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

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

Annual Report
2012

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Corporate Information

Executive Directors

Wong Law Fai *(Chairman and Chief Executive Officer)*
So Kwok Lam
Yip Chi Chong

Independent Non-Executive Directors

Lam Siu Lo, Andrew, JP
Li Ying Ming
Tam Tak Kei, Raymond

Company Secretary

Lam Yuen Ling Eva

Audit Committee

Tam Tak Kei, Raymond *(Chairman)*
Lam Siu Lo, Andrew, JP
Li Ying Ming

Remuneration Committee

Li Ying Ming *(Chairman)*
Lam Siu Lo, Andrew, JP
Tam Tak Kei, Raymond
Wong Law Fai

Nomination Committee

Lam Siu Lo, Andrew, JP *(Chairman)*
Li Ying Ming
Tam Tak Kei, Raymond
Wong Law Fai

Registered Office

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

Head Office and Principal Place of Business in Hong Kong

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

Compliance Adviser

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

Authorized Representatives

Wong Law Fai
Lam Yuen Ling Eva

Auditors

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

Legal Advisers

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

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

Principal Bankers

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

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Company Website

www.visionfame.com

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Vision Fame International Holding Limited ("Vision Fame" or the "Company", together with its subsidiaries (the "Group")), it is my pleasure to present the annual results of the Group for the year ended 31 March 2012. This is our first annual results after the listing of the Group on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 January 2012. The successful listing not only marked an important milestone in Vision Fame's history, it also paved a way for the Group's future development, placing it at the best position to grasp the opportunities of another industry bloom in the near future.

Business Review

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

During the year under review, uncertainties related to sovereign debt crisis of European Union countries and continued weakness of the US economy have adversely affected the global economy and dampened market sentiments. Credit-tightening and austerity measures by the PRC government also hindered economic growth. Due to slowdown of investments in the property sector and the management's decision to adhere to prudent practices, the Group's business in its major market — Hong Kong — recorded top line drop, while Singapore and Macau markets both delivered reasonable growth.

The Group recorded turnover of HK$661.7 million in the year ended 31 March 2012, representing a drop of 9.9% from last year, as a number of sizeable projects has been substantially completed in 2010 and early 2011, while several projects are still pending for completion. Turnover in Macau and Singapore jumped 416% and 16.6% respectively to HK$19 million and HK$145.6 million, thanks to the significant progress in major building construction projects in Singapore and rising demand for A&A works services in Macau. Gross profit margin of the Group edged down from 15% to 13.5%. The management has decided to be more prudent in placing bids and selecting projects moving forward so as to maintain overall margin levels.

Hong Kong

Despite weaker performance for the Hong Kong market during the year, our business is expected to rebound again in the coming years. As at 31 March 2012, the Group has 15 projects in progress in Hong Kong, with total contract sum of HK$1,534 million. Among which, we have secured notable projects A&A works at Harbour City in Tsim Sha Tsui, and both A&A and maintenance works for several shopping arcades under the Link Management Limited. We have also won other significant public sector projects, including those from the Hong Kong Housing Authority and Urban Renewal Authority. All these projects will be completed in the coming two financial years.

Furthermore, we are also bullish on the overall construction industry outlook in Hong Kong as several large-scale infrastructure development projects will kick off in the coming years, under the 10 Major Infrastructure Projects for Economic Growth led by the HKSAR government. Moreover, the new administration to come on board in mid 2012 also pledged to build more public housing and Home-Ownership-Scheme housing in the near future. Having maintained a long-term partnership relationship with the government for over 20 years and with our ample experience in working on public sector projects, we are confident to secure more significant projects in the near term. In the private sector, riding on the escalating demand for quality building contractors, we believe our extensive experience and capabilities will enable us to secure more projects such as property development partnership, maintenance and A&A works.

Singapore

As part of our corporate strategy for business development in Asia, Vision Fame has been actively expanding our presence in Macau and Singapore since 2006 and 2008 respectively. Over the years, we have successfully established good business reputation in Singapore. During the year, we have partnered with a local developer to substantially complete a boutique residential project, our first property development venture. We have also secured a major building construction contract from the Housing and Development

Board in Singapore with a total sum of HK$446.5 million. The project is expected to complete in January 2014. Riding on our success in the market, we are looking forward to cooperating with more quality local developers on property development projects, as well as to engage in more public sector developments to cater for the rising demand for housing in the city.

