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 2011

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 Limited

LEGAL ADVISORS

P.C. Woo & Co.
Woo, Kwan, Lee & Lo

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
China Guangfa Bank Co., Ltd.
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Hong Kong 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

25/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

MEDIA RELATIONS CONTACT

iPR Ogilvy Limited
Units 2008-12, 20/F
The Center
99 Queen's Road Central
Central
Hong Kong

INVESTOR RELATIONS CONTACT

College Hill
Room B, 21/F, Pico Tower
66 Gloucester Road
Wan Chai
Hong Kong

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Chairman's Statement

William Chan, Chairman

Dear shareholders,

I am delighted to present you the annual report of Sundart International Holdings Limited ("Sundart" or the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2011 (the "year").

OVERVIEW

The Company benefited from continued prosperity in the Hong Kong property market, the burgeoning nature of Macau's gaming and hospitality industry and the robust state of the property market in the PRC. The upbeat environment helped the Company to secure a number of orders for fitting-out projects during the year. Still, slower-than-expected progress in completing projects and delays in the delivery of several projects in Hong Kong led to a decrease in revenue and profit. The Group's revenue was HK$1,362 million (2009/10: HK$1,708 million) while profit for the year reached HK$141 million (2009/10: HK$175 million). Basic earnings per share were HK29 cents (2009/10: HK40 cents).

The Board proposed a final dividend of HK8.5 cents (2009/10: HK9.5 cents) per share. Together with the interim dividend of HK 6.5 cents (2009/10: HK8.5 cents) per share, the total dividend per share will be HK15 cents (2009/10: HK18 cents), representing a dividend payout ratio of approximately 51% (2009/10: 49%).

BUSINESS REVIEW

Fitting-out business in Hong Kong

The property market in Hong Kong remained prosperous and strong. By leveraging on its established reputation and proven track record, the Group used its newly acquired builder work license to capture new opportunities and maintain its sound market position.

The Group secured a number of orders for fitting-out works during the year, not only for residential projects but also for those related to hotels and commercial and government projects.

Property development will represent a second line of business for the Group in the future and will generate a new source of income. The Kwun Tong project is expected to be completed in 2013 and the Group is looking for new projects to keep this business line running.

Fitting-out business in Macau

Recovery in Macau's gaming and hospitality industry created opportunities for the Group, with the resumption of several projects that had been suspended at Cotai. As the Group has long-established relationships with casino operators and hotel owners, the Group was able to secure tenders associated with such opportunities and maintain its leading market position in Macau.

The Group also prepared for its shift into residential projects by completing a mock fitting-out in Macau for use as a showcase to bid for future residential project opportunities.

Fitting-out business in the PRC

As part of the Group's long-term development strategy, it further increased its exposure to the PRC market, especially in cities with high growth potential such as Beijing, Shanghai, Chengdu and Chongqing. With a number of close, long-term partnerships with major property developers, hotel owners and key contractors, the Group is a preferred partner for providing services for the PRC projects of major Hong Kong and international developers.

Throughout the year, the Group actively explored various business opportunities and secured a number of fitting-out orders, mainly for large-scale hotels and commercial projects, which are less competitive and have higher barriers to entry.

Strategic alliance with Kailong REI Holdings Limited ("KLR Holdings")

The Group acquired a 29.36% interest in KLR Holdings, one of the leading asset management companies in the PRC real estate market, from which the Group aims to secure profitable fitting-out projects in the PRC in the future.

Other markets

After thorough consideration, the Group decided to exit the fitting-out business in the Middle East market. However, the Group will continue with its trading business there.

The Group secured a number of purchase orders for the supply of pre-fabricated finishing components during the year.

Property development

The Group acquired a property located at 135-137 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, with a site area of approximately 16,500 square feet, during the year. Leveraging on its expertise in the fitting-out industry, the Group believes it can add value to the property which can provide additional returns to our shareholders. The existing building on property is now being demolished and will be redeveloped into a high end commercial building, with a gross floor area of approximately 19,200 square metre. The Group has also introduced long-term strategic financial partners to the project, by way of disposing 35% interest of the property on 24 June 2011. This project will be the first of its kind for the Group and will represent a new source of revenue for the future.

Chairman's Statement

Upward business integration

The Group aims to become a vertically integrated fitting-out contractor by incorporating the upstream manufacturing, sourcing and distribution of interior decorative materials to global markets, as well as downstream fitting-out operations into its business. The Group acquired a timber product manufacturing plant, Dongguan Sundart Timber Products Co., Ltd. ("DSTP") through the acquisition of a 100% interest in Sundart Living Limited ("Sundart Living") during the year.

With resources and support from DSTP, the Group also established its own pre-fabrication facility in the PRC to provide better support to its fitting-out business. The pre-fabrication facility, under construction at a new site next to DSTP, is expected to be completed by the end of 2011. The Group expects to secure more international orders after the pre-fabrication facilities enters into full operation.

FUTURE PROSPECTS

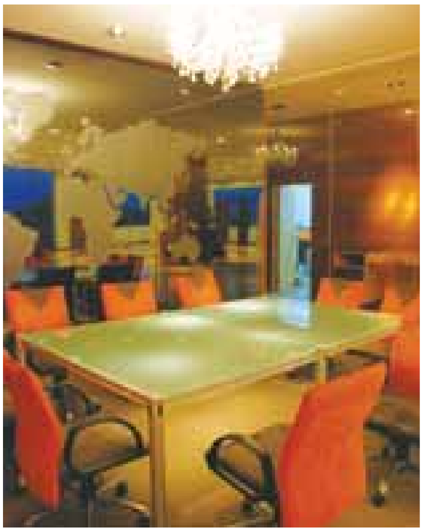
Hong Kong

The outlook for the Hong Kong market is bright, with ample opportunities for the construction and fitting-out industry arising from 10 mega infrastructure projects including railway stations, cruise terminals etc.

Development of the residential market has proved robust, especially in the luxury segment. Developers have been raising their fitting-out budgets to enhance the value of their projects. Redevelopment or renovation opportunities in hotels and industrial buildings will also create a large market for the fitting-out industry. There will be continued growth in Hong Kong in the coming three to five years. The Group also plans to raise the proportion of higher margined projects like hotels, high-end commercial and government projects.

Macau

There will be new casino and hotel projects over the next two years. In the coming two years, the Group will continue to work on existing orders on hand and at the same time exploring residential project opportunities. The Group will further solidify its leading position and maintain its market share in Macau.



The PRC

Mainland China will be crucial to the long-term development strategy of the Group as it will be the main market for Hong Kong developers in the coming years. The Group will continue to increase its exposure in the PRC market by working closely with Hong Kong and international developers. The Group will focus on high growth potential cities and increase its effort in securing more large-scale hotels and commercial projects.

Property development

Property development will represent a second line of business for the Group in the future and will generate a new source of income. The Kwun Tong project is expected to be completed in 2013 and the Group is looking for new projects to keep this business line running. The Group will continue to explore property development opportunities with KLR Holdings. Sundart's vision is to create a classy, comfortable and satisfactory lifestyle for property owners and users by delivering quality services and products.

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to all shareholders and business partners for their invaluable support and advice over the past year. I would also like to extend my thanks to each and every member of staff, who has contributed directly to the Group's endeavors and success. Our management, Board and employees will press ahead with efforts to improve our services and performance, thereby maximizing returns for our shareholders.

William Chan
Chairman

Hong Kong, 28 June 2011

FINANCIAL REVIEW

Overview

For the year ended 31 March 2011, the Group recorded a consolidated revenue of HK$1,362 million (2009/10: HK$1,708 million), with the gross profit of HK$251 million (2009/10: HK$300 million), whilst gross profit margin was 18.4% (2009/10: 17.6%). The basic earnings per share was HK29 cents (2009/10: HK40 cents).

As at 31 March 2011, total assets of the Group were HK$1,555 million (31 March 2010: HK$1,062 million) of which current assets were HK$1,468 million (31 March 2010: HK$1,047 million), representing 3.3 times (31 March 2010: 3.7 times) of current liabilities. The equity attributable to owners of the Company was HK$861 million (31 March 2010: HK$782 million).

Revenue and Gross Profit

During the year, the Group recorded a revenue of HK$1,362 million (2009/10: HK$1,708 million) and achieved a gross profit of HK$251 million (2009/10: HK$300 million). The revenue from fitting-out business was HK$1,306 million (2009/10: HK$1,675 million), whilst HK$56 million (2009/10: HK$33 million) was contributed by the manufacturing, sourcing and distribution of interior decorative materials.

The revenue of the Group is dependent on the progress of the individual projects. Despite the Group receiving encouraging orders during the year, there were fewer projects of the Group for the year delivered, particularly projects in Hong Kong, as compared with last financial year.

Segment Analysis

During the year, revenue was mainly generated from fitting-out business in Hong Kong and Macau. The fitting-out business in Hong Kong and Macau region contributed HK$485 million and HK$787 million in the Group's revenue respectively.

(i) Fitting-out business in Hong Kong

During the year, the revenue from the fitting-out business in Hong Kong decreased from HK$860 million for the year ended 31 March 2010 to HK$485 million for the year. While the gross profit was HK$92 million for the year, there was a decrement of HK$35 million as compared to the year ended 31 March 2010. The decrease in revenue was mainly due to the reduced income from residential projects and the slower-than-expected progress in completing projects and delays in the delivery of several projects. The gross profit margin increased from 14.8% for the year ended 31 March 2010 to 18.9% for the year.

(ii) Fitting-out business in Macau

Most revenue was driven from large-scale hotel projects in Cotai during the current year, such as Galaxy Resort & Casino Cotai City. The revenue from the fitting-out works in Macau increased by 13.7% from HK$692 million for the year ended 31 March 2010 to HK$787 million for the year. The increase is mainly attributed to the substantial progress made for the sizable projects of Galaxy Resort & Casino Cotai City in the current year. The gross profit was HK$140 million for the year, a decrement of HK$18 million as compared to the year ended 31 March 2010.

(iii) Fitting-out business in the PRC

The revenue contributed by fitting-out works in the PRC decreased by 72.4% from HK$123 million for the year ended 31 March 2010 to HK$34 million for the year which was due to the completion of a sizable project, Ritz-Carlton Hotel in the financial year ended 31 March 2010. Some major orders were secured during the year, but the order amount was not recognised in the revenue for the year.

(iv) Manufacturing, sourcing and distribution of interior decorative materials

The revenue and gross profit contributed by the manufacturing, sourcing and distribution of interior decorative materials was HK$56 million and HK$12 million respectively. Revenue was contributed by orders mainly from United States of America, Qatar, Hong Kong and Macau.

