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 2012

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Chan William *(Chairman)*
Ng Tak Kwan *(Chief Executive Officer)*
Leung Kai Ming *(Chief Operating Officer)*
Yip Chun Kwok

Non-executive Director

Wong Kim Hung, Patrick

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

Ho Kwok Wah, George *(Chairman)*
To King Yan, Adam
Wong Hoi Ki

NOMINATION COMMITTEE

Chan William *(Chairman)*
Ho Kwok Wah, George
Wong Hoi Ki

COMPANY SECRETARY

Yeung Man Yan, Megan

AUDITORS

Deloitte Touche Tohmatsu

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 Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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

INVESTOR RELATIONS CONTACT

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

Contents

Chairman's Statement

"We are strategically pursuing more promising business streams, including property development, to secure better returns for our shareholders."

William Chan, Chairman

Dear shareholders,

I am delighted to present you the annual report for Sundart International Holdings Limited ("Sundart" or the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2012 (the "year").

OVERVIEW

The 2011/12 financial year saw the Group further explore new business streams and reassess its long-term strategy, as the slow down of the global economy, liquidity constraints and government measures to dampen the property market created a challenging operating environment.

Revenue for the year was HK$1,660 million (2010/11: HK$1,362 million), an increase of 22%, while profits for the year was HK$110 million (2010/11: HK$141 million), a fall of 22%. Basic earnings per share were HK23 cents (2010/11: HK29 cents).

Despite these challenges, the Group remained in a strong financial position throughout the year. The board of directors (the "Board") proposed a final dividend of HK6.5 cents (2010/11: HK8.5 cents) per share. Together with the interim dividend of HK5.0 cents per share (1H 2010/11: HK6.5 cents), the total dividend per share will be HK11.5 cents (2010/11: HK15 cents), representing a dividend payout ratio of approximately 50% (2010/11: 51%).

BUSINESS REVIEW

The Group has maintained a sizable share of the Hong Kong and Macau fitting-out markets and secured a number of new fitting-out projects, including in the People's Republic of China (the "PRC"), throughout the year. It also continued to build its promising commercial property development business in Hong Kong and the Greater China region.

Fitting-out business in Hong Kong

The Group continued to secure more projects throughout the year despite the slow down of the global economy and measures to cool down the local residential property market.

Fitting-out business in Macau

The government's ongoing limit on the number of casino tables substantially reduced the number of fitting-out projects available in Macau this year.

Despite this, the Group remains optimistic about the long-term prospects of the Macau market following recent approvals for casino operators to develop new sites on the Cotai Strip. However, the Group does not expect these approvals would be translated into any large-scale fitting-out projects until at least 2013.

Fitting-out business in PRC

The Group continued to leverage on its long-term partnerships with property developers, hotel owners and contractors in Hong Kong to secure more fitting-out projects attached to their PRC developments.

However, measures imposed by the Chinese government to restrict liquidity and cool down the property market delayed the progress of some projects secured by the Group in the PRC and increased operational risk.

In spite of this, the PRC will continue to be an important growth market for the Group's fitting-out business as more and more Hong Kong developers move into the PRC market.

Property development

The Group entered the property development business in 2010 as part of its strategy which sound out new lines of business and access to additional sources of income. In collaboration with strategic partner Kailong REI Project Investment Consulting (Hong Kong) Co., Limited ("KLR Hong Kong"), the Group has begun the process of acquiring and refurbishing commercial properties to be repackaged and sold at a higher value.

The Group's development project at 135-137 Hoi Bun Road, Kwun Tong is the first under this model. Due to be completed in June 2013, the final site will be a high-end commercial building with a gross floor area of approximately 19,200 square meters and is well placed to benefit from the emergence of Kowloon East as a Central Business District.

The Group is currently in the final stage of preparation to market the project, which it expects to launch in the third quarter of 2012.

SHIFTING TO PROPERTY DEVELOPMENT MODEL TO PURSUE BETTER RETURNS

In the past few years, the Group has encountered a rising number of challenges that have limited its growth and profitability prospects. These include limited expansion prospects in the Hong Kong and Macau fitting-out markets, falling profit margins and funding risks for projects in the PRC.

With the above challenges likely to continue in the mid to long-term, the Group made a strategic decision to partially exit the fitting-out business and redeploy its resources to more promising business streams, particularly property development.

In May 2012, the Group entered into an agreement to sell 85% of its fitting-out business to Jangho Curtain Wall Hongkong Limited (a wholly-owned subsidiary of Beijing Jangho Curtain Wall Co., Ltd.) for HK$493 million. The Board believes that the sale would offer an unique opportunity for the Group to further shift into the more promising commercial property development sector and secure better returns for shareholders.

The Group will still retain a 15% stake in the fitting-out business, allowing it to continuously contribute to its profits while avoiding the higher operational risk from working in the larger PRC market. Following completion of the agreement, the Group expects the fitting-out business will be able to expand more rapidly in the PRC by leveraging of Beijing Jangho's well-established PRC construction business.

The agreement remains subject to shareholders' approval, as well as approval from connected banks and government authorities.

BUSINESS PROSPECTS

Property development, asset management and fund management

With the support of the management team of KLR Hong Kong, the Group will work to emulate the success of the Kwun Tong project by continuing to seek other suitable property development opportunities which have the potential to deliver sustainable rental incomes and capital gain potential.

The Group will also leverage on KLR Hong Kong's extensive network in the PRC and strong connections to international funds to become involved in other redevelopment projects in the PRC, including large-scale projects.

After the Company's initial acquisition of the shareholding in KLR Hong Kong in 2010, KLR Hong Kong and its subsidaries (the "KLR Group") is now managing two funds with a total capital of RMB650 million and plans to invest in around RMB1.2 billion worth of property. As KLR Group has already established a presence in the PRC, the Company believes that the Group will be able to benefit from the expertise and the experience of the management team and the professional operation team of the KLR Group in operating the businesses of real estate investment, fund management and asset management. Further, by becoming a shareholder of KLR Hong Kong, the Group gained access to the network and chance to co-invest with a real estate fund in the Kwun Tong Project. As KLR Hong Kong can complement the Company's business well and the PRC market for RMB fund products is very large, the Directors consider that acquisition of further interest in KLR Hong Kong will enable the Company to be further involved in the real estate investment, fund management and asset management business in the PRC.

Fitting-out business

The Hong Kong fitting-out market will remain robust as a result of ongoing mega-infrastructure projects, as well as solid demand for luxury properties. The Group also expects Hong Kong developers to continue expanding their fitting-out budgets to ensure that their residential projects are competitive in the market.

In Macau, the Group will continue to leverage on its long-established relationships with casino and hotel companies to ensure it is well positioned to retain its market share and win new projects when the recently announced developments move to the fitting-out stage.

The PRC will remain continue to grow into a major market for the fitting-out business as both coastal and inland cities attract large scale hotel and commercial projects.

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to all shareholders and business partners for their support throughout the year, and most importantly, to ask for your future support for the Group's strategic vision and new growth strategy. I would also like to thank each and every member of staff for the unwavering commitment to the Group during this time of change.

Your support will place us on the path to an exciting future and sustainable growth.

William Chan
Chairman

Hong Kong, 11 June 2012

Management Discussion and Analysis

FINANCIAL REVIEW

Overview

For the year ended 31 March 2012, the Group recorded a consolidated revenue of HK$1,660 million (2010/11: HK$1,362 million), with a gross profit of HK$227 million (2010/11: HK$251 million). The Group's gross profit margin was 13.7% (2010/11: 18.4%), with basic earnings per share of HK23 cents (2010/11: HK29 cents.)

Net profit for the year ended 31 March 2012 was HK$110 million (2010/11: HK$141 million) a fall of 22%.

As at 31 March 2012, the Group's total assets were valued at HK$2,005 million (31 March 2011: HK$1,555 million), of which current assets were HK$1,914 million (31 March 2011: HK$1,468 million), representing 4.3 times (31 March 2011: 3.3 times) current liabilities. Equity attributable to owners of the Company was HK$951 million (31 March 2011: HK$861 million).

Revenue Breakdown

Revenue from the Group's fitting-out business was HK$1,578 million (2010/11: HK$1,306 million), while HK$82 million (2010/11: HK$56 million) was contributed by the manufacturing, sourcing and distribution of interior decorative materials.

The Group's revenue is dependent on the progress of individual projects. The Group continued to deliver a number of projects in Hong Kong and Macau throughout the year, although measures imposed by the PRC government to cool down the domestic property market delayed the delivery of some projects in the PRC.

Segment Analysis

The Group's revenue was primarily derived from four business streams for the year ended 31 March 2012.

(i) Fitting-out works in Hong Kong

Revenue from the Group's fitting-out business in Hong Kong was HK$865 million (2010/11: HK$485 million), a rise of 78% as compared to the prior financial year. Gross profit was HK$78 million (2010/11: HK$92 million), a fall of 15%. The increase in revenue was mainly because several sizable projects including Tamar Development Project and Renaissance Harbour View Hotel were commenced and completed or nearly completed during the year.

The gross profit margin, however, decreased from 19.0% from 2010/11 to 9.0% for the year. The reduction in gross profit margin was mainly attributable to a loss incurred for providing fitting-out services for the Tamar Development Project due to its tight working schedule. The Group also strategically and purposely competed and explored the renovation and alteration market by accepting a renovation project with a very low profit margin of refurbishing of an old industrial building in Yuen Long which further reduced the gross profit margin during the year.

(ii) Fitting-out works in Macau

Most revenue was driven from large-scale hotel projects in Cotai during the year, such as Galaxy Resort & Casino Cotai City. The revenue from fitting out works in Macau decreased by 20% from HK$787 million for 2010/2011 to HK$625 million for the year. The decrease was due to less progress on sizable projects falling into the year.

The gross profit was HK$120 million for the year, with a decrement of HK$17 million as compared to 2010/11.

(iii) Fitting-out works in the PRC

Revenue from the Group's fitting-out business in the PRC was HK$88 million (2010/11: HK$34 million), a rise of 159% as compared to the previous year. The increase in revenue was attributed to orders that were secured and commenced throughout the year, despite the delay of some projects. Revenue from delayed projects and orders still in the preliminary stage will be recognised in the 2012/13 financial year.

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

Revenue and gross profit contributed by the manufacturing, sourcing and distribution of interior decorative materials was HK$82 million (2010/11: HK$56 million) and HK$15 million (2010/11: HK$12 million) respectively. Revenue was contributed by orders mainly from Macau and the Middle East.

Loss on Disposal of Subsidiaries

Loss on disposal of subsidiaries represents the disposal of Sundart Development Limited to Mr. Leung Kai Ming ("Mr. Leung"), as mentioned by note 37 on the consolidated financial statements.