Apart from local business development, our Singapore office also serves as a regional platform for exploring potential opportunities in other South East Asian countries such as Cambodia and Myanmar. Leveraging our construction and project management expertise from Hong Kong and our connections in South East Asia, we believe the Asia market is going to be one of the Group's key growth drivers in the longer run.

Macau

Macau's construction industry is pending another bloom which is believed to commence in late 2012/early 2013. Several large-scale entertainment and gaming developments, as well as extension work of existing complexes is scheduled to come on stream in the near future. Over the years, Vision Fame has been engaged in various constructions and fitting-out works for mega entertainment and gaming resorts in Macau. With our extensive experience and market knowledge, we will be stepping up our efforts in winning some of these major projects, including but not limited to, extension work for City of Dreams, construction works for Studio City, Galaxy Hotel Phase 2, as well as Wynn Macau and SJM's Cotai Strip projects.

We foresee a promising future for our Macau business in the coming years especially for financial year 2013/14, when more projects are approved by the Macau SAR government and confirmed to proceed. We believe Macau will also be one of our key growth drivers in the near future given the size and profit margins of the projects there.

Prospects

Looking into the coming years, the Group remains cautiously optimistic in the construction industry in Hong Kong, Singapore and Macau, yet the Group is confident to achieve steady growth in the coming years as the industry is expected to boom again with various sizeable projects scheduling for commencement. Leveraging on the Group's vast experience in handling a wide variety of construction works in past two decades, the Group's project management expertise and proven track record, the Group is well prepared for the opportunities ahead.

Nevertheless, the Group also sees challenges in the industry including substantial rise in labour costs, given the labour intensive nature of the industry. Labour costs have been on the rise for a consecutive few years by now, due mainly to a shortage of construction workers in Hong Kong. In view of this industry situation, the Group has always maintained its prudent approach in bidding for new projects, taking into consideration major cost issues when outlining its future plans. Moving forward, the Group will continue to adhere to its prudent approach and select quality projects with more reasonable profit margins in order to minimize risks.

The Group firmly believes that it is in a strong position to take advantage of the boom in infrastructure developments in Hong Kong in the coming years, while at the same time gaining regional experience and steady returns from the Singapore and Macau markets. With more projects coming on board in late 2012 and early 2013, the Group is confident that it will be successful in winning significant tenders and projects that will sustain the Group's healthy growth for years to come.

We always treasure our dedicated employees as they are the Group's most valuable asset amid this extremely competitive and challenging industry environment. I would like to take this opportunity to thank my fellow board members, professional management team, and our diligent staff for their hard work, loyal service and support over the years, which have all contributed to the Group's successful listing in early 2012. I look forward to achieving more milestones with you all in the future, and in turn delivering satisfactory returns to our shareholders.

Wong Law Fai
Chairman

25 June 2012

Management Discussion and Analysis

(1) Results for the Year

Turnover of the Group has decreased from approximately HK$734,719,000 in 2011 to approximately HK$661,703,000 in 2012 representing a decrease of approximately HK$73,016,000 or approximately 9.9% as compared with last year.

Decrease in turnover was mainly attributable to decreasing building construction segment and property maintenance segment revenue in Hong Kong together with decreasing revenue in A&A works in Singapore because a number of sizable projects across all three segments were substantially completed in 2010 to early 2011.

During the year ended 31 March 2012, the Group has secured 11 new contracts with total contract value amounting to approximately HK$988,431,000 of which 10 contracts with contract value of approximately HK$541,954,000 were A&A works segment and 1 contract with contract value of approximately HK$446,477,000 was building construction segment. As at 31 March 2012, the Group has 17 projects in progress with total contract sum of approximately HK$2,076 million.

Gross profit has decreased from approximately HK$110,458,000 in 2011 to approximately HK$89,063,000 in 2012 representing a decrease of approximately HK$21,395,000 as compared with previous year. The decrease in gross profit was primarily contributed by decrease in revenue in current year in the building construction segment and property maintenance segment in Hong Kong as compared with last year and the completion of a A&A works project in Singapore which has contributed significant gross profit in last year. As such, the gross profit margin reduced from the year ended 31 March 2011 of approximately 15% to approximately 13.5%.