Administrative Expenses

Administrative expenses increased by 38.8% from HK$49 million for the year ended 31 March 2010 to HK$68 million for the year. The increase was mainly attributed to the acquisition of Sundart Living, which resulted in an increase in general administrative expense, particularly in staff costs. In addition, an increase in number of staff and a rise in general salaries within the Group also triggered an increase in staff costs. More expenses were also incurred for the expansion of the Group's business into the PRC market.

Other Service Costs

The other service costs represent the non-cash transactions on share-based payment to Mr. Leung Kai Ming, a shareholder and director of the Company, as mentioned in note 35 to the consolidated financial statements.

Listing Expenses

Listing expenses represented a one-off expense of HK$19 million in connection with the listing of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") that was charged to the consolidated statement of comprehensive income for the year ended 31 March 2010.

Share of Profit of an Associate

With a view to diversify the sources of income of the Group, the Group invested in an associate, KLR Holdings, during the year.

Earnings Per Share

The calculation of the basic earnings per share is based on the profit for the financial years attributable to owners of the Company and on the weighted average number of ordinary shares issued during the years.

BUSINESS REVIEW

Major Projects in Progress

As at 31 March 2011, the Group had an estimated remaining value of contracts to be completed of approximately HK$1,087 million (31 March 2010: HK$1,120 million) of which approximately HK$577 million, HK$348 million and HK$120 million are fitting-out works in Hong Kong, Macau and the PRC respectively, while the remaining amount of approximately HK$42 million represents orders from the international market.

From 1 April 2011 up to the date of this report, there are several new projects which have been awarded to the Group with a total attributable contract value of HK$646 million of which approximately HK$273 million, HK$118 million and HK$255 million are fitting-out works in Hong Kong, Macau and the PRC respectively.

Major Projects in Progress (Continued)

The following is a summary of 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	Other
Hong Kong				
1) Interior Fitting-out Works to Typical Lift Lobbies and Shopping Arcade K.I.L. 11167 & 11168 West Kowloon		√		
2) Tamar Development Project				√
3) Shopping Centre at Yau Tong Re-Development Phase 4			√	
4) Renovation Work to Guestroom Floors (Stage 2) for Renaissance Harbour View Hotel	√			
5) Ma On Shan Area 77 Fitting-out Works for Typical Lobbies, Kitchen and Bathroom of Domestic Flats and Houses		√		
6) Tai Wai Maintenance Centre Phase 3 Property Development		√		
7) Residential Development at Sands Street Kennedy Town		√		
8) Tai Po Monastery Development				√
9) Fitting-out Works at 10 Peking Road	√			
10) Fitting-out Works at 28 Hennessy Road			√	
Macau				
1) Galaxy Resort & Casino Cotai City, Macau, 221A (Grand Galaxy Hotel – Guestrooms Fitting-out Works)	√			
2) Galaxy Resort & Casino Cotai City, Macau (Sky Casino)	√			
3) Cotai Parcel 5 and 6 Hotels Fitting-out Works	√			
China				
1) Chongqing B2-1/01 Residential Development		√		
2) Shopping Arcade at Tianjin			√	
3) Shanghai Huaihai Road Residential Development		√		
4) Chengdu Residential Development		√		
5) Hotel at Zhujiajiao in Shanghai	√			
6) Service Apartment Fitting-out Works in Shanghai	√			
7) Hotel Fitting-out Works in Beijing	√			

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

As at 31 March 2011, the Group's total debt (represents the total interest-bearing borrowings) to total assets ratio was 23.61% (31 March 2010: 0.16%). The gearing ratio (net debt to equity attributable to owners of the Company) was nil in both financial years as the Group has net cash (bank balances and cash less total debt) of HK$67 million as at 31 March 2011 (31 March 2010: HK$656 million).

As at 31 March 2011, current assets and current liabilities were stated at HK$1,468 million and HK$449 million, respectively. The current ratio remained stable at a range of 3.3 times to 3.7 times in both financial years and the Group has maintained sufficient liquid assets to finance its operations.

The management and control of the Group's financial, capital management and external financing functions are centralised at its headquarters in Hong Kong. The Group adheres to a 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. As at 31 March 2011, the remaining unutilised net proceeds of HK$284 million raised from the listing on the Stock Exchange 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 2011, the Group had net cash of HK$67 million, together with unutilised banking facilities (including the bank guarantee, trade credit, revolving loan and short term loan), the Group has sufficient financial resources to meet the funding requirements for business development opportunities in Hong Kong, Macau, the PRC and the overseas markets as well as for the redevelopment project. The Group will cautiously seek new development opportunities with a view to balance risk and opportunity and maximising shareholders' value.

Pledge of Assets

As at 31 March 2011, the Group had pledged properties under development for sale to secure the general banking facilities including bank borrowings and performance bonds granted to the Group. The aggregate carrying value of the pledged assets was HK$336 million (31 March 2010: HK$14 million).

Contingent Liabilities and Capital Commitments

The Group did not have any significant contingent liabilities as at 31 March 2011 and 31 March 2010. For capital commitments, please refer to note 38 to the consolidated financial statements.

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 the fitting out projects. The Group will cautiously seek for the development opportunity with a view to balance the risk and opportunity in maximizing 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 Dollars and Renminbi. The exchange rates for the foresaid currencies are relatively stable. The Group reviews the exchange risk 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.

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 organizations 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 other business segments in the supply chain with a view to diversifying the sources of income. 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 Policies

As at 31 March 2011, the Group had 1,006 full-time employees, including 321 staff from its fitting-out business and 685 staff from the newly acquired timber product manufacturing plant, DSTP. The total remuneration for employees (including the directors' remuneration) were HK$115 million for the year (2009/10: HK$83 million). The increase in total remuneration of the employees was mainly due to the increase in number of staff and the increase in 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.

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2011.

The manner in which the principles and code provisions in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 "CG Manual") for reference by the Board and the management of the Company and its subsidiaries to meet the code provisions as set out in the CG Code. A copy of the CG Manual is posted on the Company's website. In the opinion of the directors, the Company has complied with all code provisions as set out in the CG Code throughout the year ended 31 March 2011 save for the deviation from Code Provision A.1.1, which deviation is explained in the relevant paragraph of this report.

The Company will continue to review periodically the CG 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

As at the date of this report, the Board consists of eight members. Among them, five are executive directors and three are independent non-executive directors.

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

BOARD COMPOSITION (Continued)

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)

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.

During the year ended 31 March 2011, the Board has 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 year ended 31 March 2011, 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 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 responsibility 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 CG Manual.

The Chairman of the Board is responsible for the overall leadership of the Board, for ensuring that the Board functions effectively, and for ensuring communication of the views of the Board to the public. Besides, the Chairman of the Board is also responsible for chairing the meetings and ensuring 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 meetings 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.

INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Though no new directors have been appointed during the year ended 31 March 2011, newly appointed directors will receive 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 development 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

Code provision A.1.1 of the CG Code stipulates that regular Board meetings should be held at least four times a year at approximately quarterly intervals. There were four Board meetings held during the year ended 31 March 2011, two of which were regular meetings held for approving the final results for the year ended 31 March 2010 and interim results for the period ended 30 September 2010. The Company has not held the other two regular Board meetings as it is not required under the Listing Rules to publish quarterly results.

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

Name of Directors	Attendance / Number of Meetings held during the tenure of directorship: Board – Regular	Board – Other	Nomination Committee	Audit Committee
Executive Directors				
Chan William	2/2	2/2	1/1	N/A
Ng Tak Kwan	2/2	2/2	N/A	N/A
Leung Kai Ming	2/2	2/2	N/A	N/A
Wong Kim Hung, Patrick	2/2	2/2	N/A	N/A
Yip Chun Kwok	2/2	2/2	N/A	N/A
Independent Non-Executive Directors				
To King Yan, Adam	2/2	0/2	N/A	2/2
Wong Hoi Ki	2/2	0/2	1/1	2/2
Ho Kwok Wah, George	2/2	0/2	1/1	2/2

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 year ended 31 March 2011.

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.

Though no meeting had been held by the Remuneration Committee during the year ended 31 March 2011, the Remuneration Committee has passed written resolutions to approve the remuneration package of the directors and senior management.

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 year ended 31 March 2011 to review and recommend the re-appointment of the directors standing for re-election at the Company's 2010 annual general meeting.

The attendance records of the Committee meeting are set out under "Directors' Attendance Records" on page 17 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 to assist 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.

There were two Audit Committee meetings held during the year ended 31 March 2011. The Audit Committee has performed the following works during the year: (i) to discuss the financial reporting and compliance procedures with the external auditors; (ii) to review the audited annual results for the year ended 31 March 2010 and unaudited interim results for the half year ended 30 September 2010; (iii) to review the continuing connected transactions; and (iv) to consider the re-appointment of auditors.

The Company's annual results for the year ended 31 March 2011 have been reviewed by the Audit Committee.

The attendance records of the Committee meeting are set out under "Directors' Attendance Records" on page 17 of this report.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2011.

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 29.

The remuneration charged by the Company's auditors, Messrs. Deloitte Touche Tohmatsu, during the year ended 31 March 2011 is set out below:-

Category of Services	Fee Paid/Payable (HK$)
Audit Service and Disbursements	1,988,800
Non-audit Services	
– Consultancy fee for PRC Individual Income Tax planning	95,000
– Major transaction circular	90,000
– Tax services fee	72,000
– Others including disbursements	2,750
TOTAL	2,248,550

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and Company's assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis. The Board has conducted an annual 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 investor 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 Chairmen of the Remuneration Committee, the Audit Committee and the Nomination Committee or, in their absence, other members of the respective committees, are 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.

SHAREHOLDERS' RIGHTS

To safeguard the shareholders' interests and rights, a separate resolution is proposed for each substantial issue at shareholders' meetings, including the election of individual directors. All resolutions put forward at shareholders' meetings are voted on by poll pursuant to the Listing Rules and poll results are posted on the websites of the Company and of the Stock Exchange after each shareholders' meeting. Detailed procedures for conducting a poll are 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 participated in a series of charitable and caring activities such as, the Hong Kong Community Chest Charity Walk (2010/11); the "Nature in Touch" Hiking & Planting organised by the Agriculture, Fisheries and Conservation Department (10 April 2010); Dress Special Day 2010 organised by the Hong Kong Community Chest; Corporate Games 2010 organised by the Leisure and Cultural Services Department; Mid-Autumn Festival visit to a disability centre; World Vision Hong Kong 30-Hour Famine (April 2011) and the Hong Kong Community Chest Flag Day. The Company also demonstrated its support to the Tung Wah Flag Day 2011 by promoting the event to all staff locating in different offices.