Administrative Expenses

Administrative expenses were HK$87 million for the year ended 31 March 2012 (2010/11: HK$68 million), an increase of 28%. The increase was mainly attributed to the acquisition of Sundart Living Limited, which resulted in an increase in general administrative expenses, 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

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

Share of Profit of an Associate

The share of profit of an associate represents the profit shared from the Group's associate, Kailong REI Holdings Limited, 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. For details, please refer to note 15 of the consolidated financial statements.

BUSINESS REVIEW

Major Projects in Progress

As at 31 March 2012, the estimated remaining value of contracts to be completed by the Group was HK$2,300 million (31 March 2011: HK$1,087 million), of which approximately HK$1,195 million, HK$138 million and HK$718 million were fitting-out works in Hong Kong, Macau and the PRC respectively. The remaining HK$249 million is related to the Group's manufacturing and trading business.

Properties under Development for Sale

The properties under development for sale represent the Group's property development project at Hoi Bun Road, Kwun Tong ("Kwun Tong Project"). The value of the property was HK$781 million as at the end of the year, compared to HK$336 million as at 31 March 2011. The increase mainly represents the land premium of HK$387 million which has already been accepted and paid to the Government and documents in relation to the lease modification were all duly executed during the year.

The Group's Kwun Tong Project continued to make good progress during the year. Demolition of the existing building has already been completed and superstructure work is now in progress. It is expected a new high-end commercial building will be completed around June 2013.

Material Acquisition and Disposal

On 16 May 2012, the Company entered into an agreement to dispose of 85% of the issued share capital of Sundart Holdings Limited ("Sundart Holdings"), for a consideration of HK$493,000,000. The disposal is still in process up to the report date. Details have been disclosed in the circular of the Company dated 1 June 2012.

An extraordinary general meeting will be held on 20 June 2012 for obtaining the approval from the independent shareholders by way of poll.

Saved as disclosed above, there was no significant investment, material acquisition or disposal that should be notified to shareholders for the year ended 31 March 2012 and up to the report date.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

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 the principle of prudent financial management 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 2012, the Group's total debt (representing total interest-bearing borrowings) to total assets ratio was 28.00% (31 March 2011: 23.61%). The gearing ratio (net debt to equity attributable to owners of the Company) was 20.06% (31 March 2011: nil) as the Group has net debt (total debt less bank balances and cash) of HK$191 million as at 31 March 2012 (31 March 2011: net cash of HK$67 million).

The bank borrowings of the Group were mainly to finance the Kwun Tong Project. Borrowings of HK$437 million were secured by the property under development and will be repayable in 2013 or upon sale of the Kwun Tong Project. Further costs for developing the Kwun Tong Project will be financed by unutilised bank facilities designated for the project.

The liquidity of the Group remains strong and healthy. As at 31 March 2012, the Group's current assets and current liabilities were HK$1,914 million and HK$450 million respectively. The Group's current ratio increased to 4.3 (31 March 2011: 3.3). The internally generated funds, together with unutilised banking facilities (including bank guarantees, trade credit, revolving loans and short term loans), and sufficient committed and unutilised loans, working capital facilities and guarantee facilities enable the Group to meet its business development needs.

The Group will cautiously seek new development opportunities, including a planned partial exit from the fitting-out business to focus on the property development business, in order to balance risk and opportunities and maximise shareholders' value.

Pledge of Assets

As at 31 March 2012, the Group had pledged properties under development for sale to secure the term loan facility granted to the Group. The aggregate carrying value of the pledged assets was HK$781 million (31 March 2011: HK$336 million).

Contingent Liabilities and Capital Commitments

The Group did not have any significant contingent liabilities as at 31 March 2012 and 31 March 2011. For capital commitments, please refer to note 40 of the consolidated financial statements.

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 in Hong Kong, Macau, the PRC or overseas, the Group's major customers are 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 with a view to diversifying its 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 its 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 2012, the Group had 1,232 full-time employees (2010/11: 1,006 full-time employees), including 384 staff (2010/11: 321) in its fitting-out business and 848 staff (2010/11: 685) in the Group's timber product manufacturing plant.

The Group offers an attractive remuneration policy and provides external training programmes which are complementary to certain job functions. Total remuneration for employees (including the directors' remuneration) was HK$164 million for the year (2010/11: HK$115 million). The increase in total remuneration of the employees was mainly due to the increase in the number of staff and an increase in the average salaries of employees.

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 2012.

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 2012, save for the deviation for Code Provision A.1.1, which deviation is explained in the relevant part 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

The Board is currently made up of 8 members in total, with 4 executive directors, 1 non-executive director and 3 independent non-executive directors. The list of directors and their role and function are published on the Company's website and the Stock Exchange's website, details of which are as follows:

Executive directors:

Mr. CHAN William
(Chairman of the Board and the Nomination Committee)
Mr. NG Tak Kwan
(Chief Executive Officer)
Mr. LEUNG Kai Ming
(Chief Operating Officer)
Mr. YIP Chun Kwok

Non-executive director:

Mr. WONG Kim Hung, Patrick

BOARD COMPOSITION (Continued)

Independent non-executive directors:

Mr. HO Kwok Wah, George
(Chairman of the Audit Committee and the Remuneration Committee and member of the Nomination Committee)

Mr. TO King Yan, Adam
(Member of the Audit Committee and the Remuneration Committee)

Mr. WONG Hoi Ki
(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)

Mr. Wong Kim Hung, Patrick was re-designated from executive director to non-executive director of the Company on 5 January 2012.

A brief description of the background of each director is presented on page 16 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 non-executive directors and 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 2012, 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 2012, 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 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 of executive director and independent non-executive director may be terminated by giving 6 months' written notice. The non-executive director has signed an appointment letter with the Company for a term of 1 year which may be terminated by either party by giving 3 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.

The Company's circular, to be sent together with this annual report, contains information on re-election of directors including detailed biography of all directors standing for re-election to enable shareholders to make an informed decision on their election.

INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Though no new directors have been appointed during the year ended 31 March 2012, each newly appointed director should 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 eight Board meetings held during the year ended 31 March 2012, two of which were regular meetings held for approving the final results for the year ended 31 March 2011 and the interim results for the period ended 30 September 2011. 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 meetings are as follows:-

Name of Directors	Attendance/Number of Meetings held during the tenure of directorship			
	Board		Nomination	Audit
	Regular	Other	Committee	Committee
Executive Directors				
Chan William	2/2	7/7	1/1	N/A
Ng Tak Kwan	2/2	5/7	N/A	N/A
Leung Kai Ming	2/2	4/7	N/A	N/A
Yip Chun Kwok	2/2	6/7	N/A	N/A
Non-Executive Director				
Wong Kim Hung, Patrick[1]	2/2	7/7	N/A	N/A
Independent Non-Executive Directors				
To King Yan, Adam	2/2	4/7	N/A	2/2
Wong Hoi Ki	2/2	4/7	1/1	2/2
Ho Kwok Wah, George	2/2	4/7	1/1	2/2

Note:

1 Mr. Wong Kim Hung, Patrick was re-designated to non-executive director on 5 January 2012.

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 2012.

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 were revised in March 2012 in compliance with the amendments to the CG Code which were implemented on 1 April 2012. The terms of reference of these three committees are posted on the Company's website and the Stock Exchange'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 recommendation.

REMUNERATION COMMITTEE

In order to comply with the amendments to the Listing Rules which were effective on 1 April 2012, Mr. Chan William ceased to be a member and the Chairman of the Remuneration Committee and Mr. Ho Kwok Wah, George was appointed as a member and the Chairman of the Remuneration Committee with effect from 30 March 2012.

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

The primary functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure of all directors and senior management remuneration and on the remuneration packages of individual executive directors and senior management. 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.

No meeting had been held by the Remuneration Committee during the year ended 31 March 2012.

NOMINATION COMMITTEE

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

Principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, making recommendations to the Board on the appointment and succession planning for directors, and assessing the independence of independent non-executive directors.

The Nomination Committee met once during the year ended 31 March 2012 to review and recommend the re-appointment of directors standing for re-election at the Company's 2012 annual general meeting.

The attendance record of the Committee meeting is set out under "Directors' Attendance Records" on page 13 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 major duties of the Audit Committee are: (i) to oversee the Company's relationship with the external auditor; (ii) to review the financial information; and (iii) to oversee the Company's financial reporting system and internal control procedures.

There were two Audit Committee meetings held during the year ended 31 March 2012. The Audit Committee has performed the following work 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 2011 and unaudited interim results for the half year ended 30 September 2011; (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 2012 have been reviewed by the Audit Committee.

The attendance records of the Committee meeting are set out under "Directors' Attendance Records" on page 13 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 2012.

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 24.

The remuneration charged by the Company's auditors, Messrs. Deloitte Touche Tohmatsu, during the year ended 31 March 2012 is set out below:-

Category of Services	Fee Paid/Payable (HK$)
Audit Service	1,980,000
Audit Disbursement	46,500
Non-audit Services	
– Disbursement of tax matters for the profit tax	2,500
– Tax services fee	72,625
TOTAL	2,101,625

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 and included 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 showed its support to those in need by participating in various donation and contribution campaigns, such as flag selling, "Love Teeth Day" and "Skip-lunch Day" organised by the Hong Kong Community Chest, "Moonwalkers" organised by ORBIS, as well as the MSF Day of Médecins Sans Frontières. Apart from the pecuniary donation, management and staff of the Company also participated in ORBIS and Bank of America Merrill Lynch "Walk for Sight" (Mar 2012). Sundart actively joined with social welfare organisations like "Methodist Centre for Elderly", in order to visit the groups of socially and economically disadvantaged, with its care and seasonal visits during Mid-autumn Festival and Christmas.

Internally, the management set up a cross-departmental working team, "Sundart Cheers" since 2011, aiming to motivate staff to be involved in planning and execution of activity and training programs. The Company encourages its staff to participate in the 2012 Corporate Games which is held by the Leisure and Cultural Services Department.

The Company is dedicated to promote concepts of environmental conservation. Sundart is committed to be a "conscientious recycling partner" with Friends of the Earth (HK), supporting "conscientious recycling" by collecting office electrical waste for the recycling bodies/channels that are verified by the Hong Kong Environmental Protection Department.

Sundart has been awarded the 2nd year of "Caring Company Logo" of Council of Social Service, and will continue participating in a variety of charitable and community activities to fulfill the responsibility of good corporate citizen.

Profiles of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Chan William (陳偉倫先生), aged 37, is an executive Director and the Chairman of the Company. Mr. Chan also serves as the chairman of 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 was 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) from 1 September 2010 to 31 December 2011.

