year	**3,870**	2,108
In the second to fifth years inclusive	**652**	902
	4,522	3,010

Leases for rented premises are negotiated for a period of one to three years (2009: one to three years) with fixed rental.

34. PERFORMANCE BONDS AND ADVANCE PAYMENT BONDS

As at 31 March 2010, the Group had issued performance bonds and advance payment bonds in respect of supply and installation contracts through the banks amounting to approximately HK$77,385,000 (2009: HK$307,448,000). The bonds were secured by pledged assets and directors' guarantee set out in notes 36 and 37 respectively.

35. RETIREMENT BENEFITS PLANS

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$1,000 or 5% of the relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the subsidiaries operated in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. Those subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

Eligible employees in Macau currently participate in a defined contribution pension scheme operated by the local government which is a fixed amount for each employee.

The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year ended 31 March 2010, the total costs charged to profit or loss are approximately HK$590,000 (2009: HK$941,000) representing contributions payable to these plans by the Group in respect of approximately HK$1,791,000 (2009: HK$1,855,000) less contributions capitalised to contract works which are subsequent charged to cost of sales of approximately HK$1,201,000 (2009: HK$914,000).

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36. PLEDGE OF ASSETS

The Group had pledged certain trade receivables, retentions receivable and bank deposits to secure the general banking facilities including bank borrowings, bills payable, performance bonds and advance payment bonds granted to the Group. The carrying values of the pledged assets are as follows:

	2010 HK$'000	2009 HK$'000
Retentions receivable	9,188	14,127
Trade receivables	5,127	48,565
Pledged bank deposits	–	809

37. RELATED PARTY TRANSACTIONS

Apart from the amounts due from (to) related companies or a jointly controlled entity as set out in notes 21, 27 and 28, the Group had entered into the following significant transactions with related companies:

	2010 HK$'000	2009 HK$'000
Revenue from fitting-out works		
Giant World	38,381	7,619
Waldo	37,987	64,605
Sundart Interior	202	–
	76,570	72,224
Purchases of timber products		
DSTP	78,990	–
Sundart International (Macau) Limited (Note)	19,389	–
Win Venture Trading Limited (Note)	6,068	–
	104,447	–
Purchases of other intangible assets		
DSTP & SPG (Note 32)	1,800	–

Note: These are companies in which Mr. Leung has beneficial interests that give him control over these companies.

As at 31 March 2009, certain directors of the Company guaranteed the banking facilities of the Group. The directors did not charge the Group for such guarantee provided. Such guarantee was released during the year ended 31 March 2010.

Compensation of key management personnel

The remuneration of key management personnel of the Group during the year was as follows:

	2010 HK$'000	2009 HK$'000
Salaries and short-term benefits	32,696	10,895
Post-employment benefits	168	143
	32,864	11,038

The remuneration of key management personnel is determined by the remuneration committee or directors of the Company having regard to the performance of individuals and market trends.

38. EVENT AFTER THE REPORTING PERIOD

On 31 May 2010, the Group entered into the provisional sales and purchase agreement with Malleson Limited for the acquisition of a property located at Kwun Tong Inland Lot No. 526, Elite Industrial Building, 135-137 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong at a consideration of HK$315,000,000. Details are set out in the Company's announcement dated 1 June 2010. The transaction is subject to obtaining of the approval of the shareholders. It has not been completed at the date of this report.

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 March 2010 and 2009 are as follows:

Name of company	Place of incorporation/ establishment/ operations	Class of shares held	Fully paid-up issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				31.3.2010 %	31.3.2009 %	
Sundart Holdings	British Virgin Islands ("BVI")	Ordinary	US$5,100	100%	100%	Investment holding
Sundart Investments Limited *	Hong Kong	Ordinary	HK$1,000	100%	100%	Investment holding
Sundart Timber*	Hong Kong	Ordinary	HK$46,510,000	100%	100%	Investment holding and supply and installation of timber doors and floorsets and interior fitting-out works
Sundart Middle East *	Hong Kong	Ordinary	HK$17,000	100%	100%	Investment holding
Sundart International Supply Limited *	Hong Kong	Ordinary	HK$10,000	100%	100%	Sourcing and distribution of interior decorative materials
Sundart Beijing *#	The PRC	Registered capital	HK$39,900,000	100%	100%	Supply and installation of timber doors and floorsets and interior fitting-out works
Sundart Engineering Services (Macau) Limited *	Macau	Ordinary	MOP100,000	100%	100%	Supply and installation of timber doors and floorsets and interior fitting-out works
Sundart Products Limited*	BVI	Ordinary	US$1	100%	100%	Investment and intellectual properties holding
Sundart Development Limited *	BVI	Ordinary	US$1	100%	100%	Investment holding

* These entities are indirectly held by the Company.

\# The entity is a wholly foreign owned enterprise established in the PRC.

None of the subsidiaries had issued debt securities at the end of both years.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March			
	2007 HK$'000	2008 HK$000	2009 HK$'000	**2010** **HK$'000**
Revenue	921,334	1,443,742	1,465,230	**1,708,136**
Profit for the year attributable to owners of the Company	70,442	80,504	143,707	**175,192**

ASSETS AND LIABILITIES

	As at 31 March			
	2007 HK$'000	2008 HK$000	2009 HK$'000	**2010** **HK$'000**
Total assets	463,137	697,528	703,689	**1,061,716**
Total liabilities	289,291	465,564	440,212	**280,144**
Total equity attributable to owners of the Company	173,846	231,964	263,477	**781,572**

Note:

The Company was incorporated in the Cayman Islands on 27 April 2009 and became the holding company of the Group on 3 August 2009 as a result of a group reorganisation as set out in the prospectus dated 11 August 2009 ("Prospectus") issued by the Company.

The results of the Group for each of the three years ended 31 March 2009 and the assets and liabilities of the Group as at 31 March 2007, 2008 and 2009 have been prepared on a combined basis as if the Group structure, at the time when the Company's shares were listed on The Stock Exchange of Hong Kong Limited, had been in existence throughout the years concerned and have been extracted from the Prospectus.