The Company will continue participating in a variety of charitable and community activities to fulfil its responsibility as a good corporate citizen.

Profiles of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Chan William (陳偉倫先生), aged 36, 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. Mr. Chan joined the Group in 2008. He is primarily responsible for overall strategies, planning and business development of the Group. He also holds other directorships in the Company's subsidiaries. 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. 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 Poon Area Committee of Home Affairs Department of Hong Kong Government for the two years ended 31 March 2006. Mr. Chan is currently an independent non-executive director of Hao Tian Resources Group Limited (a company whose shares are listed and traded on the main board of the Stock Exchange).

Mr. Ng Tak Kwan (吳德坤先生), aged 57, is an executive Director and the Chief Executive Officer of the Company. Mr. Ng is one of the founders of the Group's business. Mr. Ng is responsible for overseeing the fitting-out projects in Hong Kong, Macau and the PRC. He also holds other directorships in the Company's subsidiaries. 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 57, 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 DSTP on his own. Before Mr. Leugn 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 mainly responsible for overseeing the technical and engineering activities, the sourcing and distribution of materials business and the fitting-out projects in the PRC. He also holds other directorships in the Company's subsidiaries. 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 57, is an executive Director of the Company. Mr. Wong joined the Group in 2002 and is responsible for overseeing the human resources, banking and administrative activities of the Group. He also holds other directorships in the Company's subsidiaries. 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).

Mr. Yip Chun Kwok (葉振國先生), aged 37, is an executive Director, company secretary and financial controller of the Company. Mr. Yip joined the Group in 2008. Mr. Yip is responsible for overseeing the compliance matters, the financial and accounting activities of the Group. He also holds other directorships in the Company's subsidiaries. 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 53, 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 22 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 51, 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 57, 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 26 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. Leung Shau Yung, Fabian, aged 48, joined the Group in 2010 and was appointed as the General Manager, China (Business Development and Projects). Mr. Leung graduated from McGill University of Canada with major in Architecture. He is also a registered Architect and Authorized Person (List 1) in Hong Kong. Mr. Leung has over 20 years in the Architecture field and has served as Architect and Project Manager in various sizable companies of Hong Kong and Canada. Over the past 20 years, Mr. Leung has served as the person in charge for various projects covering residential premises, commercial complex, hotels, offices, shopping malls, universities etc. Mr. Leung now is acting as the Deputy to our Chief Operating Officer for all fit-out operations in the PRC. He is also responsible for the overall development and management of the fit-out business in the PRC.

Mr. Man Pui Kwan, Anthony, aged 55, joined the Group in 2010 and was appointed as the Managing Director of Kin Shing (Leung's) General Contractors Limited, one of Sundart's wholly owned subsidiaries which mainly focuses on construction and Alteration & Addition works. Mr. Man obtained the Bachelor Degree of Science (Quantity Surveying) in the UK in 1980. He was a Corporate Member of the RICS, a Fellow Member of HKIS and a Member of CIArb since 1984, 1997 and 1999 respectively. He was also an accredited Mediator since 2005. Mr. Man has over 31 years of experience in the field of quantity surveying and contracts management.

Ms. Yeung Man Yan, Megan, aged 28, is our Legal Counsel. Ms. Yeung joined us 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 us, Ms. Yeung has been working in an international law firm.

The Directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are set out in note 43 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2011 are set out in the consolidated statement of comprehensive income on page 30.

An interim dividend of HK6.50 cents per share amounting to HK$31,200,000 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK8.50 cents per share to the shareholders on the register of members on 26 August 2011, amounting to HK$40,800,000.

USE OF NET PROCEEDS RECEIVED FROM THE INITIAL PUBLIC OFFERING "(IPO")

In August 2009, net proceeds received from the IPO, after deducting related expenses, were approximately HK$457.0 million. We have 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$30.3 million to finance our fitting-out projects in the People's Republic of China; approximately HK$7.4 million to set up the Company's own procurement and pre-fabrication facility and for our research and development as more particularised in the section headed "Business-Business strategies" in the Prospectus; approximately HK$41.1 million to finance the Company's fitting-out projects in Hong Kong and Macau; approximately HK$2.2 million to finance the Company's fitting-out projects in the Middle East; approximately HK$49 million were used in acquisition; approximately HK$2.3 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 five financial years is set out on pages 84.

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 32 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 34 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2011 comprised:

	HK$'000
Share premium	472,253
Accumulated profits	1,554
	473,807

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 of 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 33.

DIRECTORS

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

Executive Directors
Mr. Chan William *(Chairman)*
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
Mr. To King Yan, Adam
Mr. Wong Hoi Ki

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, Mr. Chan William, Mr. Ng Tak Kwan and Mr. Leung Kai Ming shall retire, and being eligible, offer themselves for re-election at the forthcoming 2011 annual general meeting pursuant to the Company's Articles of 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 an annual 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 are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service agreement with the Company for a term of three years 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 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 2011, 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 2011, 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	Long	Beneficial owner	97,104,000	20.23
Limited (1)	Long	Other interest (2)	97,104,000	20.23
			194,208,000	40.46
Scenemay	Long	Beneficial owner	97,104,000	20.23
Holdings Limited (3)	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 2011, 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 rules 14A.45 or 14A.46 of the Listing Rules.

(A) Connected Transactions

Acquisition of Sundart Living Limited ("Sundart Living")

On 13 August 2010, Sundart Products Limited ("Sundart Products"), an indirect wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement with Sundart Products Group Limited ("SPG") as vendor and Mr. Leung Kai Ming ("Mr. Leung") as guarantor of SPG, pursuant to which SPG has agreed to sell and procure the sale of, and Sundart Products has agreed to purchase 100% of the issued share capital of Sundart Living, and 100% of the amount owing by Sundart Living to SPG, at the consideration of HK$39,500,000 (subject to adjustments); and Mr. Leung has agreed to guarantee the performance by SPG of its obligations under the said agreement. Sundart Living is the sole shareholder of DSTP which is principally engaged in the manufacturing of timber products.

Mr. Leung, being an executive Director and the Company's Chief Operating Officer, and SPG, being wholly-owned by Mr. Leung, and therefore an associate of Mr. Leung, are both connected persons of the Company for the purpose of the Listing Rules. The acquisition constituted a non-exempt connected transaction for the Company and was subject to the requirements of reporting, announcement and approval of the independent shareholders under Chapter 14A of the Listing Rules.

The acquisition was approved at the extraordinary general meeting of the Company on 16 September 2010 and completed on 4 October 2010. The consideration after adjustment amounted to HK$43,666,000.

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

On 30 November 2010, Sundart Engineering Services (Macau) Limited ("Sundart (Macau)"), an indirect wholly-owned subsidiary of the Company, entered into a refurbishment agreement with Waldo, pursuant to which Sundart (Macau) has agreed to undertake refurbishment works in respect of one floor of Waldo Hotel in Macau for a total contract sum of HK$3,000,000. Ms. Li is a controlling shareholder of the Company for the purpose of the Listing Rules and Waldo is a company in which Ms. Li has a controlling interest, directly or indirectly. Waldo therefore is an associate of a controlling shareholder of the Company and thus a connected person of the Company for the purpose of the Listing Rules. The refurbishment agreement was subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, and was exempt from the independent shareholders' approval requirement under the Listing Rules.

The actual amount received by the Group from Waldo under the refurbishment agreement was approximately HK$3,000,000.

(B) Continuing Connected Transactions

Purchase of timber products from DSTP

Sundart Holdings Limited ("Sundart Holdings"), an indirect wholly-owned subsidiary of the Company, entered into a manufacturing and supply agreement on 14 March 2009 with DSTP and SPG, a company wholly-owned by Mr. Leung and it together with its subsidiaries 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.

At the time of entering into of the manufacturing and supply agreement and prior to the completion of the acquisition of Sundart Living by the Group as mentioned in paragraph (A) of this section headed "Connected Transactions" above, DSTP was a company indirectly wholly-owned by Mr. Leung and was therefore an associate of Mr. Leung and a connected person of the Company. The manufacturing and supply agreement constituted a non-exempt continuing connected transaction of the Company and in respect of which, the Stock Exchange has granted a waiver from strict compliance with the announcement and independent shareholders' approval requirements under the Listing Rules subject to (i) the annual consideration payable thereunder for each of the financial years ending 31 March 2012 shall not exceed the annual caps as approved by the Stock Exchange; and (ii) the Company shall comply with the requirements of Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules. The annual caps of consideration payable by the Group for the purchase of timber products from DSTP for the year ended 31 March 2011 and the year ending 31 March 2012 are HK$138,000,000 and HK$158,700,000 respectively.

As mentioned in the paragraph headed "Acquisition of Sundart Living Limited ("Sundart Living") above, the Group completed its acquisition of 100% of the issued share capital of Sundart Living and 100% of the loan owed by Sundart Living to SPG on 4 October 2010. As a result, DSTP has become an indirect wholly-owned subsidiary of the Company.

The actual amount paid by the Group to DSTP for the purchase of timber products for the period up to 4 October 2010 was approximately HK$50,120,000.

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 continuing connected transactions. The auditor has reported its factual findings on these procedures in respect of the continuing connected transactions to the Board.

"The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter containing his conclusion in respect of the continuing connected transactions disclosed by the Group above have no non-compliance with Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The above connected transactions and continuing connected transactions are disclosed as related party transactions in note 42 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as the related party transactions disclosed in note 42 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 comparable market trend.

RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme ("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$1.6 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 year ended 31 March 2011 under the Listing Rules.

CHARITABLE DONATIONS

Donations made by the Group during the year for charity amounted to HK$30,000 (2010: HK$1,055,000).

MAJOR CUSTOMERS AND SUPPLIERS

For the year, the five largest customers of the Group accounted for 83.2% of the Group's total revenue and total revenue from the largest customer included therein accounted for 49.3%. The five largest suppliers of the Group accounted for 42.8% of the Group's total purchase and the total purchase from the largest supplier included therein accounted for 23.4%.

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 or suppliers.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

Throughout the year ended 31 March 2011, the Company has complied with the code provisions and certain recommended best practices as set out in the CG Code contained in Appendix 14 to the Listing Rules save for the deviation from code provision A.1.1 of the CG Code, details of which are set out in the section headed "Corporate Governance Report" on pages 14 to 19.