Mr. Ng Tak Kwan (吳德坤先生), aged 58, 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 58, is an executive Director and the Chief Operating Officer of the Company. Mr. Leung is one of the founders of the Group's business. He left the Group in July 2006 and then ran Dongguan Sundart Timber Products Co., Ltd. ("DSTP") on his own. Before Mr. Leung left the Group in 2006, he was the chief executive officer of DSTP and mainly responsible for overseeing and managing the manufacturing business of timber products. He re-joined the Group in April 2009. Mr. Leung is 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. Yip Chun Kwok (葉振國先生), aged 38, is an executive Director and financial controller of the Company. Mr. Yip joined the Group in 2008. Mr. Yip is responsible for overseeing the compliance matters, the financial, accounting and banking 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.

Non-Executive Director

Mr. Wong Kim Hung, Patrick (黃劍雄先生), aged 58, is a non-executive Director of the Company. Mr. Wong joined the Group in 2002 and was responsible for overseeing the human resources, banking and administrative activities of the Group in the role of an Executive Director. He was re-designated as a non-executive Director on 5 January 2012. 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).

Independent Non-Executive Directors

Mr. Ho Kwok Wah, George (何國華先生), aged 54, 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 the remuneration committee and a member of the nomination committee of the Company. Mr. Ho has over 20 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 52, 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 and the remuneration 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 58, 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 (梁守勇先生), aged 49, joined the Group in 2010 and was appointed as the General Manager, China (Business Development and Projects). Mr. Leung graduated from the McGill University of Canada with major in Architecture. He is also a registered Architecture. Mr. Leung has over 20 years in the Architecture field and has served as Architecture 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 mall, 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 (文沛堃先生), aged 56, 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 also a Professional Associate of the RICS, a Fellow of HKIS and a Member of CIArb since 1984, 1997 and 1999 respectively. Mr. Man has over 31 years of experience in the field of quantity surveying and contracts management.

Ms. YEUNG Man Yan, Megan (楊文欣女士), aged 29, is our Legal Counsel and Company Secretary. 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 2012.

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 45 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2012 are set out in the consolidated statement of comprehensive income on page 25.

An interim dividend of HK5.0 cents per share amounting to HK$23,872,350 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK6.5 cents per share to the shareholders on the register of members on 8 August 2012, amounting to HK$31,034,055.

USE OF 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 million. The Company has utilised the net proceeds received from the IPO in the manner consistent with that mentioned in the Prospectus under the section headed "Use of Proceeds" and in the Company's announcement dated 31 August 2011 on "Change of Use of Proceeds". As at 31 January 2012, approximately HK$128.9 million has been used in relation to the financing of the fitting-out projects in the PRC; approximately HK$17.8 million has been used in relation to the setting up of the Company's own procurement and pre-fabrication facility for research and development; approximately HK$2.2 million has been used in relation to the financing of the fitting-out projects in the Middle East; approximately HK$49 million has been kept as reserve for potential future acquisitions; approximately HK$41.1 million has been used in relation to the financing of the fitting-out projects in Hong Kong and Macau; approximately HK$3.9 million has been used in relation to the Company's marketing activities; and approximately HK$100.5 million has been used in relation to the working capital requirements and other corporate purposes while the balance of unutilized proceeds of approximately HK$113.6 million was deposited with banks.

In the Company's announcement dated 16 May 2012, in line with the Company selling of 85% of its fitting-out business, the unutilised proceeds received from the IPO of approximately HK$113.6 million will be used for funding future acquisitions of the Group, including the acquisition of additional shareholding interests in KLR Hong Kong.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 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 16 to the consolidated financial statements.

BANK BORROWINGS

Details of bank borrowings are set out in note 31 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 2012 comprised:

	HK$'000
Share premium	469,130
Accumulated profits	61,914
	531,044

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.

DISTRIBUTABLE RESERVES (Continued)

Details of movements during the year in the share premium and reserves of the Group are set out on page 28.

DIRECTORS

The Directors 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. Yip Chun Kwok

Non-executive Director
Mr. Wong Kim Hung, Patrick
(re-designated from Executive Director with effect from 5 January 2012)

Independent Non-executive Directors
Mr. Ho Kwok Wah, George
Mr. To King Yan, Adam
Mr. Wong Hoi Ki

Note: Mr. Yip Chun Kwok, Mr. Ho Kwok Wah, George and Mr. To King Yan, Adam shall retire, and being eligible, offer themselves for re-election at the forthcoming 2012 annual general meeting ("AGM") pursuant to the Company's Articles of Association.

Information regarding directors' emoluments is set out in note 11 to the consolidated financial statements.

DIRECTORS' PROFILES

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

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors a confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (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

None of the Directors who are proposed for re-election at the forthcoming AGM has a service agreement 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' INTEREST IN SHARES AND UNDERLYING SHARES

As at 31 March 2012, 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST 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	20.34
	Long	Other interest (2)	97,104,000	20.34
			194,208,000	40.68
Ng Tak Kwan	Long	Beneficial owner	84,000,000	17.59
Leung Kai Ming	Long	Beneficial owner	34,272,000	7.18
Wong Kim Hung, Patrick	Long	Beneficial owner	20,520,000	4.30

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, Li Chu Kwan and Li Wing Yin 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 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following substantial shareholders (other than the directors and chief executives of the Company) had notified the Company of relevant interests in the issued share capital of the Company:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
Tiger Crown Limited (1)	Long	Beneficial owner	97,104,000	20.34
	Long	Other interest (2)	97,104,000	20.34
			194,208,000	40.68
Scenemay Holdings Limited (3)	Long	Beneficial owner	97,104,000	20.34
	Long	Other interest (2)	97,104,000	20.34
			194,208,000	40.68
Li Chu Kwan	Long	Interest in a controlled corporation (3)	97,104,000	20.34
	Long	Other interest (2)	97,104,000	20.34
			194,208,000	40.68
Li Wing Yin	Long	Interest in a controlled corporation (3)	97,104,000	20.34
	Long	Other interest (2)	97,104,000	20.34
			194,208,000	40.68

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, Li Chu Kwan and Li Wing Yin 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. As the entire issued share capital of Scenemay Holdings Limited is owned by Li Chu Kwan and Li Wing Yin in equal shares, each of Li Chu Kwan and Li Wing Yin is deemed to be interested in the 97,104,000 shares of the Company owned by Scenemay Holdings Limited.

SHARE OPTION SCHEME

On 3 August 2009, a share option scheme ("Scheme") was adopted by the Company for the primary purpose of providing the directors and employees of, as well as consultants, professional and other advisers to the Company and its subsidiaries (the "Participants") with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.

The Board will set out in the offer the terms on which the option is to be granted. The overall limit on the number of shares which may be issued upon exercise of all options to be granted and yet to be exercised under the Scheme and other share option scheme of the Company must not exceed 30% of the shares in issue from time to time. No options will be granted under the Scheme at any time if such grant will result in the scheme limit being exceeded.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and all other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue on the date of listing of the shares of the Company on the main board of the Stock Exchange. The Company may seek approval of its shareholders in general meeting for refreshing such 10% limit. As at the date of the annual report, the total number of shares of the Company available for issue under the Scheme and all other share option schemes of the Company are 48,000,000 shares, representing 10.05% of the issued share capital of the Company as at the date of the annual report.

The total number of shares issued and to be issued upon exercise of the options granted to any Participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. An offer of the options shall be deemed to have accepted by way of consideration of HK$1 payable by the Participant within such date as the Board may determine from the date of offer.

Where any grant of options to a substantial shareholder or an independent non-executive director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of grant:

(a) representing in aggregate more than 0.1% of the total number of shares in issue; and

(b) having an aggregate value, based on the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the relevant date of grant, in excess of HK$5 million,

such further grant of options must be approved by the shareholders.

The subscription price shall be such price solely determined by the Board and notified to a Participant and shall be at least the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant;

(ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and

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

The Scheme is valid and effective for a period of 10 years commencing on 3 August 2009.

As at 31 March 2012, no share option under the Scheme had been granted.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangement 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, the Company has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirement of rules 14A.45 or 14A.46 of the Listing Rules.

Disposal of Sundart Development Limited

On 31 August 2011, the Group entered into an agreement with Mr. Leung, an executive director and chief operating officer of the Company, to dispose of the entire issued share capital of Sundart Development Limited, which held the entire equity interest in Sundart Investments (Middle East) Limited ("Sundart Middle East") and 47% equity interest in Sundart Interior Contracting (Middle East) L.L.C. ("Sundart Interior") (collectively refer to as the "Disposal Group"), for a cash consideration of HK$4,400,000 after taking into account the waiver of loans of HK$11,124,000 advanced by the Group to the Disposal Group. The disposal was completed on 31 August 2011 and control of the Disposal Group was passed to Mr. Leung. Upon the completion of the disposal, Sundart Development Limited and Sundart Middle East ceased to be indirect wholly-owned subsidiaries of the Company and Sundart Interior ceased to be a jointly controlled entity of the Group which had been proportionate consolidated up to date of disposal.

Mr. Leung, being an executive Director and the Company's chief operating officer, is a connected person of the Company for the purpose of Listing Rules. The disposal constituted a connected transaction of the Company and was subject to the requirements of reporting and announcement but was exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Saved as disclosed above, significant related party transactions entered by the Group during the year, which do not consititute connected transactions under the Listing Rules are disclosed in note 44 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under heading "Connected Transactions" in this report and the related party transactions in note 44 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 BUSINESS

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 Group, 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 emolument of the Directors 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$2.3 million. No forfeited contribution under this scheme is available to reduce the contribution payable in future years.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

CHARITABLE DONATIONS

Donations made by the Group during the year for charities amounted to HK$35,000 (2011: HK$30,000).

MAJOR CUSTOMERS AND SUPPLIERS

For the year, the five largest customers of the Group accounted for 58.9% of the Group's total revenue and total revenue from the largest customer included therein accounted for 12.8%. The aggregate purchases attributable to the five largest suppliers of the Group during the year was less than 30% of the total purchases of the Group.

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

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

During the year ended 31 March 2012, the Company repurchased and cancelled a total of 2,553,000 of its own shares on the Stock Exchange. Details are set out in note 34 to the consolidated financial statements.

Other than as disclosed above, there were no purchase, sale or redemption of the Company's listed securities by the Company nor any of its subsidiaries.

CORPORATE GOVERNANCE

Throughout the year, 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 10 to 15.

EVENT AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 47 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 AGM.

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

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

Hong Kong, 11 June 2012

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 25 to 83, which comprise the consolidated statement of financial position as at 31 March 2012, 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 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 2012 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
11 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
Revenue	7	**1,659,859**	1,362,278
Cost of sales		**(1,432,605)**	(1,111,434)
Gross profit		**227,254**	250,844
Other income, other gains and losses	9	**5,672**	587
Loss on disposal of subsidiaries	37	**(1,356)**	–
Selling expenses		**(8,136)**	(4,936)
Administrative expenses		**(87,402)**	(68,235)
Other service costs	35	**(3,733)**	(9,333)
Other expenses		**(3,225)**	(868)
Share of profit of an associate	20	**2,320**	193
Finance costs	10	**(2,604)**	(937)
Profit before taxation		**128,790**	167,315
Income tax expense	12	**(19,225)**	(26,100)
Profit for the year	13	**109,565**	141,215
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**4,705**	2,777
Reclassification of exchange difference to profit or loss upon disposal of subsidiaries and a jointly controlled entity		**6**	–
Share of translation reserve of an associate		**234**	83
Fair value gain on available-for-sale investment	22	**–**	3,151
Gain on revaluation of property upon transfer to investment property		**1,720**	–
Deferred taxation arising on revaluation of property upon transfer to investment property	33	**(478)**	–
Other comprehensive income for the year		**6,187**	6,011
Total comprehensive income for the year		**115,752**	147,226
Profit (loss) for the year attributable to:			
Owners of the Company		**109,602**	141,215
Non-controlling interests		**(37)**	–
		109,565	141,215
Total comprehensive income (expense) attributable to:			
Owners of the Company		**115,789**	147,226
Non-controlling interests		**(37)**	–
		115,752	147,226
Earnings per share			
Basic (HK cents)	15	**23**	29

Consolidated Statement of Financial Position

At 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	16	**27,787**	27,690
Investment property	17	**6,785**	–
Goodwill	18	**1,510**	1,510
Other intangible assets	19	**15,976**	21,264
Interest in an associate	20	**23,601**	21,047
Available-for-sale investment	22	**15,611**	15,023
		91,270	86,534
Current assets			
Properties under development for sale	23	**781,355**	336,472
Inventories	24	**35,901**	40,249
Amount due from a related company	25	**2,100**	–
Trade and other receivables	26	**210,299**	234,017
Bills receivable	26	**1,508**	15,805
Amounts due from customers for contract work	27	**379,385**	272,592
Retentions receivable	26	**129,002**	131,963
Tax recoverable		**3,465**	2,652
Bank balances and cash	28	**370,771**	434,307
		1,913,786	1,468,057
Current liabilities			
Trade and other payables	29	**346,813**	283,227
Amount due to a jointly controlled entity	30	**–**	5,346
Amounts due to customers for contract work	27	**13,768**	10,552
Tax payable		**25,064**	26,640
Bank borrowings	31	**63,880**	123,123
		449,525	448,888
Net current assets		**1,464,261**	1,019,169
Total assets less current liabilities		**1,555,531**	1,105,703

	NOTES	2012 HK$'000	2011 HK$'000
Capital and reserves			
Share capital	34	**4,774**	4,800
Reserves		**945,804**	856,531
Equity attributable to owners of the Company		**950,578**	861,331
Non-controlling interests		**8,096**	–
Total equity		**958,674**	861,331
Non-current liabilities			
Bank borrowings	31	**497,623**	243,973
Amounts due to non-controlling shareholders	32	**98,212**	–
Deferred taxation	33	**1,022**	399
		596,857	244,372
		1,555,531	1,105,703

The consolidated financial statements on pages 25 to 83 were approved and authorised for issue by the Board of Directors on 11 June 2012 and are signed on its behalf by:

CHAN William
DIRECTOR

YIP Chun Kwok
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	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$'000	Property revaluation reserve HK$'000	Translation reserve HK$'000	Shareholders' contribution reserve HK$'000	Other reserve HK$'000 (Note c)	Special reserve HK$'000 (Note d)	Accumulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2010	4,800	472,253	49	690	–	–	5,225	6,615	20,534	66,139	205,267	781,572	–	781,572
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	2,777	–	–	–	–	2,777	–	2,777
Share of translation reserve of an associate	–	–	–	–	–	–	83	–	–	–	–	83	–	83
Fair value gain on available-for-sale investment	–	–	–	–	3,151	–	–	–	–	–	–	3,151	–	3,151
Profit for the year	–	–	–	–	–	–	–	–	–	–	141,215	141,215	–	141,215
Total comprehensive income for the year	–	–	–	–	3,151	–	2,860	–	–	–	141,215	147,226	–	147,226
Dividends paid (Note 14)	–	–	–	–	–	–	–	–	–	–	(76,800)	(76,800)	–	(76,800)
Recognition of other service costs (Note 35)	–	–	–	–	–	–	–	–	9,333	–	–	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	–	861,331
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	4,705	–	–	–	–	4,705	–	4,705
Release of exchange difference to profit or loss upon disposal of subsidiaries and a jointly controlled entity	–	–	–	–	–	–	6	–	–	–	–	6	–	6
Share of translation reserve of an associate	–	–	–	–	–	–	234	–	–	–	–	234	–	234
Gain on revaluation of property upon transfer to investment property	–	–	–	–	–	1,720	–	–	–	–	–	1,720	–	1,720
Deferred taxation arising on revaluation of property upon transfer to investment property (Note 33)	–	–	–	–	–	(478)	–	–	–	–	–	(478)	–	(478)
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	109,602	109,602	(37)	109,565
Total comprehensive income (expense) for the year	–	–	–	–	–	1,242	4,945	–	–	–	109,602	115,789	(37)	115,752
Dividends paid (Note 14)	–	–	–	–	–	–	–	–	–	–	(64,672)	(64,672)	–	(64,672)
Recognition of other service costs (Note 35)	–	–	–	–	–	–	–	–	3,733	–	–	3,733	–	3,733
Transfer to legal reserve	–	–	12	–	–	–	–	–	–	–	(12)	–	–	–
Shares repurchased and cancelled (Note 34)	(26)	(3,123)	–	–	–	–	–	–	–	–	–	(3,149)	–	(3,149)
Deemed capital contribution from non-controlling shareholders (Note 32)	–	–	–	–	–	–	–	–	–	–	–	–	8,140	8,140
Disposal of partial interest in a subsidiary (Note 38)	–	–	–	–	–	–	–	–	37,546	–	–	37,546	(7)	37,539
At 31 March 2012	4,774	469,130	61	690	3,151	1,242	13,030	6,615	71,146	66,139	314,600	950,578	8,096	958,674

Notes:

(a) In accordance with the provisions of the Macao Commercial Code, the subsidiaries of the Company in Macao are required to transfer a minimum of 25% of their profit for the year to a legal reserve before appropriation of dividends until the legal reserve equals half of the quota capital of these subsidiaries. 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 based on statutory accounts prepared in accordance with the relevant regulations and accounting principles generally accepted in the PRC 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) Other reserves include (i) recognition of other service costs of HK$33,600,000 (2011: HK$29,867,000) as set out in note 35 and (ii) amount recognised upon disposal of partial interest in a subsidiary without losing control of HK$37,546,000 (2011: nil) as set out in note 38.

(d) Pursuant to a deed for sale and purchase dated 3 August 2009 entered into among Tiger Crown Limited, 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. 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 2012

	NOTES	2012 HK$'000	2011 HK$'000
Operating activities			
Profit before taxation		**128,790**	167,315
Adjustments for:			
Depreciation of property, plant and equipment		**9,066**	3,921
Amortisation of other intangible assets		**5,288**	3,488
Loss on disposal of subsidiaries		**1,356**	–
Loss on disposal of property, plant and equipment		**406**	350
Allowance for inventories		**619**	982
Gain from change in fair value of investment property		**(493)**	–
Interest income		**(785)**	(1,027)
Interest expense		**2,604**	937
Share of profit of an associate		**(2,320)**	(193)
Other service costs		**3,733**	9,333
Operating cash flows before movements in working capital		**148,264**	185,106
Increase in properties under development for sale		**(435,778)**	(335,853)
Decrease (increase) in inventories		**3,729**	(9,517)
Increase in amount due from a related company		**(2,100)**	(5,881)
Decrease (increase) in trade and other receivables		**23,555**	(129,207)
Decrease (increase) in bills receivable		**14,297**	(9,860)
Increase in amounts due from customers for contract work		**(106,793)**	(122,502)
Decrease in retentions receivable		**2,961**	2,910
Increase in trade and other payables		**63,602**	31,101
Increase in amount due to a related company		**–**	18,393
Increase (decrease) in amounts due to customers for contract work		**3,216**	(4,858)
Cash used in operations		**(285,047)**	(380,168)
Interest paid		**(9,463)**	(1,556)
Income tax refunded		**233**	19
Income tax paid		**(21,726)**	(36,683)
Net cash used in operating activities		**(316,003)**	(418,388)
Investing activities			
Purchases of property, plant and equipment		**(13,265)**	(4,416)
Acquisition of subsidiaries	36	**–**	(58,667)
Purchase of available-for-sale investment		**–**	(11,872)
Acquisition of an associate	20	**–**	(20,771)
Disposal of subsidiaries	37	**(6,542)**	–
Proceeds from disposal of property, plant and equipment		**1**	6
Interest received		**785**	1,027
Net cash used in investing activities		**(19,021)**	(94,693)

	NOTES	2012 HK$'000	2011 HK$'000
Financing activities			
New bank borrowings raised		**658,546**	444,097
Repayments of bank borrowings		**(464,139)**	(78,668)
Proceeds from disposal of partial interest in a subsidiary without losing control	*38*	**37,539**	–
Proceeds from sale of shareholder's loan	*38*	**50,311**	–
Dividends paid		**(64,672)**	(76,800)
Repayment to a jointly controlled entity		**(19)**	(1,008)
Advances from non-controlling shareholders		**53,795**	–
Repurchase of shares		**(3,149)**	–
Net cash from financing activities		**268,212**	287,621
Net decrease in cash and cash equivalents		**(66,812)**	(225,460)
Cash and cash equivalents at the beginning of the year		**434,307**	657,506
Effect of foreign exchange rate changes		**3,276**	2,261
Cash and cash equivalents at the end of the year, represented by bank balances and cash		**370,771**	434,307

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.

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are set out in note 45.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), 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 HKFRs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised 2009)	Related party disclosures
Amendments to HK(IFRIC) – INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

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

The Group has not early applied the following new and revised HKFRs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[2]
Amendments to HKFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters[1]
Amendments to HKFRS 1	Government loans[2]
Amendments to HKFRS 7	Disclosures – Transfers of financial assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax – Recovery of underlying assets[4]
HKAS 19 (Revised 2011)	Employee benefits[2]
HKAS 27 (Revised 2011)	Separate financial statements[2]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[2]

1 Effective for accounting periods beginning on or after 1 July 2011.
2 Effective for accounting periods beginning on or after 1 January 2013.
3 Effective for accounting periods beginning on or after 1 January 2015.
4 Effective for accounting periods beginning on or after 1 January 2012.
5 Effective for accounting periods beginning on or after 1 July 2012.
6 Effective for accounting periods beginning on or after 1 January 2014.

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

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

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

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – Special purpose entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in joint ventures" and HK(SIC) – INT 13 "Jointly controlled entities – Non-monetary contributions by venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements.

In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The Group has applied proportionate accounting to its interests in jointly controlled entities.