EVENT AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 45 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, 28 June 2011

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 30 to 83, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	NOTES	2011 HK$'000	2010 HK$'000
Revenue	7	**1,362,278**	1,708,136
Cost of sales		**(1,111,434)**	(1,408,164)
Gross profit		**250,844**	299,972
Other income, other gains and losses	9	**587**	4,030
Administrative expenses		**(68,235)**	(49,449)
Other service costs	35	**(9,333)**	(20,534)
Other expenses		**(5,804)**	(4,720)
Listing expenses	10	**–**	(19,327)
Share of profit of an associate	20	**193**	–
Finance costs	11	**(937)**	(415)
Profit before taxation		**167,315**	209,557
Income tax expense	13	**(26,100)**	(34,365)
Profit for the year	14	**141,215**	175,192
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**2,777**	201
Share of translation reserve of an associate		**83**	–
Fair value gain on available-for-sale investment	22	**3,151**	–
Other comprehensive income for the year		**6,011**	201
Total comprehensive income for the year attributable to the owners of the Company		**147,226**	175,393
Earnings per share			
Basic (HK cents)	16	**29**	40

Consolidated Statement of Financial Position

At 31 March 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	17	**27,690**	6,872
Goodwill	18	**1,510**	746
Other intangible assets	19	**21,264**	6,752
Interest in an associate	20	**21,047**	–
Available-for-sale investment	22	**15,023**	–
		86,534	14,370
Current assets			
Properties under development for sale	23	**336,472**	–
Inventories	24	**40,249**	–
Amounts due from related companies	25	**–**	7,536
Trade and other receivables	26	**234,017**	91,304
Bills receivable	26	**15,805**	5,945
Amounts due from customers for contract work	27	**272,592**	150,090
Retentions receivable	26	**131,963**	134,873
Tax recoverable		**2,652**	92
Bank balances and cash	28	**434,307**	657,506
		1,468,057	1,047,346
Current liabilities			
Trade and other payables	29	**283,227**	224,013
Amount due to a related company	30	**–**	3,948
Amount due to a jointly controlled entity	31	**5,346**	6,354
Amounts due to customers for contract work	27	**10,552**	15,410
Tax payable		**26,640**	28,380
Bank borrowings	32	**123,123**	1,667
		448,888	279,772
Net current assets		**1,019,169**	767,574
Total assets less current liabilities		**1,105,703**	781,944

Consolidated Statement of Financial Position

At 31 March 2011

	NOTES	2011 HK$'000	2010 HK$'000
Capital and reserves			
Share capital	34	**4,800**	4,800
Reserves		**856,531**	776,772
		861,331	781,572
Non-current liabilities			
Bank borrowings	32	**243,973**	–
Deferred taxation	33	**399**	372
		244,372	372
		1,105,703	781,944

The consolidated financial statements on pages 30 to 83 were approved and authorised for issue by the Board of Directors on 28 June 2011 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 2011

	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)	Investment revaluation reserve *HK$'000*	Translation reserve *HK$'000*	Shareholders' contribution reserve *HK$'000*	Other reserve *HK$'000*	Special reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
At 1 April 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 34)	–	–	–	–	–	–	–	–	–	–	–
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 34)	2,900	(2,900)	–	–	–	–	–	–	–	–	–
Issue of shares on 21 August 2009 (Note 34)	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 35)	–	–	–	–	–	–	6,615	–	–	–	6,615
Recognition of other service costs (Note 35)	–	–	–	–	–	–	–	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
Exchange differences arising on translation of foreign operations	–	–	–	–	–	2,777	–	–	–	–	2,777
Share of translation reserve of an associate	–	–	–	–	–	83	–	–	–	–	83
Fair value gain on available-for-sale investment	–	–	–	–	3,151	–	–	–	–	–	3,151
Profit for the year	–	–	–	–	–	–	–	–	–	141,215	141,215
Total comprehensive income for the year	–	–	–	–	3,151	2,860	–	–	–	141,215	147,226
Dividends paid (Note 15)	–	–	–	–	–	–	–	–	–	(76,800)	(76,800)
Recognition of other service costs (Note 35)	–	–	–	–	–	–	–	9,333	–	–	9,333
At 31 March 2011	4,800	472,253	49	690	3,151	8,085	6,615	29,867	66,139	269,682	861,331

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 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 2011

	NOTES	2011 HK$'000	2010 HK$'000
Operating activities			
Profit before taxation		167,315	209,557
Adjustments for:			
Depreciation of property, plant and equipment		3,921	999
Amortisation of other intangible assets		3,488	1,686
Loss on disposal of property, plant and equipment		350	91
Allowance for inventories		982	–
Interest income		(1,027)	(1,063)
Interest expense		937	415
Share of profit of an associate		(193)	–
Other service costs		9,333	20,534
Operating cash flows before movements in working capital		185,106	232,219
Increase in properties under development for sale		(335,853)	–
Increase in inventories		(9,517)	–
Increase in amounts due from related companies		(5,881)	(2,408)
(Increase) decrease in trade and other receivables		(129,207)	223,615
Increase in bills receivable		(9,860)	(5,945)
Increase in amounts due from customers for contract work		(122,502)	(80,034)
Decrease (increase) in retentions receivable		2,910	(19,959)
Increase (decrease) in trade and other payables		31,101	(129,507)
Decrease in bills payable		–	(2,291)
Increase (decrease) in amount due to a related company		18,393	(1,233)
Decrease in amounts due to customers for contract work		(4,858)	(102)
Cash (used in) from operations		(380,168)	214,355
Interest paid		(1,556)	(415)
Income tax refunded		19	4
Income tax paid		(36,683)	(41,042)
Net cash (used in) from operating activities		(418,388)	172,902
Investing activities			
Purchases of property, plant and equipment		(4,416)	(1,943)
Purchases of other intangible assets		–	(1,823)
Acquisition of subsidiaries	36	(58,667)	–
Purchase of available-for-sale investment		(11,872)	–
Acquisition of an associate	20	(20,771)	–
Proceeds from disposal of property, plant and equipment		6	7
Interest received		1,027	1,063
Decrease in pledged bank deposits		–	809
Net cash used in investing activities		(94,693)	(1,887)

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Financing activities		
New bank borrowings raised	**444,097**	94,958
Repayments of bank borrowings	**(78,668)**	(121,625)
Net proceeds from issue of shares	**–**	476,353
Dividends paid	**(76,800)**	(160,800)
(Repayment to) advance from a jointly controlled entity	**(1,008)**	6,354
Net cash from financing activities	**287,621**	295,240
Net (decrease) increase in cash and cash equivalents	**(225,460)**	466,255
Cash and cash equivalents at the beginning of the year	**657,506**	191,074
Effect of foreign exchange rate changes	**2,261**	177
Cash and cash equivalents at the end of the year, represented by bank balances and cash	**434,307**	657,506

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 21 August 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 25th 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, the Company acquired the entire issued capital of Sundart Holdings by issuing 69,990,000 shares of HK$0.01 each to the Vendors, in proportion to their respective holding in Sundart Holdings and became the holding company of the Group on 3 August 2009. 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.

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are set out in note 43.

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 ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

HKFRS 3 (as revised in 2008) "Business combinations"

The Group applies HKFRS 3 (as revised in 2008) "Business combinations" ("HKFRS 3 (as revised in 2008)") prospectively to business combinations for which the acquisition date is on or after 1 April 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for the acquisition of subsidiaries as set out in note 36(A) in current year.

HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, as a result, the Group has recognised approximately HK$1,016,000 of such costs as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition. The change in policy has resulted in a decrease of goodwill of approximately HK$1,016,000 and decrease in profit for the year of approximately HK$1,016,000, whereas the earnings per share has not been significantly affected.

Amendment to HKAS 17 "Leases"

As part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" ("HKAS 17") has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The application of HKAS 17 had no material effect on the consolidated financial statements of the Group.

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

The application of the other new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements of the Group and/or disclosures set out in these consolidated financial statements.

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

HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[1]
HKAS 24 (as revised in 2009)	Related party disclosures[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[4]
HKFRS 9	Financial instruments[5]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[2]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[6]

1 Effective for annual periods beginning on or after 1 January 2012.
2 Effective for annual periods beginning on or after 1 January 2011.
3 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 July 2011.
5 Effective for annual periods beginning on or after 1 January 2013.
6 Effective for annual periods beginning on or after 1 July 2010.

In addition to the above, the HKICPA issued the following new or revised standards on 24 June 2011.

HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement

These new or revised standards are mandatorily effective for annual periods beginning on or after 1 January 2013. Early application is permitted so long as all of the six new or revised standards are applied early. The directors anticipate these standards will be adopted in the Group's consolidated financial statements for the period beginning 1 April 2013. The directors have not yet had an opportunity to consider the potential impact of the adoption of these standards.

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

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

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending 31 March 2014 and that the application of this new standard may mainly affect the classification and measurement of the Groups' available-for-sale investment. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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.

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

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

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

Business combinations

Business combinations that took place on or after 1 April 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Business combinations that took place prior to 1 April 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was 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 met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, 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 ("CGU") (or groups of CGU) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, 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 in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investment in an associate

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

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate (Continued)

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.

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

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

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

Revenue recognition

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

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 is recognised when goods are delivered and title has been passed.

Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. 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 the 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.

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value and are shown as current assets. Cost comprises both acquisition costs and development cost for the property. Net realisable value takes into account the price ultimately expected to be realised, less applicable selling expenses and the anticipated costs to completion.

Development cost of property comprises construction costs, borrowing costs capitalised according to the Group's accounting policy and other directly attributable costs incurred during the development period. On completion, the properties are transferred to inventories.

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis, except for leasehold land which was previously accounted for as an investment property under the fair value model as if it was a finance lease and subsequently transferred to property, plant and equipment.

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.

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 an associate 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 rates (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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair 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 and available-for-sale financial assets. All regular way of purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

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 and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. They 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. For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

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.

For financial assets carried at amortised cost, 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 of the financial asset 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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

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.

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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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).

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).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, if any.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

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

At the end of the 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.

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 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 and its subsidiaries 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.

Estimated uncertainty on the estimated useful lives of other intangible assets

Other intangible assets are amortised on a straight-line basis over the estimated useful lives of the relevant assets. The Group reviews the estimated useful lives of the other intangible assets annually in order to determine the amount of amortisation expenses to be recorded during the year. The useful lives are estimated by the management according to their understanding and taking into account of similar assets in the market. The amortisation expenses for future periods will be adjusted if there are significant changes from previous estimates.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 32, cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, reserves and accumulated profits.