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

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. Since the jointly controlled entities using proportionate consolidation were disposed of during the current year, the application of HKFRS 11 may not impact on amounts reported in the consolidated financial statements. However, these standards will result in more extensive disclosures.

HKFRS 13 Fair value measurement

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

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

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard may affect the amounts reported in the Group's consolidated financial statements, including investment property, and result in more extensive disclosures about fair value measurements in the Group's consolidated financial statements.

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

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The directors anticipate that the amendments to HKAS 1 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. Upon adoption, the presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred tax – Recovery of underlying assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the amendments to HKAS 12 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2012 and are in the process of performing a detailed analysis of the impact of the application of this standard and hence have not yet quantified the extent of this impact.

Other than as described above, the directors anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property, 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.

The principal accounting policies are set out below.

Basis of consolidation

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

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to accumulated profits as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

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 arrangements of the acquiree or share-based payment arrangements of the Group entered into replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy); 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)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

Goodwill

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

For the purposes of impairment testing, goodwill 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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in an associate (Continued)

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.

Upon disposal of a jointly controlled entity that results in the Group losing joint control over that jointly controlled entity, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the jointly controlled entity attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the jointly controlled entity. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that jointly controlled entity on the same basis as would be required if that jointly controlled entity had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that jointly controlled entity would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses joint control over that jointly controlled entity.

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.

Service income is recognised when services are provided.

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 income can be measured reliably. Interest income 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. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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.

Borrowing costs

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

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

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

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.

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 those that are classified and accounted for as when the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment or investment property, as appropriate.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and other defined contribution retirement benefit schemes are recognised 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. Current and 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 current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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 amount due from a related company, trade and other receivables, bills receivable, retentions receivable and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment 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. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial 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; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. 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 financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When 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.

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

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

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. 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 as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to non-controlling shareholders, amount due to a jointly controlled entity and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

The Group derecognises financial liabilities when, and only when, the Group's obligation 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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. HK$) using exchange rates prevailing at the end of the reporting period. income and expenses items 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 under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation before 1 January 2005 is treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.

Equity-settled share-based payment transactions

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

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment 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.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

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.

Investment properties

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

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

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

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. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment on tangible and intangible assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other intangible assets (Continued)

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. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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 HK$, Macau Pataca ("MOP") and Renminbi ("RMB") which are the functional currencies of the respective subsidiaries. In determining the functional currency of the Company, the management has carefully considered the currencies that mainly affect its revenue and operating expenses and the currency of funds from financing activities. The management considered that HK$ 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 HK$ and therefore determined that HK$ is the functional currency of the Company.

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

Estimated 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. As at 31 March 2012, the carrying amount of other intangible assets is approximately HK$15,976,000 (2011: HK$21,264,000).

Estimate of net realisable value of properties under development for sale

At 31 March 2012, properties under development for sale of approximately HK$781,355,000 (2011: HK$336,472,000) are stated at the lower of cost and net realisable value. The estimated net realisable value is estimated selling price less selling expenses and estimated cost of completion, which are estimated based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the market conditions in Hong Kong, there may be impairment loss recognised on the properties under development for sales.

Allowance for inventories

The management of the Group reviews an aging analysis at the end of the reporting period and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or sale. The management estimates the net realisable value for such finished goods and raw materials based primarily on the latest selling and purchase prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for slowing-moving inventory. If the market condition was to deteriorate, resulting in a lower net realisable value for such finished goods and raw materials, additional allowances may be required. As at 31 March 2012, the carrying amount of inventories is approximately HK$35,901,000 (2011: HK$40,249,000), whereas the allowance for inventories recognised during the year is approximately HK$619,000 (2011: HK$982,000).

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 31, 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

	2012	2011
	HK$'000	HK$'000
Financial assets		
Available-for-sale investment	**15,611**	15,023
Loans and receivables (including cash and cash equivalents)	**679,399**	789,420
Financial liabilities		
Amortised cost	**924,699**	642,068

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investment, amount due from a related company, trade and other receivables, bills receivable, retentions receivable, bank balances, trade and other payables, amounts due to non-controlling shareholders, 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 include market risk (currency risk and interest rate risk), credit risk and liquidity risk. 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	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$ against MOP	**6,823**	40,223	**12,113**	23,455
United States Dollars ("USD") against HK$ and MOP	**21,900**	37,180	**1,238**	236
RMB against HK$	**614**	10,216	**1,104**	17
HK$ against RMB	**25,479**	6,115	**–**	–
RMB against MOP	**9**	207	**3,765**	6,002
Euro against HK$	**37**	40	**–**	–
Qatar Riyal ("QAR") against HK$	**5**	6	**–**	5,346
GBP against HK$	**1,664**	–	**–**	–
HK$ against USD	**1,000**	–	**158**	–

Sensitivity analysis

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

The following table details the Group's sensitivity to a 5% (2011: 5%) increase and decrease in RMB against HK$, HK$ against RMB, RMB against MOP, Euro against HK$ and GBP against HK$. 5% (2011: 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 a 5% (2011: 5%) strengthening of RMB against HK$, HK$ against RMB, RMB against MOP, Euro against HK$ and GBP against HK$. For a 5% (2011: 5%) weakening of RMB against HK$, HK$ against RMB, RMB against MOP or Euro against HK$ or GBP against HK$, there would be an equal and opposite impact on the post-tax profit for the year as set out below:

	RMB against HK$ impact		HK$ against RMB impact		RMB against MOP impact		Euro against HK$ impact		GBP against HK$ Impact	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Increase (decrease) in post-tax profit	**(20)**	426	**968**	244	**(165)**	(255)	**2**	2	**69**	–

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 31 for details of the bank 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 (2011: 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 2012 would increase/decrease by approximately HK$341,000 (2011: HK$399,000). A 50 basis points (2011: 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 2012 would decrease/increase by approximately HK$522,000 (2011: HK$744,000) and finance costs capitalised in properties under development for sale would increase/decrease by approximately HK$2,183,000 (2011: HK$823,000).

Credit risk

As at 31 March 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge 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$58,414,000 (2011: HK$88,387,000) and HK$21,968,000 (2011: HK$34,029,000) 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$58,414,000 (2011: HK$88,387,000) have been settled in full subsequent to the end of reporting period. During the year ended 31 March 2012, three (2011: one) customers amounted of approximately HK$613,102,000 (2011: HK$670,856,000) comprised approximately 98% (2011: 85%) of the Group's revenue from fitting-out works in Macau.

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.

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

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

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 2012, the Group has available unutilised bank loan facilities of approximately HK$850,178,000 (2011: HK$611,810,000).

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 contracted interest rate 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 2012								
Non-derivative financial liabilities								
Trade and other payables	N/A	229,104	4,604	3,583	27,693	–	264,984	264,984
Amounts due to non-controlling shareholders	3.23	–	–	–	104,106	–	104,106	98,212
Bank borrowings	2.45	50,179	8,757	17,361	506,865	–	583,162	561,503
		279,283	13,361	20,944	638,664	–	952,252	924,699

	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

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.

6. FINANCIAL INSTRUMENTS (Continued)

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 to their fair values.

The Group's available-for-sale investment of approximately HK$15,611,000 (2011: HK$15,023,000) 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 ended 31 March 2011 was HK$3,151,000, 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. No fair value change was recognised for the year ended 31 March 2012.

There is no transfer into or out of Level 3 during both years.

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:

	2012 **HK$'000**	2011 HK$'000
Contract revenue from fitting-out works	**1,578,186**	1,305,729
Manufacturing, sourcing and distribution of interior decorative materials	**81,673**	56,549
	1,659,859	1,362,278

8. SEGMENT INFORMATION

The Company's executive directors are the chief operating decision makers. 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.

Specifically, the Group's reportable and operating segments under HKFRS 8 are 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.

8. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the year ended 31 March 2012

	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	864,949	625,601	87,636	81,673	–	1,659,859	–	1,659,859
Inter-segment revenue	–	–	–	90,772	–	90,772	(90,772)	–
Segment revenue	864,949	625,601	87,636	172,445	–	1,750,631	(90,772)	1,659,859

Inter-segment revenue is charged at prevailing market rates.

Segment profit (loss)	47,486	113,558	(267)	(3,973)	(110)	156,694	–	156,694
Corporate expenses								(30,928)
Corporate income								4,664
Share of profit of an associate								2,320
Loss on disposal of subsidiaries								(1,356)
Finance costs								(2,604)
Profit before taxation								128,790

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)	–
Segment revenue	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

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, share of profit of an associate, loss on disposal of subsidiaries and finance costs. This is the measure reported to the Company's executive directors for the purpose of resource allocation and performance assessment.

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2012 HK$'000	2011 HK$'000
Segment assets		
Fitting-out works in Hong Kong	**399,879**	344,880
Fitting-out works in Macau	**208,136**	267,259
Fitting-out works in the PRC	**75,505**	20,916
Manufacturing, sourcing and distribution of interior decorative materials	**112,867**	105,899
Property development	**781,355**	336,472
Total segment assets	**1,577,742**	1,075,426
Unallocated corporate assets		
– Property, plant and equipment	**2,268**	2,716
– Investment property	**6,785**	–
– Interest in an associate	**23,601**	21,047
– Available-for-sale investment	**15,611**	15,023
– Other receivables	**4,813**	3,420
– Tax recoverable	**3,465**	2,652
– Banks balances and cash	**370,771**	434,307
Total consolidated assets of the Group	**2,005,056**	1,554,591
Segment liabilities		
Fitting-out works in Hong Kong	**162,654**	122,521
Fitting-out works in Macau	**65,060**	121,376
Fitting-out works in the PRC	**24,111**	13,620
Manufacturing, sourcing and distribution of interior decorative materials	**86,060**	31,037
Property development	**555,742**	190,603
Total segment liabilities	**893,627**	479,157
Unallocated corporate liabilities		
– Other payables	**1,701**	3,622
– Amount due to a jointly controlled entity	**–**	5,346
– Tax payable	**25,064**	26,640
– Bank borrowings	**124,968**	178,096
– Deferred taxation	**1,022**	399
Total consolidated liabilities of the Group	**1,046,382**	693,260

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, investment property, interest in an associate, available-for-sale investment, certain other receivables, tax recoverable and bank balances and cash.

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.

8. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2012

	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	–	8	1,521	10,858	12,387	878	13,265
Depreciation of property, plant and equipment	259	16	844	6,951	8,070	996	9,066
Amortisation of other intangible assets	3,600	–	–	1,688	5,288	–	5,288
Allowance for inventories	–	–	–	619	619	–	619
Loss on disposal of property, plant and equipment	–	2	1	74	77	329	406

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

8. **SEGMENT INFORMATION (Continued)**

Geographical information

The Group's operations are located in Hong Kong, Macau, the PRC and others.