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 payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2011 HK$'000	2010 HK$'000
Financial assets		
Available-for-sale investment	**15,023**	–
Loans and receivables (including cash and cash equivalents)	**789,420**	882,113
Financial liabilities		
Amortised cost	**642,068**	229,459

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, bank balances, trade and other payables, 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.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

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

	Assets		Liabilities	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
HKD against MOP	**40,223**	160,351	**23,455**	7,380
United States Dollars ("USD") against HKD and MOP	**37,180**	13,896	**236**	1,004
RMB against HKD	**10,216**	–	**17**	–
HKD against RMB	**6,115**	10,346	**–**	–
RMB against MOP	**207**	–	**6,002**	–
Euro against HKD	**40**	299	**–**	–
Qatar Riyal ("QAR") against HKD	**6**	17,446	**5,346**	6,354

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 exposure 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% (2010: 5%) increase and decrease in RMB against HKD, HKD against RMB, RMB against MOP and Euro against HKD. 5% (2010: 5%) 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 foreign currency denominated monetary items.

A positive number below indicates an increase in post-tax profit for the current year where RMB strengthens against HKD, HKD strengthens against RMB, RMB strengthens against MOP or Euro strengthens against HKD. For a 5% (2010: 5%) weakening of RMB against HKD, HKD against RMB, RMB against MOP or Euro against HKD, there would be an equal and opposite impact on the post-tax profit for the year as set out below:

	RMB against HKD impact		HKD against RMB impact		RMB against MOP impact		Euro against HKD impact	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Increase (decrease) in post-tax profit	**426**	–	**244**	388	**(255)**	–	**2**	12

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)

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 28 for details of the bank balances and note 32 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 points (2010: 10 basis points) increase or decrease in variable-rate bank balances 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 2011 would increase/decrease by approximately HK$399,000 (2010: HK$618,000). A 50 basis points (2010: 50 basis points) increase or decrease in variable-rate bank borrowings 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 2011 would decrease/increase by approximately HK$744,000 (2010: HK$7,000) and finance costs capitalised in properties under development for sale would increase/decrease by approximately HK$823,000 (2010: Nil).

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.

At the end of the reporting period, other than concentration of credit risks on trade receivables and retentions receivable from a single customer of approximately HK$88,387,000 (2010: Nil) and HK$34,029,000 (2010: Nil) respectively located in Macau, the Group does not have any other significant concentration of credit risk. The trade receivables due from a single customer of HK$88,387,000 have been settled in full subsequent to the end of reporting period.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability and ageing analysis of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flows expected to receive discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The management closely monitors the subsequent settlement of the counterparties. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

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

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 2011, the Group has available unutilised short-term bank loan facilities of approximately HK$611,810,000 (2010: HK$436,974,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

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

	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$'000	Between 1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 March 2011								
Non-derivative financial liabilities								
Trade and other payables	N/A	241,266	9,349	5,698	13,313	–	269,626	269,626
Amount due to a jointly controlled entity	N/A	5,346	–	–	–	–	5,346	5,346
Bank borrowings	1.30	78,876	15,947	31,733	239,487	9,479	375,522	367,096
		325,488	25,296	37,431	252,800	9,479	650,494	642,068

	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$'000	Between 1 to 5 years HK$'000	Over 5 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

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 reporting period.

Fair value

The fair values of financial assets (excluding available-for-sale investment) 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.

6. FINANCIAL INSTRUMENTS (Continued)

Fair value (Continued)

The Group's available-for-sale investment of approximately HK$15,023,000 (2010: Nil) are measured subsequent to initial recognition at fair value, which are grouped into level 3, the fair value measurement is derived from valuation techniques that include inputs for the asset that are not based on observable market data.

The total gain credited in other comprehensive income during the year was approximately HK$3,151,000 (2010: Nil), which was related to the unlisted fund equity investment held at 31 March 2011 as set out in note 22 and was reported as changes of investment revaluation reserve.

7. REVENUE

Revenue represents the net amounts received and receivable for fitting-out works rendered and manufacturing, 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:

	2011 HK$'000	2010 HK$'000
Contract revenue from fitting-out works	**1,305,729**	1,674,849
Manufacturing, sourcing and distribution of interior decorative materials	**56,549**	33,287
	1,362,278	1,708,136

8. SEGMENT INFORMATION

The Company's executive directors are the chief operating decision makers. During the year ended 31 March 2011, the Group commences to engage in (i) manufacturing of interior decorative materials; and (ii) property development. Information reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance focuses on three principal business activities in three locations.

The Group's reportable segments under HKFRS 8 "Operating segments" are therefore as follows:

(a) Fitting-out works in Hong Kong;
(b) Fitting-out works in Macau;
(c) Fitting-out works in the PRC;
(d) Manufacturing, sourcing and distribution of interior decorative materials; and
(e) Property development.

The new businesses, (i) manufacturing of interior decorative materials, is reported under segment (d) manufacturing, sourcing and distribution of interior decorative materials; and (ii) property development forms a separate reportable segment as (e) property development.

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 2011

	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Fitting-out works in the PRC HK$'000	Manufacturing, sourcing and distribution of interior decorative materials HK$'000	Property development HK$'000	Segment total HK$'000	Elimination HK$'000	Consolidated HK$'000
Revenue								
External revenue	485,222	786,558	33,949	56,549	–	1,362,278	–	1,362,278
Inter-segment revenue	–	–	–	61,180	–	61,180	(61,180)	–
Total	485,222	786,558	33,949	117,729	–	1,423,458	(61,180)	1,362,278

Inter-segment revenue is charged at prevailing market rates.

Segment profit (loss)	74,620	128,244	(2,508)	1,933	–	202,289	–	202,289
Corporate expenses								(35,222)
Corporate income								992
Share of profit of an associate								193
Finance costs								(937)
Profit before taxation								167,315

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	Segment total HK$'000	Elimination HK$'000	Consolidated HK$'000
Revenue							
External revenue	859,998	692,336	122,515	33,287	1,708,136	–	1,708,136
Inter-segment revenue	–	–	–	46,117	46,117	(46,117)	–
Total	859,998	692,336	122,515	79,404	1,754,253	(46,117)	1,708,136

Inter-segment revenue is charged at prevailing market rates.

Segment profit	109,459	151,790	3,477	3,012	267,738	–	267,738
Corporate expenses							(59,372)
Corporate income							1,606
Finance costs							(415)
Profit before taxation							209,557

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, share of profit of an associate 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.

	2011 HK$'000	2010 HK$'000
Segment assets		
Fitting-out works in Hong Kong	344,880	233,924
Fitting-out works in Macau	267,259	113,586
Fitting-out works in the PRC	20,916	33,630
Manufacturing, sourcing and distribution of interior decorative materials (2010: Sourcing and distribution of interior decorative materials)	105,899	21,424
Property development	336,472	–
Total segment assets	1,075,426	402,564
Unallocated corporate assets		
– Property, plant and equipment	2,716	514
– Interest in an associate	21,047	–
– Available-for-sale investment	15,023	–
– Other receivables	3,420	1,040
– Tax recoverable	2,652	92
– Bank balances and cash	434,307	657,506
Total consolidated assets of the Group	1,554,591	1,061,716
Segment liabilities		
Fitting-out works in Hong Kong	122,521	165,447
Fitting-out works in Macau	121,376	41,254
Fitting-out works in the PRC	13,620	32,028
Manufacturing, sourcing and distribution of interior decorative materials (2010: Sourcing and distribution of interior decorative materials)	31,037	2,999
Property development	190,603	–
Total segment liabilities	479,157	241,728
Unallocated corporate liabilities		
– Other payables	3,622	1,643
– Amount due to a jointly controlled entity	5,346	6,354
– Tax payable	26,640	28,380
– Bank borrowings	178,096	1,667
– Deferred taxation	399	372
Total consolidated liabilities of the Group	693,260	280,144

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, interest in an associate, available-for-sale investment, certain other receivables, tax recoverable 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, certain bank borrowings and deferred taxation which are corporate liabilities.

8. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2011

	Fitting-out works in Hong Kong HK$'000	Fitting-out works in Macau HK$'000	Fitting-out works in the PRC HK$'000	Manufacturing, sourcing and distribution of interior decorative materials HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment results or segment assets:							
Additions of property, plant and equipment	196	10	800	20,929	21,935	2,630	24,565
Additions of other intangible assets	18,000	–	–	–	18,000	–	18,000
Depreciation of property, plant and equipment	342	1,528	458	1,159	3,487	434	3,921
Amortisation of other intangible assets	1,800	–	–	1,688	3,488	–	3,488
Allowance for inventories	–	–	–	982	982	–	982
Loss on disposal of property, plant and equipment	–	297	46	–	343	7	350
Other service costs	–	–	–	–	–	9,333	9,333

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	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment results or segment assets:							
Additions of property, plant and equipment	551	10	704	70	1,335	608	1,943
Additions of other intangible assets	–	–	–	8,438	8,438	–	8,438
Depreciation of property, plant and equipment	321	241	330	13	905	94	999
Amortisation of other intangible assets	–	–	–	1,686	1,686	–	1,686
Loss on disposal of property, plant and equipment	–	–	91	–	91	–	91
Other service costs	–	–	–	–	–	20,534	20,534

8. SEGMENT INFORMATION (Continued)

Geographical information

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

	2011 HK$'000	2010 HK$'000
Hong Kong	486,831	862,512
Macau	789,965	695,815
The PRC	34,093	122,515
Qatar	50,032	19,850
United States of America (the "USA")	733	7,414
Others	624	30
	1,362,278	1,708,136

Included in the revenue by location of customers, approximately HK$3,407,000 (2010: HK$3,479,000), HK$50,032,000 (2010: HK$19,850,000), HK$733,000 (2010: HK$7,414,000) and HK$624,000 (2010: HK$30,000) from Macau, Qatar, the 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:

	2011 HK$'000	2010 HK$'000
Hong Kong	25,230	8,256
Macau	20	319
The PRC	45,918	5,281
Qatar	343	514
	71,511	14,370

Note: Non-current assets excluded financial instruments.

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:

	2011 HK$'000	2010 HK$'000
Customer A (Note 1) (Note 2)	670,856	N/A
Customer B (Note 3)	274,240	578,271
Customer C (Note 1) (Note 4)	N/A	426,314
Customer D (Note 1) (Note 4)	N/A	222,030

Notes:

(1) The revenue was from fitting-out works in Macau.
(2) No revenue was contributed to the Group for the year ended 31 March 2010.
(3) The revenue was from fitting-out works in Hong Kong.
(4) The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2011.