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

	2012 HK$'000	2011 HK$'000
Hong Kong	867,751	486,831
Macau	659,675	789,965
The PRC	90,600	34,093
Qatar	23,723	50,032
United States of America	8,013	733
Others	10,097	624
	1,659,859	1,362,278

The Group's information about its non-current assets by geographical location of the assets (for property, plant and equipment and investment property) or by the location of the related operations (for goodwill, other intangible assets and interest in an associate) are detailed below:

	2012 HK$'000	2011 HK$'000
Hong Kong	19,561	25,230
Macau	10	20
The PRC	56,088	45,918
Qatar	–	343
	75,659	71,511

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:

	2012 HK$'000	2011 HK$'000
Customer A (Note 1)	192,242	670,856
Customer B (Note 2)	171,303	274,240
Customer C (Notes 1, 3)	212,972	N/A
Customer D (Notes 1, 3)	207,888	N/A
Customer E (Notes 2, 3)	194,042	N/A

Notes:

(1) The revenue was from fitting-out works in Macau.

(2) The revenue was from fitting-out works in Hong Kong.

(3) 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

	2012 HK$'000	2011 HK$'000
Other income		
Interest income	785	1,027
Management fee income	3,712	–
Rental income	361	–
Others	490	540
	5,348	1,567
Other gains and losses		
Net foreign exchange gains (losses)	237	(630)
Gain on fair value change of investment property	493	–
Loss on disposal of property, plant and equipment	(406)	(350)
	324	(980)
	5,672	587

10. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	9,463	937
Bank borrowings not wholly repayable within five years	–	619
Imputed interest expense on the shareholder's loan from non-controlling shareholders (Note 32)	2,246	–
Total interest	11,709	1,556
Less: Amounts capitalised (Note)	(9,105)	(619)
	2,604	937

Note: Interest capitalised in properties under development for sale during the year is arisen on the specific bank borrowings and the shareholder's loan from non-controlling shareholders granted to the Group.

11. 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 benefits scheme contributions		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Executive directors:								
Mr. Chan William ("Mr. Chan")	**1,800**	1,405	**300**	150	**12**	12	**2,112**	1,567
Mr. Ng	**1,800**	1,550	**300**	150	**12**	12	**2,112**	1,712
Mr. Leung (Note 1)	**5,430**	10,823	**280**	140	**12**	12	**5,722**	10,975
Mr. Wong (Note 2)	**1,004**	1,105	**330**	110	**10**	12	**1,344**	1,227
Mr. Yip Chun Kwok	**1,320**	1,260	**220**	110	**12**	12	**1,552**	1,382
Non-executive director:								
Mr. Wong (Note 2)	**86**	–	**–**	–	**–**	–	**86**	–
Independent non-executive directors (Note 3):								
Mr. To King Yan, Adam	**180**	150	**–**	–	**–**	–	**180**	150
Mr. Wong Hoi Ki	**180**	150	**–**	–	**–**	–	**180**	150
Mr. Ho Kwok Wah, George	**180**	150	**–**	–	**–**	–	**180**	150
	11,980	16,593	**1,430**	660	**58**	60	**13,468**	17,313

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$3,733,000 (2011: HK$9,333,000) related to other service costs for the year ended 31 March 2012. Details of which are set out in note 35.

(2) Mr. Wong was redesignated as an non-executive director on 5 January 2012. His emolument after redesignated as an non-executive director is separately disclosed as per above.

(3) Directors' emoluments paid or payable to independent non-executive directors represent directors' fee.

(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 2012 (2011: Four). The emoluments of these executive directors are included in the disclosure set out above. The emoluments of the remaining individuals were as follows:

	2012	2011
	HK$'000	HK$'000
Salaries and other benefits	**1,942**	1,440
Retirement benefit scheme contributions	**12**	12
	1,954	1,452

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

The emoluments were within the following bands:

	No. of individuals 2012	2011
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	1	–

During both years, 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 in both years.

12. INCOME TAX EXPENSE

	2012 HK$'000	2011 HK$'000
Current tax		
Hong Kong Profits Tax	4,600	9,583
Macau Complementary Tax	14,846	16,830
PRC Enterprise Income Tax	83	9
	19,529	26,422
(Over)underprovision in prior years		
Hong Kong Profits Tax	(239)	(165)
Macau Complementary Tax	(228)	(170)
PRC Enterprise Income Tax	42	–
	(425)	(335)
Deferred taxation (Note 33)		
Current year	121	13
	19,225	26,100

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% for both years.

12. 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:

	2012 HK$'000	2011 HK$'000
Profit before taxation	**128,790**	167,315
Tax at the weighted average tax rate (Note)	**16,107**	20,504
Tax effect of share of profit of an associate	**(383)**	(32)
Tax effect of expenses not deductible for tax purpose	**3,497**	2,418
Tax effect of income not taxable for tax purpose	**(94)**	(46)
Overprovision in respect of prior years	**(425)**	(335)
Tax effect of tax losses not recognised	**693**	3,634
Utilisation of tax losses previously not recognised	**(251)**	–
Others	**81**	(43)
Income tax for the year	**19,225**	26,100

Note: The weighted average applicable tax rate for different jurisdictions for the year ended 31 March 2012 is approximately 13% (2011: 12%). 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.

13. PROFIT FOR THE YEAR

	2012 HK$'000	2011 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,980**	1,944
Depreciation of property, plant and equipment	**9,066**	3,921
Amortisation of other intangible assets	**5,288**	3,488
Total depreciation and amortisation	**14,354**	7,409
Cost of inventories recognised as expense	**66,471**	43,949
Allowance for inventories (included in cost of sales)	**619**	982
Contract costs recognised as expense	**1,365,515**	1,066,503
Gross rental income from investment property	**361**	–
Less: Direct operating expenses from investment property that generated rental income during the year	**(21)**	–
	340	–
Operating lease payments in respect of rented properties	**12,017**	8,594
Staff costs		
Gross staff costs (including directors' emoluments)	**164,271**	114,522
Other service costs	**3,733**	9,333
Less: Staff costs capitalised to contract costs	**(94,151)**	(67,850)
	73,853	56,005

14. DIVIDENDS

Year ended 31 March 2012

Pursuant to the annual general meeting of the Company held on 19 August 2011, a final dividend of HK8.5 cents per share amounting to HK$40,800,000 in total for the year ended 31 March 2011, was approved by the shareholders of the Company and distributed to the shareholders on 11 October 2011.

Pursuant to the directors' meeting of the Company held on 21 November 2011, an interim dividend of HK5.0 cents per share amounting to approximately HK$23,872,000 in total had been declared and distributed to the shareholders on 5 January 2012.

A final dividend of HK6.5 cents per share in respect of the year ended 31 March 2012 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

Year ended 31 March 2011

Pursuant to the annual general meeting of the Company held on 16 September 2010, a 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 held on 24 November 2010, an 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.

15. EARNINGS PER SHARE

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

Earnings

	2012	2011
	HK$'000	HK$'000
Earnings for the purpose of basic earnings per share Profit for the year attributable to owners of the Company	**109,602**	141,215

Number of shares

	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	**478,704,670**	480,000,000

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

16. 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 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
Exchange adjustments	3	332	382	122	35	874
Transferred to investment property (Note 17)	(4,710)	–	–	–	–	(4,710)
Additions	–	5,481	4,115	2,449	1,220	13,265
Disposals	–	(274)	(97)	(494)	(169)	(1,034)
At 31 March 2012	–	13,047	17,652	8,292	2,838	41,829
DEPRECIATION						
At 1 April 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
Exchange adjustments	1	49	127	40	13	230
Provided for the year	9	2,191	4,793	1,588	485	9,066
Transferred to investment property (Note 17)	(371)	–	–	–	–	(371)
Eliminated on disposals	–	(273)	(36)	(262)	(56)	(627)
At 31 March 2012	–	2,751	6,844	3,329	1,118	14,042
CARRYING VALUES						
At 31 March 2012	–	10,296	10,808	4,963	1,720	27,787
At 31 March 2011	4,346	6,724	11,292	4,252	1,076	27,690

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 values, 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 was situated in the PRC under medium term leases and was transferred to investment property during the year.

17. INVESTMENT PROPERTY

	HK$'000
FAIR VALUE	
At 1 April 2010 and 31 March 2011	–
Transferred from property, plant and equipment (Note 16)	6,059
Increase in fair value recognised in profit and loss	493
Exchange adjustments	233
At 31 March 2012	6,785

During the year ended 31 March 2012, the Group transferred an owner-occupied property to investment property at fair value of HK$6,059,000 on date of transfer, with a revaluation gain of HK$1,720,000 recognised as other comprehensive income and in property revaluation reserve. The fair values at date of transfer and 31 March 2012 have been arrived by an independent qualified professional valuer not connected with the Group, Savills Valuation and Professional Services Limited. It is a member of the Institute of Valuers. The valuations were arrived at by reference to market evidence of transaction prices for similar properties in the same location and condition.

The Group's property interests held under operating leases to earn rentals is measured using the fair value model and are classified and accounted for as investment property. The investment property is situated in the PRC under medium term leases.

18. GOODWILL

	HK$'000
Carrying amount as at 1 April 2010 (Note 1)	746
Arising on acquisition of subsidiaries (Note 2)	764
Carrying amounts as at 31 March 2011 and 31 March 2012	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 (2011: 10% and 15%). 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 2010	8,307	131	–	8,438
Acquired on acquisition of a subsidiary (Note 36 (B))	–	–	18,000	18,000
At 31 March 2011 and 31 March 2012	8,307	131	18,000	26,438
AMORTISATION				
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
Charged for the year	1,662	26	3,600	5,288
At 31 March 2012	4,983	79	5,400	10,462
CARRYING VALUES				
At 31 March 2012	3,324	52	12,600	15,976
At 31 March 2011	4,986	78	16,200	21,264

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 2012 and 2011, the Group had interests in the following associate:

Name of entity	Form of business structure	Place/ Country of incorporation	Principal place of operations	Class of shares held	Proportion of nominal value of issued capital held by the Group	Profit sharing	Proportion of voting power held	Principal activity
Kailong REI Holdings Limited ("KLR Holdings")	Incorporated	British Virgin Islands ("BVI")	The PRC	Ordinary	29.36%	29.36%	29.36%	Investment holding

20. INTEREST IN AN ASSOCIATE (Continued)

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 day, 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.

	2012	2011
	HK$'000	HK$'000
Cost of investment in an unlisted associate	**20,771**	20,771
Share of post-acquisition profits and other comprehensive income	**2,830**	276
	23,601	21,047

Included in the cost of investment in an associate is goodwill of approximately HK$8,288,000 (2011: HK$8,288,000).