9. OTHER INCOME, OTHER GAINS AND LOSSES

	2011 HK$'000	2010 HK$'000
Other income		
Interest income	1,027	1,063
Others	540	1,406
	1,567	2,469
Other gains and losses		
Net foreign exchange (losses) gains	(630)	1,652
Loss on disposal of property, plant and equipment	(350)	(91)
	(980)	1,561
	587	4,030

10. LISTING EXPENSES

The amount represented professional fees and other expenses related to the listing of the Company's shares on the Stock Exchange for the year ended 31 March 2010. Transaction costs were accounted for as a deduction from equity to the extent they were 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 were recognised as an expense in profit or loss.

11. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	937	415
Bank borrowings not wholly repayable within five years	619	–
Total interest	1,556	415
Less: Amounts capitalised (Note)	(619)	–
	937	415

Note: Interest capitalised in properties under development for sale during the year is arisen on the specific bank borrowings granted to the Group.

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	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Executive directors:								
Mr. Chan William ("Mr. Chan")	**1,405**	960	**150**	80	**12**	12	**1,567**	1,052
Mr. Ng	**1,550**	1,200	**150**	100	**12**	12	**1,712**	1,312
Mr. Leung (Note 1)	**10,823**	21,734	**140**	100	**12**	12	**10,975**	21,846
Mr. Wong	**1,105**	840	**110**	70	**12**	12	**1,227**	922
Mr. Yip Chun Kwok	**1,260**	1,037	**110**	500	**12**	12	**1,382**	1,549
Independent non-executive directors:								
Mr. To King Yan, Adam	**150**	74	**–**	–	**–**	–	**150**	74
Mr. Wong Hoi Ki	**150**	74	**–**	–	**–**	–	**150**	74
Mr. Wong Kwok Wai, Albert (Note 2)	**–**	57	**–**	–	**–**	–	**–**	57
Mr. Ho Kwok Wah, George (Note 3)	**150**	17	**–**	–	**–**	–	**150**	17
	16,593	25,993	**660**	850	**60**	60	**17,313**	26,903

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$9,333,000 (2010: HK$20,534,000) related to other service costs for the year ended 31 March 2011. Details of which are set out in note 35.

(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 four executive directors of the Company for the year ended 31 March 2011 (2010: Three). The emoluments of these executive directors are included in the disclosure set out above. The emoluments of the remaining individuals were as follows:

	2011	2010
	HK$'000	HK$'000
Salaries and other benefits	**1,440**	2,595
Retirement benefit scheme contributions	**12**	24
	1,452	2,619

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

The emoluments were within the following bands:

	No. of individuals 2011	2010
HK$1,000,001 to HK$1,500,000	**1**	2

During the year ended 31 March 2011 (2010: 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 35. None of the directors waived any emoluments during the year ended 31 March 2011 (2010: None).

13. INCOME TAX EXPENSE

	2011 HK$'000	2010 HK$'000
Current tax		
Hong Kong Profits Tax	**9,583**	16,018
Macau Complementary Tax	**16,830**	18,425
PRC Enterprise Income Tax	**9**	5
	26,422	34,448
(Over)underprovision in prior years		
Hong Kong Profits Tax	**(165)**	(188)
Macau Complementary Tax	**(170)**	92
	(335)	(96)
Deferred taxation (Note 33)		
Current year	**13**	13
	26,100	34,365

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Macau 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 tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

13. INCOME TAX EXPENSE (Continued)

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

	2011 HK$'000	2010 HK$'000
Profit before taxation	167,315	209,557
Tax at the weighted average tax rate (Note)	20,504	28,233
Tax effect of share of profit of an associate	(32)	–
Tax effect of expenses not deductible for tax purpose	2,418	6,595
Tax effect of income not taxable for tax purpose	(46)	(51)
Overprovision in respect of prior years	(335)	(96)
Tax effect of tax losses not recognised	3,634	–
Utilisation of tax losses previously not recognised	–	(947)
Others	(43)	631
Income tax for the year	26,100	34,365

Note: The weighted average applicable tax rate for different jurisdictions for the year ended 31 March 2011 is approximately 12% (2010: 13%). 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

	2011 HK$'000	2010 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,944	1,972
Depreciation of property, plant and equipment	3,921	999
Amortisation of other intangible assets	3,488	1,686
Total depreciation and amortisation	7,409	2,685
Cost of inventories recognised as expense	43,949	28,422
Allowance for inventories (included in cost of sales)	982	–
Contract costs recognised as expense	1,066,503	1,379,742
Operating lease payments in respect of rented properties	8,594	5,057
Staff costs		
Gross staff costs (including directors' emoluments)	114,522	82,783
Other service costs	9,333	20,534
Less: Staff costs capitalised to contract costs	(67,850)	(53,160)
	56,005	50,157

15. DIVIDENDS

Year ended 31 March 2011

Pursuant to the annual general meeting of the Company held on 16 September 2010, final dividend of HK9.5 cents per share amounting to HK$45,600,000 in total for the year ended 31 March 2010, was approved by the shareholders of the Company and distributed to the shareholders on 21 September 2010.

Pursuant to the directors' meeting of the Company on 24 November 2010, interim dividend of HK6.5 cents per share amounting to HK$31,200,000 in total had been declared and distributed to the shareholders on 22 February 2011.

A final dividend of HK8.5 cents per share in respect of the year ended 31 March 2011 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

Year ended 31 March 2010

Pursuant to the directors' meeting of Sundart Holdings on 30 July 2009, interim dividend of HK$23,529 per share amounting to HK$120,000,000 in total, was 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 dividend of HK8.5 cents per share amounting to HK$40,800,000 in total, was declared and distributed to the shareholders according to their respective shareholdings on 28 December 2009.

16. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the consolidated profit attributable to the owners of the Company and on the weighted average number of shares as follows:

	2011	2010
Weighted average number of ordinary shares issued	480,000,000	433,272,929

Note: For the year ended 31 March 2010, the number of shares for the purpose of calculating basic earnings per share was 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 as set out in note 34.

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

17. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 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
Exchange adjustments	175	162	202	75	17	631
Acquired on acquisition of subsidiaries (Note 36 (A))	–	5,551	12,589	1,174	835	20,149
Additions	–	1,521	461	2,249	185	4,416
Disposals	–	(1,196)	–	(3,951)	–	(5,147)
At 31 March 2011	4,707	7,508	13,252	6,215	1,752	33,434
DEPRECIATION						
At 1 April 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
Exchange adjustments	12	18	44	21	6	101
Provided for the year	104	742	1,916	844	315	3,921
Eliminated on disposals	–	(891)	–	(3,900)	–	(4,791)
At 31 March 2011	361	784	1,960	1,963	676	5,744
CARRYING VALUES						
At 31 March 2011	4,346	6,724	11,292	4,252	1,076	27,690
At 31 March 2010	4,287	555	–	1,670	360	6,872

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	10% – 33$^1/_3$% or over the remaining term of lease, if shorter
Plant and machinery	20%
Furniture, fixtures and equipment	15% – 33$^1/_3$%
Motor vehicles	10% – 33$^1/_3$%

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

18. GOODWILL

	HK$'000
Carrying amount as at 1 April 2009 and 31 March 2010 (Note 1)	746
Arising on acquisition of subsidiaries (Note 2)	764
Carrying amounts at 31 March 2011	1,510

Notes:

1. Goodwill represented 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 had been allocated to the CGU of Sundart Timber under the fitting-out works in Hong Kong segment.

2. Goodwill represented the excess of consideration paid over the fair value of net assets taken over on the acquisition of a subsidiary, Sundart Living Limited ("Sundart Living") during the year ended 31 March 2011 as set out in note 36 (A). For the purpose of impairment test, the carrying amount of goodwill had been allocated to the CGU of Sundart Living under the manufacturing, sourcing and distribution of interior decorative materials segment.

The recoverable amounts of CGU of Sundart Timber and CGU of Sundart Living have been determined based on a value in use calculation. The calculation uses cash flow projections based on the most recent financial budgets approved by management covering a 2-year period and discount rates of 10% and 15% respectively (2010: 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 amounts of CGUs to exceed the aggregate recoverable amounts of CGUs.

19. OTHER INTANGIBLE ASSETS

	Registrations HK$'000 (Note 1)	**Patents** HK$'000 (Note 1)	**Licenses** HK$'000 (Note 2)	**Total** HK$'000
COST				
At 1 April 2009	–	–	–	–
Additions and at 31 March 2010	8,307	131	–	8,438
Acquired on acquisition of a subsidiary (Note 36 (B))	–	–	18,000	18,000
At 31 March 2011	8,307	131	18,000	26,438
AMORTISATION				
At 1 April 2009	–	–	–	–
Charged for the year	1,660	26	–	1,686
At 1 April 2010	1,660	26	–	1,686
Charged for the year	1,661	27	1,800	3,488
At 31 March 2011	3,321	53	1,800	5,174
CARRYING VALUES				
At 31 March 2011	4,986	78	16,200	21,264
At 31 March 2010	6,647	105	–	6,752

19. OTHER INTANGIBLE ASSETS (Continued)

Notes:

1. 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 35.

2. The Group's licenses represent various licenses and qualifications for building construction acquired on acquisition of a subsidiary as set out in note 36 (B).

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

20. INTEREST IN AN ASSOCIATE

As at 31 March 2011, the Group had interests in the following associate:

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 31.3.2011	Profit sharing as at 31.3.2011	Proportion of voting power held as at 31.3.2011	Principal activity
Kailong REI Holdings Limited ("KLR Holdings")	Incorporated	British Virgin Islands ("BVI")	The PRC	Ordinary	29.36%	29.36%	29.36%	Investment holding

On 15 September 2010, the Group entered into a subscription agreement with independent third parties, pursuant to which the Group subscribed for 2,936 ordinary shares of US$0.1 each representing 29.36% interest in KLR Holdings for a cash consideration of US$2,667,500 or approximately HK$20,771,000 ("Subscription of KLR Holdings"). On 14 September 2010, KLR Holdings has entered into a subscription agreement with Kailong REI Project Investment Consulting (Hong Kong) Co., Ltd. ("KLR Hong Kong"), which is principally engaged in real estate investment fund management, real estate investment and asset management business in the PRC, to subscribe for 10,000 ordinary shares of US$5 each representing 1.54% interest in KLR Hong Kong ("Subscription of KLR Hong Kong"). On the same date, KLR Holdings has entered into a share purchase agreement with its controlling shareholder for the purchase of 340,050 ordinary shares of US$5 each representing 52.48% interest in KLR Hong Kong ("Purchase of KLR Hong Kong"). The Subscription of KLR Hong Kong and Purchase of KLR Hong Kong, accounted for a total of 54.02% interest in KLR Hong Kong, were completed on 14 September 2010 for a total cash consideration of US$4,250,000 or approximately HK$33,094,000. The Subscription of KLR Holdings was completed on 15 September 2010.

The Group is able to exercise significant influence over KLR Holdings because it has the power to appoint one out of five directors under the provisions stated in the shareholders' deed entered on 15 September 2010. Details are set out in the Company's announcement dated 16 September 2010.

	2011 HK$'000
Cost of investment in an unlisted associate	20,771
Share of post-acquisition profit and other comprehensive income	276
	21,047

Included in the cost of investment in an associate is goodwill of approximately HK$8,288,000 (2010: Nil).

20. INTEREST IN AN ASSOCIATE (Continued)

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

	HK$'000
Total assets	104,183
Total liabilities	(32,497)
Net assets	71,686
Group's share of net assets of the associate	21,047
Revenue	24,144
Profit for the year	657
Other comprehensive income	283
Group's share of profit and other comprehensive income of the associate for the year	276

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

As at 31 March 2011, the Group had interests in the following jointly controlled entities:

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 31.3.2011	31.3.2010	Profit sharing 31.3.2011	31.3.2010	Proportion of voting power held as at 31.3.2011	31.3.2010	Principal activity
Sundart Interior Contracting (Middle East) L.L.C. ("Sundart Interior")	Incorporated	Qatar	Qatar	Ordinary	47%	47%	51%	51%	47% (Note 1)	47% (Note 1)	Interior fitting-out works
Nam Wah Architectural Lighting and Controls Limited ("Nam Wah")	Incorporated	Hong Kong	Hong Kong	Ordinary	40%	–	40%	–	40% (Note 2)	–	Construction of lighting system

Notes:

(1) 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. 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.

(2) Pursuant to the shareholders' deed and subscription agreement dated 28 May 2010, entered into between Sundart Investments Limited ("Sundart Investments"), a subsidiary of the Company, and two other shareholders, Sundart Investments occupies one out of two directorships in Nam Wah. 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.

Nam Wah has not commenced business during the year.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

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

	2011 HK$'000	2010 HK$'000
Current assets		
– Amount due from the Group	5,564	6,613
– Other current assets	444	757
	6,008	7,370
Non-current assets	343	514
Current liabilities	37	232
Non-current liabilities	–	–
Income recognised in profit or loss	–	–
Expenses recognised in profit or loss	1,476	3,233
Other comprehensive income (expense)	18	(19)

22. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2011 HK$'000	2010 HK$'000
Unlisted fund equity investment in the PRC measured at fair value	15,023	–

The above unlisted fund investment represents investment in a fund in the PRC. The fund principally invests in real estate market in the PRC. The cost was approximately HK$11,872,000 and the fair value gain of approximately HK$3,151,000 was recognised in other comprehensive income during the year (2010: Nil).

23. PROPERTIES UNDER DEVELOPMENT FOR SALE

	2011 HK$'000	2010 HK$'000
At cost		
Additions during the year and at the end of reporting period	336,472	–

As at 31 March 2011, the properties under development for sale were expected to be realised over twelve months since the end of the reporting period, were situated in Hong Kong under medium term lease and were pledged to secure bank borrowings granted to the Group. Details are set out in notes 32 and 41.

24. INVENTORIES

	2011 HK$'000	2010 HK$'000
At cost:		
Raw materials	33,136	–
Work-in-progress	5,067	–
Finished goods	2,046	–
	40,249	–

25. AMOUNTS DUE FROM RELATED COMPANIES

	2011 HK$'000	2010 HK$'000
Trade receivables:		
– Waldo Hotel Limited ("Waldo") (Note 1)	–	3,000
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

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) As at 31 March 2010, DSTP was a related company in which Mr. Leung had beneficial interest that gave him control over DSTP. DSTP was acquired by the Group during the year as set out in note 36 (A).

The Group allows an average credit period of 30 days to its trade receivables due from a related company. The receivables due from a related company were aged within 30 days and not yet fall due as at 31 March 2010. The amount was denominated in HKD (against MOP) which was foreign currency of the respective group entity.

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

26. OTHER FINANCIAL ASSETS

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

Trade and other receivables

	2011 HK$'000	2010 HK$'000
Trade receivables	165,896	56,484
Other receivables, prepayments and deposits	68,121	34,820
	234,017	91,304

Trade receivables

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:

	2011 HK$'000	2010 HK$'000
1 – 30 days	90,018	42,881
31 – 60 days	59,564	1,064
61 – 90 days	4,824	2,731
Over 90 days	11,490	9,808
	165,896	56,484

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 2011, included in the Group's trade receivable balances are receivables with aggregate carrying amount of approximately HK$41,596,000 (2010: HK$21,525,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as these 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:

	2011 HK$'000	2010 HK$'000
Overdue		
1 – 30 days	31,202	16,448
31 – 60 days	2,489	630
61 – 90 days	1,839	35
Over 90 days	6,066	4,412
	41,596	21,525

26. OTHER FINANCIAL ASSETS (Continued)

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 2011 and 2010.

Bills receivables

All bills receivable are aged within 90 days.

Retentions receivable

	2011 HK$'000	2010 HK$'000
Retentions receivable which:		
– will be recovered within twelve months	105,209	114,205
– will be recovered more than twelve months after the end of the reporting period	26,754	20,668
	131,963	134,873

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

	2011 HK$'000	2010 HK$'000
Trade receivables		
Denominated in:		
HKD (against MOP)	1,307	–
USD (against HKD)	2,730	4,420
Other receivables		
Denominated in:		
HKD (against MOP)	3,836	3,917
HKD (against RMB)	3,619	–
QAR (against HKD)	–	117
Bills receivable		
Denominated in:		
USD (against HKD)	15,805	5,945
Retentions receivable		
Denominated in:		
HKD (against MOP)	9,406	7,547

As at 31 March 2010, certain trade receivables and retentions receivable were pledged to banks to secure banking facilities granted to the Group as set out in note 41.

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

	2011 HK$'000	2010 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**2,991,210**	3,290,704
Less: Progress billings	**(2,729,170)**	(3,156,024)
	262,040	134,680
Analysed for reporting purposes as:		
Amounts due from contract customers	**272,592**	150,090
Amounts due to contract customers	**(10,552)**	(15,410)
	262,040	134,680

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

	2011 HK$'000	2010 HK$'000
Retentions receivable for contract work		
External customers (included in retentions receivable)	**131,963**	134,873
A related company (included in amounts due from related companies)	**–**	2,300
	131,963	137,173
Advances received for contract work		
External customers (included in trade and other payables)	**52**	1,259

28. BANK BALANCES AND CASH

The bank balances carry interest at prevailing market interest rates.

As at 31 March 2011, the bank balances amounting to approximately HK$51,633,000 (2010: HK$42,823,000) are 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:

	2011 HK$'000	2010 HK$'000
Bank balances and cash		
Denominated in:		
HKD (against MOP)	**25,674**	145,887
USD (against HKD and MOP)	**18,645**	3,531
RMB (against HKD)	**10,216**	–
HKD (against RMB)	**2,496**	10,346
RMB (against MOP)	**207**	–
Euro (against HKD)	**40**	299
QAR (against HKD)	**6**	17,329

29. 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.

	2011 HK$'000	2010 HK$'000
Trade and other payables		
Contract creditors and suppliers	178,004	132,800
Retentions payable	64,470	69,753
	242,474	202,553
Other payables	27,152	14,937
Trade and other payables classified as financial liabilities	269,626	217,490
Non-financial liabilities		
Advances received from customers	6,189	1,275
Other non-financial liabilities	7,412	5,248
Total	283,227	224,013

As at 31 March 2011, retentions payable of approximately HK$13,313,000 (2010: HK$12,934,000) are expected to be paid after one year.

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

	2011 HK$'000	2010 HK$'000
Trade and other payables		
Denominated in:		
HKD (against MOP)	23,455	7,380
RMB (against MOP)	6,002	–
USD (against HKD)	236	1,004
RMB (against HKD)	17	–

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

	2011 HK$'000	2010 HK$'000
Trade payables:		
1 – 30 days	159,123	120,781
31 – 60 days	10,758	4,980
61 – 90 days	2,292	1,136
Over 90 days	5,831	5,903
	178,004	132,800

30. AMOUNT DUE TO A RELATED COMPANY

	2011 HK$'000	2010 HK$'000
Trade payables:		
– DSTP	–	2,045
Retentions payable:		
– DSTP	–	1,903
Amount due to a related company	–	3,948

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

	2011 HK$'000	2010 HK$'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 was expected to be paid after one year.

31. AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY

The amount is unsecured, interest free 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.

32. BANK BORROWINGS

	2011 HK$'000	2010 HK$'000
Secured bank borrowings	189,000	–
Unsecured bank borrowings	178,096	1,667
	367,096	1,667
Carrying amount repayable:		
Within one year	123,123	1,667
More than one year, but not exceeding two years	60,035	–
More than two years, but not more than five years	174,488	–
More than five years	9,450	–
	367,096	1,667
Less: Amounts due within one year shown under current liabilities	(123,123)	(1,667)
Non-current liabilities	243,973	–

As at 31 March 2011, the bank borrowings are variable-rate borrowings which bear interest at 1.00% to 1.375% (2010: 1.00%) per annum over the Hong Kong Interbank Offer Rate and interest is repriced every one to three months. At 31 March 2011, the average effective interest rate (which is also equal to contracted interest rate) is 1.30% (2010: 1.13%) per annum. All bank borrowings are denominated in the functional currency of the relevant group entity.

Details of the pledge of assets to secure the Group's banking facilities are set out in note 41.

33. DEFERRED TAXATION

The following is the major deferred tax liabilities recognised and movements thereon during the current and prior year:

	HK$'000
At 1 April 2009	357
Exchange adjustments	2
Charged to profit or loss (Note 13)	13
At 31 March 2010	372
Exchange adjustments	14
Charged to profit or loss (Note 13)	13
At 31 March 2011	399

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 2011.

At the end of the reporting period, the Group had unused estimated tax losses of approximately HK$17,393,000 (2010: HK$2,339,000) 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. Included in unrecognised estimated tax losses are losses of approximately HK$15,872,000 (2010: HK$2,339,000) that will expire on various dates up to 2015 as set out below. Other losses of approximately HK$1,521,000 (2010: Nil) may be carried forward indefinitely.