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

	2012	2011
	HK$'000	HK$'000
Total assets	**129,898**	75,954
Total liabilities	**(77,744)**	(32,497)
Net assets	**52,154**	43,457
Group's share of net assets of the associate	**15,313**	12,759
Revenue	**66,042**	24,144
Profit for the year	**7,903**	657
Other comprehensive income	**795**	283
Group's share of profit and other comprehensive income of the associate for the year	**2,554**	276

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

As at 31 March 2012 and 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 operations	Class of shares held	Proportion of nominal value of issued capital held by the Group as at		Profit sharing		Proportion of voting power held by the Group as at		Principal activity
					2012	2011	2012	2011	2012	2011	
Sundart Interior Contracting (Middle East) L.L.C. ("Sundart Interior")	Incorporated	Qatar	Qatar	Ordinary	–	47%	–	51%	– (Note 3)	47% (Note 1)	Interior fitting-out works
Nam Wah Architectural Lighting and Controls Limited ("Nam Wah")	Incorporated	Hong Kong	Hong Kong	Ordinary	–	40%	–	40%	– (Note 4)	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 among 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 among 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 since its incorporation in 2010.

(3) During the year ended 31 March 2012, Sundart Interior was disposed of. The details were set out in note 37.

(4) During the year ended 31 March 2012, Nam Wah was disposed of to an independent third party at a consideration approximated to its carrying amount of HK$97,000 and no gain or loss on disposal is recognised in the consolidated statement of comprehensive income for 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:

	2012 HK$'000	2011 HK$'000
Current assets		
– Amount due from the Group	–	5,564
– Other current assets	–	444
	–	6,008
Non-current assets	–	343
Current liabilities	–	37
Non-current liabilities	–	–
Income recognised in profit or loss	–	–
Expenses recognised in profit or loss	–	1,476
Other comprehensive income	–	18

22. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2012 HK$'000	2011 HK$'000
Unlisted fund equity investment in the PRC measured at fair value	**15,611**	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 ended 31 March 2011. No fair value change was recognised for the year ended 31 March 2012. The investment was disposed of subsequent to the end of the reporting period, at a price approximate to its carrying amount at 31 March 2012.

23. PROPERTIES UNDER DEVELOPMENT FOR SALE

	HK$'000
At cost	
At 1 April 2010	–
Additions during the year	336,472
At 31 March 2011	336,472
Additions during the year	444,883
At 31 March 2012	781,355

As at 31 March 2012 and 2011, the properties under development for sale were expected to be realised after twelve months from 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 31 and 43.

24. INVENTORIES

	2012 HK$'000	2011 HK$'000
At cost:		
Raw materials	**26,007**	33,136
Work-in-progress	**7,304**	5,067
Finished goods	**2,590**	2,046
	35,901	40,249

25. AMOUNT DUE FROM A RELATED COMPANY

	2012 HK$'000	2011 HK$'000
Trade receivable:		
– Giant World Corporation Limited ("Giant World") (Note)	**2,100**	–

Note: This is a company in which Mr. Chan has beneficial interest that gives him significant influence over this company.

The Group allows a credit period of 30 days to its trade receivables due from a related company. The amount is unsecured, interest free and repayable within credit period granted.

As at 31 March 2012, the trade receivable due from a related company of HK$2,100,000 is aged over 90 days and past due at the end of the reporting period for which the Group has not provided for impairment loss and the amount is settled subsequent to the end of reporting period. The Group does not hold any collateral over this balance.

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

	2012 HK$'000	2011 HK$'000
Trade receivables	143,202	165,896
Other receivables, prepayments and deposits	67,097	68,121
	210,299	234,017

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 presented based on invoice date at the end of the reporting period:

	2012 HK$'000	2011 HK$'000
1 – 30 days	109,910	90,018
31 – 60 days	26,035	59,564
61 – 90 days	1,704	4,824
Over 90 days	5,553	11,490
	143,202	165,896

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 2012, included in the Group's trade receivable balances are receivables with an aggregate carrying amount of approximately HK$21,653,000 (2011: HK$41,596,000) which were 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 no impairment is required. The Group does not hold any collateral over these balances.

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

	2012 HK$'000	2011 HK$'000
Overdue		
1 – 30 days	15,155	31,202
31 – 60 days	3,001	2,489
61 – 90 days	91	1,839
Over 90 days	3,406	6,066
	21,653	41,596

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 were neither past due nor impaired as at 31 March 2012 and 2011.

Bills receivable

All bills receivable are aged within 90 days.

Retentions receivable

	2012 HK$'000	2011 HK$'000
Retentions receivable which:		
– will be recovered within twelve months	77,782	105,209
– will be recovered more than twelve months after the end of the reporting period	51,220	26,754
	129,002	131,963

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

	2012 HK$'000	2011 HK$'000
Trade receivables		
Denominated in:		
HK$ (against MOP)	853	1,307
USD (against HK$)	2,647	2,730
Other receivables		
Denominated in:		
HK$ (against MOP)	107	3,836
RMB (against HK$)	136	–
HK$ (against RMB)	2,952	3,619
Bills receivable		
Denominated in:		
HK$ (against MOP)	216	–
USD (against HK$)	1,292	15,805
Retentions receivable		
Denominated in:		
HK$ (against MOP)	455	9,406

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

	2012 HK$'000	2011 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**4,131,343**	2,991,210
Less: Progress billings	**(3,765,726)**	(2,729,170)
	365,617	262,040
Analysed for reporting purposes as:		
Amounts due from contract customers	**379,385**	272,592
Amounts due to contract customers	**(13,768)**	(10,552)
	365,617	262,040

The Group's retentions held by customers and advances received from customers for contract work are as follows:

	2012 HK$'000	2011 HK$'000
Retentions receivable for contract work		
External customers (included in retentions receivable)	**129,002**	131,963
Advances received for contract work		
External customers (included in trade and other payables)	**18,589**	52

28. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market interest rates.

As at 31 March 2012, the bank balances amounting to approximately HK$78,294,000 (2011: HK$51,633,000) 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:

	2012 HK$'000	2011 HK$'000
Bank balances and cash		
Denominated in:		
HK$ (against MOP)	**5,192**	25,674
USD (against HK$ and MOP)	**17,961**	18,645
RMB (against HK$)	**478**	10,216
HK$ (against RMB)	**22,527**	2,496
RMB (against MOP)	**9**	207
Euro (against HK$)	**37**	40
QAR (against HK$)	**5**	6
GBP (against HK$)	**1,664**	–
HK$ (against USD)	**1,000**	–

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.

	2012 HK$'000	2011 HK$'000
Trade and other payables		
Contract creditors and suppliers	166,169	178,004
Retentions payable	73,400	64,470
	239,569	242,474
Other payables	25,415	27,152
Trade and other payables classified as financial liabilities	264,984	269,626
Non-financial liabilities		
Advances received from customers	73,890	6,189
Other non-financial liabilities	7,939	7,412
Total	346,813	283,227

As at 31 March 2012, retentions payable of approximately HK$27,623,000 (2011: HK$13,313,000) 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:

	2012 HK$'000	2011 HK$'000
Trade and other payables		
Denominated in:		
HK$ (against MOP)	12,113	23,455
USD (against HK$)	1,238	236
RMB (against HK$)	1,104	17
RMB (against MOP)	3,765	6,002
HK$ (against USD)	158	–

The aged analysis of contract creditors and suppliers is stated based on invoice date as follows:

	2012 HK$'000	2011 HK$'000
Trade payables:		
1 – 30 days	142,537	159,123
31 – 60 days	12,761	10,758
61 – 90 days	1,352	2,292
Over 90 days	9,519	5,831
	166,169	178,004

30. AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY

The amount was unsecured, interest free and repayable on demand. The balance was non-trading in nature, and is denominated in QAR which was foreign currency of the relevant group entity. During the year, Sundart Interior was disposed of through disposal of subsidiaries as set out in note 37.

31. BANK BORROWINGS

	2012 **HK$'000**	2011 HK$'000
Secured bank borrowings	**436,535**	189,000
Unsecured bank borrowings	**124,968**	178,096
	561,503	367,096
Carrying amount repayable:		
Within one year	**63,880**	123,123
More than one year, but not exceeding two years	**458,771**	60,035
More than two years, but not more than five years	**38,852**	174,488
More than five years	**–**	9,450
	561,503	367,096
Less: Amounts due within one year shown under current liabilities	**(63,880)**	(123,123)
Amounts shown under non-current liabilities	**497,623**	243,973

As at 31 March 2012, the bank borrowings are variable-rate borrowings which bear interest at 1.2% to 2.35% (2011: 1.00% to 1.375%) per annum over the Hong Kong Interbank Offered Rate and interest is repriced every one to three months. At 31 March 2012, the average effective interest rate (which is also equal to contracted interest rate) is 2.45% (2011: 1.30%) per annum. All bank borrowings are denominated in the functional currency of the relevant group entity.

Details of the assets pledged to secure the Group's banking facilities are set out in note 43.

32. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

The amounts are unsecured, interest free and are repayable after settlement of a bank borrowing granted to Vital Success Development Limited, a wholly owned subsidiary of Wit Legend Investments Limited ("Wit Legend") (see note 38 for details of partial disposal of 35% interests in Wit Legend). The bank borrowing is repayable in 2013.

According to the shareholders' agreement entered between the Group and the two non-controlling shareholders of Wit Legend on 24 June 2011, the board of directors of Wit Legend may request all shareholders of Wit Legend to provide interest free loans in accordance with their respective shareholding ratio. During the current year, the non-controlling shareholders advanced total interest free loans of HK$53,795,000 to Wit Legend. Fair value adjustments on these interest free loans, together with the sale of shareholder's loan of HK$50,311,000 owned by the Group to the two non-controlling shareholders of Wit Legend on 24 June 2011 (as set out in note 38), are made at initial recognition and are recognised in equity as deemed capital contribution from non-controlling shareholders as below:

Date of advance	**Amount** HK$'000	**Effective interest rate per annum**	**Fair value adjustments** HK$'000
24 June 2011	50,311	3.2%	4,169
26 August 2011	50,960	3.2%	3,753
16 February 2012	2,835	4.1%	218
	104,106		8,140

During the year ended 31 March 2012, imputed interest of approximately HK$2,246,000 is capitalised in properties under development for sale.

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 2010	372
Exchange adjustments	14
Charged to profit or loss (Note 12)	13
At 31 March 2011	399
Exchange adjustments	24
Charged to property revaluation reserve	478
Charged to profit or loss (Note 12)	121
At 31 March 2012	1,022

Deferred taxation represents the temporary differences between the carrying amounts of the property situated in the PRC and the corresponding tax bases. The property is classified as property, plant and equipment at 1 April 2010 and 31 March 2011, and is transferred to investment property during the year ended 31 March 2012 as set out in note 17.

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 subsidiaries 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$8,959,000 (2011: HK$5,967,000) 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$4,760,000 (2011: HK$4,446,000) that will expire on various dates up to 2016 as set out below. Other losses of approximately HK$4,199,000 (2011: HK$1,521,000) may be carried forward indefinitely.