	2011 HK$'000	2010 HK$'000
Expired in:		
2013	2,430	2,339
2015	13,442	–
	15,872	2,339

34. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary share of HK$0.01 each		
Authorised:		
On the date of incorporation	39,000,000	390
Increased on 3 August 2009 (Note a)	961,000,000	9,610
At 31 March 2010 and 31 March 2011	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 and 31 March 2011	480,000,000	4,800

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 and the Company's shares were listed on the Stock Exchange on the same date.

All the shares issued rank pari passu with the existing shares in all respects.

35. 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.

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 for the year ended 31 March 2010. 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 Group and the share transfer arrangement between Golden Tiger and Mr. Leung. During the current year, approximately HK$9,333,000 (2010: HK$20,534,000) were charged to profit or loss as expenses.

36. ACQUISITION OF SUBSIDIARIES

During the year ended 31 March 2011, the Group acquired the following subsidiaries:

(A) Acquisition of business

On 13 August 2010, the Group entered into a sale and purchase agreement with SPG, pursuant to which SPG has agreed to sell to the Group 100% of the issued share capital of Sundart Living and the loan owing by Sundart Living to SPG. DSTP, a wholly owned subsidiary of Sundart Living, is principally engaged in the manufacturing of timber products which include timber doors, wall panels and furniture. SPG is wholly owned by Mr. Leung. The Group intended to acquire Sundart Living to secure its source of timber products which is crucial to the Group in undertaking potential contracts on sourcing and distribution of interior decorative materials.

The transaction was approved in the extraordinary general meeting on 16 September 2010 and completed on 4 October 2010 at a consideration of approximately HK$43,666,000.

36. ACQUISITION OF SUBSIDIARIES (Continued)

(A) Acquisition of business (Continued)

	HK$'000
Cash consideration	43,666

Assets acquired and liabilities recognised of Sundart Living at the date of acquisition:

	HK$'000
Current assets	
Inventories	31,714
Trade and other receivables	13,506
Amounts due from related companies	22,341
Bank balances and cash	2,999
Non-current asset	
Property, plant and equipment	20,149
Current liabilities	
Trade and other payables	(28,113)
Amounts due to related companies	(13,417)
Tax payable	(6,277)
	42,902

Acquisition-related costs amounting to approximately HK$1,016,000 have been excluded from the cash consideration and have been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of comprehensive income.

The receivables acquired (including trade and other receivables and amounts due from related companies) with a total fair value of approximately HK$35,847,000 had gross contractual amounts of approximately HK$35,847,000. The contractual cash flows were expected to be collected based on the best estimate at acquisition date.

The initial accounting for certain property, plant and equipment acquired in the above business combination with fair value of approximately HK$20,149,000 have been determined by an independent valuer using the depreciated replacement cost approach.

Goodwill arising on acquisition

	HK$'000
Consideration transferred	43,666
Less: Fair value of identifiable net assets acquired	(42,902)
Goodwill arising on acquisition	764

Goodwill arose on the acquisition of Sundart Living because the acquisition of Sundart Living would streamline the management of the Group's business and improve efficiency in allocation of resources. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

36. ACQUISITION OF SUBSIDIARIES (Continued)

(A) Acquisition of business (Continued)

Net cash outflow arising on acquisition:

	HK$'000
Cash consideration	43,666
Less: Cash and cash equivalents acquired	(2,999)
	40,667

Included in the profit for the year is loss of approximately HK$10,683,000 attributable to Sundart Living. There was external revenue of approximately HK$144,000 generated by Sundart Living for the year.

Had the acquisition been completed on 1 April 2010, total group revenue for the year would have been approximately HK$1,362 million, and profit for the year would have been approximately HK$140 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2010, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Sundart Living been acquired at the beginning of the current year, the directors have calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

(B) Acquisition of assets

On 30 August 2010, the Group entered into a share purchase agreement with independent third parties, pursuant to which the Group purchased 10,200,000 ordinary shares of HK$1 each representing 100% interest in Kin Shing (Leung's) General Contractors Limited ("Kin Shing") at a consideration of HK$28,200,000. Kin Shing holds various licenses and qualifications for building construction in Hong Kong. The transaction was completed on 15 October 2010.

	HK$'000
Cash consideration	28,200

Assets recognised at the date of acquisition:

	HK$'000
Bank balances	10,200
Intangible assets (Note 19)	18,000
	28,200

Acquisition-related costs amounting to approximately HK$24,000 have been excluded from the cash consideration and have been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of comprehensive income.

Intangible assets are various licenses and qualifications for building construction.

Pursuant to the share purchase agreement, all revenues, rights, benefits, title and interests deriving from or arising out of the performance of the contracts entered by Kin Shing prior to the acquisition ("Contracts") shall absolutely belong and be accountable in full to the vendor. The vendor shall continue to manage, monitor and take care of the Contracts until they are fully performed to the satisfaction of the counterparties of the Contracts. As the principal assets acquired by the Group are bank balances and intangible assets, representing various licenses and qualifications for building construction, the acquisition is accounted for as acquisition of assets.

36. ACQUISITION OF SUBSIDIARIES (Continued)

(B) Acquisition of assets (Continued)

Net cash outflow arising on acquisition:

	HK$'000
Cash consideration	28,200
Less: Cash and cash equivalents acquired	(10,200)
	18,000

37. 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:

	2011 HK$'000	2010 HK$'000
Within one year	9,992	3,870
In the second to fifth year inclusive	12,441	652
	22,433	4,522

Leases for rented premises are negotiated for a period of one to three years (2010: one to three years) with fixed rental.

38. CAPITAL COMMITMENTS

	2011 HK$'000	2010 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	1,413	–

39. PERFORMANCE BONDS AND ADVANCE PAYMENT BONDS

As at 31 March 2011, the Group has issued performance bonds and advance payment bonds in respect of supply and installation contracts through the banks amounting to approximately HK$127,895,000 (2010: HK$77,385,000). The bonds were secured by pledged assets as set out in note 41.

40. 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 2011, the total costs charged to profit or loss are approximately HK$1,869,000 (2010: HK$590,000) representing contributions payable to these plans by the Group in respect of approximately HK$3,291,000 (2010: HK$1,791,000) less contributions capitalised to contract works which are subsequently charged to cost of sales of approximately HK$1,422,000 (2010: HK$1,201,000).

41. PLEDGE OF ASSETS

The Group had pledged properties under development for sale, certain trade receivables and retentions receivable to secure the general banking facilities including bank borrowings and performance bonds granted to the Group. The carrying values of the pledged assets are as follows:

	2011 HK$'000	2010 HK$'000
Properties under development for sale	336,472	–
Trade receivables	–	5,127
Retentions receivable	–	9,188

42. RELATED PARTY TRANSACTIONS

Apart from the amounts due from (to) related companies and a jointly controlled entity as set out in notes 25, 30 and 31, the Group had entered into the following significant transactions with its related companies:

	2011 HK$'000	2010 HK$'000
Revenue from fitting-out works		
Waldo	3,000	37,987
Giant World	–	38,381
Sundart Interior	–	202
	3,000	76,570
Purchases of timber products		
DSTP	50,120	78,990
Sundart International (Macau) Limited (Note)	–	19,389
Win Venture Trading Limited (Note)	–	6,068
	50,120	104,447
Purchases of other intangible assets		
DSTP & SPG (Note 35)	–	1,800
Acquisition of subsidiaries		
SPG (Note 36 (A))	43,666	–

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

42. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

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

	2011 HK$'000	2010 HK$'000
Salaries and short-term benefits	25,085	32,696
Post-employment benefits	193	168
	25,278	32,864

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.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2011 and 2010 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 31.3.2011 %	31.3.2010 %	Principal activities
Sundart Holdings	BVI	Ordinary	US$5,100	100%	100%	Investment holding
Sundart Investments *	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 Engineering & Contracting (Beijing) Limited* #	The PRC	Registered capital	HK$40,000,000	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
Kin Shing*	Hong Kong	Ordinary	HK$16,000,000	100%	–	Construction and civil engineering works
Sundart Products Limited*	BVI	Ordinary	US$1	100%	100%	Investment holding and leasing of intellectual properties

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

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
				31.3.2011 %	31.3.2010 %	
Sundart Living*	Hong Kong	Ordinary	HK$100	100%	–	Investment holding
DSTP*#	The PRC	Registered capital	HK$41,000,000	100%	–	Manufacturing of timber products
Sundart International Supply Limited *	Hong Kong	Ordinary	HK$10,000	100%	100%	Sourcing and distribution of interior decorative materials
Sundart International Supply (Macau) Limited*	Macau	Ordinary	MOP25,000	100%	–	Sourcing and distribution of interior decorative materials
Wit Legend Investments Limited ("Wit Legend")*	BVI	Ordinary	US$1	100%	–	Investment holding
Vital Success Development Limited*	Hong Kong	Ordinary	HK$1	100%	–	Property development

* These entities are indirectly held by the Company.

These entities are wholly foreign owned enterprises established in the PRC.

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

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

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Details of the statement of financial position of the Company as at the end of the reporting period are as follows:

	2011 HK$'000	2010 HK$'000
Assets and liabilities		
Investment in a subsidiary	68,000	68,000
Amounts due from subsidiaries	466,357	339,323
Other receivables	169	275
Bank balances	12,082	138,879
Other payables	(697)	(410)
Tax payable	(4)	(250)
	545,907	545,817
Capital and reserves		
Share capital	4,800	4,800
Reserves	541,107	541,017
	545,907	545,817

45. EVENT AFTER THE REPORTING PERIOD

On 14 June 2011, the Group entered into an agreement with independent third parties (the "Purchasers"), pursuant to which the Group has conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase 35% of issued share capital of Wit Legend and 35% of a loan owing by Wit Legend to the Group, for an aggregate consideration of HK$87.85 million. The transaction is completed on 24 June 2011. Wit Legend would become a non-wholly owned subsidiary of the Group and the transaction is accounted for as an equity transaction. Any difference between the carrying amount attributable to the 35% interests are adjusted and the fair value of the consideration received will be recognised directly in equity and attributed to owners of the Company.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2007 HK$'000	2008 HK$'000	2009 HK$000	2010 HK$'000	**2011 HK$'000**
Revenue	921,334	1,443,742	1,465,230	1,708,136	**1,362,278**
Profit for the year	70,442	80,504	143,707	175,192	**141,215**

ASSETS AND LIABILITIES

	As at 31 March				
	2007 HK$'000	2008 HK$'000	2009 HK$000	2010 HK$'000	**2011 HK$'000**
Total assets	463,137	697,528	703,689	1,061,716	**1,554,591**
Total liabilities	289,291	465,564	440,212	280,144	**693,260**
Total equity attributable to owners of the Company	173,846	231,964	263,477	781,572	**861,331**

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.