	2012	2011
	HK$'000	HK$'000
Expired in:		
2013	**2,525**	2,430
2015	**2,095**	2,016
2016	**140**	–
	4,760	4,446

34. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2010, 31 March 2011 and 31 March 2012	1,000,000,000	10,000
Issued and fully paid:		
At 1 April 2010 and 31 March 2011	480,000,000	4,800
Shares repurchased and cancelled	(2,553,000)	(26)
At 31 March 2012	477,447,000	4,774

During the year ended 31 March 2012, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK$0.01 each	Price per share Lowest HK$	Price per share Highest HK$	Aggregate consideration paid HK$'000
September 2011	1,751,000	1.22	1.27	2,220
October 2011	802,000	1.15	1.15	929
	2,553,000			3,149

The above shares were cancelled.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

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 was 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 represented contribution from the shareholder in respect of the Patents and was credited directly to equity for the year ended 31 March 2010. The remaining balance of HK$33.6 million would be 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 year ended 31 March 2012, approximately HK$3,733,000 (2011: HK$9,333,000) is charged to profit or loss as other service costs.

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 (Note)	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 had been excluded from the cash consideration and had been recognised as an expense during the year ended 31 March 2011, 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.

Note: The accounting for certain property, plant and equipment acquired in the above business combination with fair value of approximately HK$20,149,000 had been determined by an independent valuer using the depreciated replacement cost approach. The fair value, which was the same as that had been determined for initial accounting in prior year, was finalised during the year ended 31 March 2012.

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 was 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 ended 31 March 2011 was 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 ended 31 March 2011.

Had the acquisition been completed on 1 April 2010, total group revenue for the year ended 31 March 2011 would have been approximately HK$1,362 million, and profit for the year ended 31 March 2011 would have been approximately HK$140 million. The pro forma information was for illustrative purposes only and was 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 was 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 1 April 2010, the directors had calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the 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 held 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

Intangible assets were 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 were bank balances and intangible assets, representing various licenses and qualifications for building construction, the acquisition was 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. DISPOSAL OF SUBSIDIARIES

On 31 August 2011, the Group entered into an agreement with Mr. Leung, an executive director and chief operating officer of the Company, to dispose of the entire issued share capital of Sundart Development Limited, which held the entire equity interest in Sundart Middle East and 47% equity interest in Sundart Interior (collectively refer to as the "Disposal Group"), for a cash consideration of HK$4,400,000 after taking into account the waiver of loans of HK$11,124,000 advanced by the Group to the Disposal Group.

The disposal was completed on 31 August 2011 and control of the Disposal Group was passed to Mr. Leung. Upon the completion of the disposal, Sundart Development Limited and Sundart Middle East ceased to be indirect wholly-owned subsidiaries of the Company and Sundart Interior ceased to be a jointly controlled entity of the Group which had been proportionate consolidated up to date of disposal.

	HK$'000
Cash received as total consideration received	4,400

The net assets of Sundart Development Limited to be disposed of at the date of disposal were as follows:

	HK$'000
Trade and other receivables	163
Bank balances and cash	10,942
Trade and other payables	(16)
Amount due to a jointly controlled entity	(5,327)
Net assets disposed of	5,762
Reclassification of exchange differences to profit or loss	(6)
	5,756
Loss on disposal	(1,356)
Total consideration satisfied by cash	4,400
Net cash outflow arising on disposal:	
Cash consideration received	4,400
Bank balances and cash disposed of	(10,942)
Net outflow of cash and cash equivalents in respect of disposal of subsidiaries	(6,542)

During the period between 1 April 2011 and the date of disposal, the Disposal Group contributed loss of HK$578,000 (1.4.2010 to 31.3.2011: HK$1,539,000) to the Group's results. The Disposal Group did not have material effect on the Group's cash flow.

38. DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY

On 14 June 2011, the Group entered into an agreement with two independent third parties, pursuant to which the Group has conditionally agreed to sell, and the two purchasers have conditionally agreed to purchase (i) 35% of the issued share capital of Wit Legend, and (ii) 35% of the shareholder's loan owned by the Group of HK$50,311,000, for an aggregate cash consideration of HK$87,850,000. The disposal was completed on 24 June 2011.

The disposal, without losing the Group's control over Wit Legend, was accounted for as equity transaction. The difference between the fair value of cash consideration received of HK$37,539,000 and 35% of net liabilities of HK$7,000 amounting to HK$37,546,000, was recognised directly in equity as other reserves and attributable to owners of the Company.

39. 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:

	2012 HK$'000	2011 HK$'000
Within one year	**10,559**	9,992
In the second to fifth years inclusive	**5,221**	12,441
	15,780	22,433

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

The Group as lessor

Property rental income earned during the year ended 31 March 2012 was HK$361,000 (2011: Nil). The Group's investment property with a carrying amount of HK$6,785,000 (2011: Nil) are held for rental purposes. The property held has committed a tenant for the next two years.

At the end of the reporting period, the Group had contracted with a tenant for the following future minimum lease payments:

	2012 HK$'000
Within one year	**421**
In the second to fifth years inclusive	**35**
	456

40. CAPITAL COMMITMENTS

	2012 HK$'000	2011 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**89**	1,413

41. PERFORMANCE BONDS AND ADVANCE PAYMENT BONDS

As at 31 March 2012, the Group has issued performance bonds and advance payment bonds in respect of supply and installation contracts through the banks amounting to approximately HK$153,340,000 (2011: HK$127,895,000). The bonds were unsecured.

42. 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 2012, the total costs charged to profit or loss are approximately HK$3,306,000 (2011: HK$1,869,000) representing contributions payable to these plans by the Group in respect of approximately HK$6,010,000 (2011: HK$3,291,000) less contributions capitalised to contract works which are subsequently charged to cost of sales of approximately HK$2,704,000 (2011: HK$1,422,000).

43. PLEDGE OF ASSETS

The Group had pledged properties under development for sale to secure the bank borrowings granted to the Group. The carrying value of the pledged asset is as follows:

	2012 **HK$'000**	2011 HK$'000
Properties under development for sale	**781,355**	336,472

44. RELATED PARTY TRANSACTIONS

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

	2012 HK$'000	2011 HK$'000
Revenue from fitting-out works		
Waldo Hotel Limited ("Waldo") (Note 1)	–	3,000
Giant World	4,200	–
	4,200	3,000
Purchases of timber products from DSTP (Note 2)	–	50,120
Management fee expenses to KLR Hong Kong	4,020	–
Management fee income from KLR Hong Kong	3,344	–
Disposal of subsidiaries		
Mr Leung (Note 37)	4,400	–
Acquisition of subsidiaries		
SPG (Note 36 (A))	–	43,666

Notes:

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

(2) The amount represented purchases of timber products from DSTP from 1 April 2010 to 3 October 2010, before acquisition of DSTP as set out in note 36(A).

Compensation of key management personnel

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

	2012 HK$'000	2011 HK$'000
Salaries and short-term benefits	23,675	25,085
Post-employment benefits	220	193
	23,895	25,278

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.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2012 and 2011 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 2012 %	2011 %	Principal activities
Sundart Holdings	BVI	Ordinary	US$5,100	**100%**	100%	Investment holding
Keen Virtue Group Limited	BVI	Ordinary	US$1	**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$80,000,000	**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$17,800,000	**100%**	100%	Construction and civil engineering works
Sundart Products Limited*	BVI	Ordinary	US$1	**100%**	100%	Investment holding and leasing of intellectual properties
Sundart Living*	Hong Kong	Ordinary	HK$100	**100%**	100%	Investment holding
DSTP*#	The PRC	Registered capital	HK$41,000,000	**100%**	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%**	100%	Sourcing and distribution of interior decorative materials

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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 2012 %	2011 %	Principal activities
Wit Legend*	BVI	Ordinary	US$100	**65%**	100%	Investment holding
Vital Success Development Limited*	Hong Kong	Ordinary	HK$1	**65%**	100%	Property development
Grace United Development Limited*	Hong Kong	Ordinary	HK$1	**100%**	–	Supply and installation of timber doors and floorsets and interior fitting-out works

* 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.

46. 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:

	2012 HK$'000	2011 HK$'000
Assets and liabilities		
Investments in subsidiaries	**103,548**	68,000
Amounts due from subsidiaries	**396,955**	466,357
Other receivables	**4,008**	169
Bank balances	**100,106**	12,082
Other payables	**(734)**	(697)
Tax payable	**(764)**	(4)
	603,119	545,907
Capital and reserves		
Share capital	**4,774**	4,800
Reserves	**598,345**	541,107
	603,119	545,907

47. EVENT AFTER THE REPORTING PERIOD

On 16 May 2012, the Company and Jangho Curtain Wall Hongkong Limited, an independent third party (the "Purchaser"), entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 85% of the issued share capital of Sundart Holdings, for a cash consideration of HK$493,000,000. In January 2012, Sundart Holdings underwent a reorganisation which involved disposal of four subsidiaries held by Sundart Holdings to the Company at a consideration equal to the aggregate net assets of these subsidiaries. Since then, Sundart Holdings and its subsidiaries carried out only the fitting-out works and the manufacturing, sourcing and distribution of interior decorative materials business of the Group. The Company and its subsidiaries (other than Sundart Holdings and its subsidiaries) continued to focus on the property development business in Hong Kong. The completion is conditional upon the shareholders' approval in extraordinary general meeting. Details are set out in the circular dated 1 June 2012. The transaction has not been completed up to the date of issuance of these consolidated financial statements. The directors of the Company have not yet performed a detailed analysis of the financial impact of the transaction and hence have not yet quantified the financial impact up to the date of issuance of these consolidated financial statements.

Financial Summary

RESULTS

	Year ended 31 March				
	2008 HK$'000	2009 HK$'000	2010 HK$000	2011 HK$'000	**2012 HK$'000**
Revenue	1,443,742	1,465,230	1,708,136	1,362,278	**1,659,859**
Profit for the year	80,504	143,707	175,192	141,215	**109,565**
Profit (loss) for the year attributable to:					
Owners of the Company	80,504	143,707	175,192	141,215	**109,602**
Non-controlling interests	–	–	–	–	**(37)**
	80,504	143,707	175,192	141,215	**109,565**

ASSETS AND LIABILITIES

	As at 31 March				
	2008 HK$'000	2009 HK$'000	2010 HK$000	2011 HK$'000	**2012 HK$'000**
Total assets	697,528	703,689	1,061,716	1,554,591	**2,005,056**
Total liabilities	465,564	440,212	280,144	693,260	**1,046,382**
	231,964	263,477	781,572	861,331	**958,674**
Equity attributable to owners of the Company	231,964	263,477	781,572	861,331	**950,578**
Non-controlling interests	–	–	–	–	**8,096**
	231,964	263,477	781,572	861,331	**958,674**

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 two years ended 31 March 2009 and the assets and liabilities of the Group as at 31 March 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.