Substantial increase in other income from the year ended 31 March 2011 of approximately HK$7,715,000 to the year ended 31 March 2012 of approximately HK$16,488,000 was mainly contributed by the recovery of interest income of approximately HK$7,705,000 in current year from a recovery proceeding of the Group which was made against one of our customers in relation to disputes for the final account for a building construction project completed in 2001.

The substantial increase in administrative expenses was resulted from non-recurrence expenses incurred for the listing of the shares of the Company ("Shares") on the Main Board of the Stock Exchange on 18 January 2012.

For the year ended 31 March 2012, profit of the Group decreased to approximately HK$32,964,000 against approximately HK$54,746,000 of the same corresponding period in 2011.

Such significant decrease in profit of the Group was mainly due to the fact that (i) a number of sizable projects across all three business segments were substantially completed in 2010 to early 2011 and (ii) the progress of several newly-awarded projects during the year under review were still at an early stage such that the revenue was not substantially reflected in the year ended 31 March 2012.

The basic earnings per Share for the year was HK12.7 cents compared to HK22.0 cents of last year.

(2) Review of Operations

(i) Building Construction

Revenue for the building construction segment for the year ended 31 March 2012 was approximately HK$243,453,000 (2011: approximately HK$268,345,000) and segment profit was approximately HK$31,129,000 (2011: approximately HK$16,308,000). The overall result for the Group in this segment in current year was a moderate drop in revenue together with an increase in segment profit as compared with previous year.

The decline in revenue was mainly due to substantial completion of two sizable construction contracts in Hong Kong during the first half of last year. As a result, the corresponding revenue has decreased from approximately HK$266,519,000 of 2011 to approximately HK$158,046,000 of 2012, representing a reduction of revenue by approximately HK$108,473,000. Whereas such decrease was substantially offset by increase in revenue in building construction segment in Singapore from the year ended 31 March 2011 of approximately HK$1,825,000 to the year ended 31 March 2012 of approximately HK$85,407,000, representing a growth of approximately HK$83,582,000.

The increase in both segment profit and segment profit margin was primarily contributed by a recovery of revenue approximately HK$10.6 million in current year in relation to disputes for the final contract amount for a building construction project completed in 2001 with one of our customers. Whereas all expenses in relation to the aforesaid project was fully reflected in the years incurred, the recovery of approximately HK$10.6 million net income therefore drove up the segment profit and segment profit margin in current year.

The increase in segment profit was also contributed by substantial progress of two building construction projects in Singapore in current year.

The Group will continue to monitor closely its two building construction contracts in progress to ascertain profitability and completion on time in a quality manner.

(ii) Property Maintenance

Revenue for the property maintenance segment for the year ended 31 March 2012 was approximately HK$157,201,000 (2011: approximately HK$236,374,000) and segment profit was approximately HK$10,012,000 (2011: approximately HK$18,816,000). The overall result for the Group in this segment was a drop in revenue, segment profit and segment profit margin during the year ended 31 March 2012.

The decline in revenue was mainly due to the close of two significant property maintenance contracts in Hong Kong in March and May 2010 respectively. As a result, revenue from property maintenance segment for the year ended 31 March 2012 was mainly derived from one major government property maintenance contract in Hong Kong as opposed to three major government property maintenance contracts during the year ended 31 March 2011.

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

Revenue for the A&A works segment for the year ended 31 March 2012 was approximately HK$261,049,000 (2011: approximately HK$230,000,000) and segment profit was approximately HK$60,343,000 (2011: approximately HK$77,968,000). The overall result for the Group in this segment was a drop in segment profit as compared with the year ended 31 March 2011.

During the year ended 31 March 2012, the Group has secured 10 new contracts with total sums amounting to approximately HK$541,954,000.

The decrease in segment profit was mainly due to the fact that the progress of several newly-awarded projects during the year under review were still at an early stage such that the revenue was not substantially reflected in the year ended 31 March 2012.

The Group believes that A&A works markets in Hong Kong, Singapore and Macau will be the major growth engine for further and sustained growth of the Group.

(3) Financial Position

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

As at 31 March 2012, the Group's total cash in hand was approximately HK$109,194,000 (as at 31 March 2011: approximately HK$104,701,000).

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

	31 March 2012	31 March 2011
	'000	'000
Hong Kong Dollars	**76,176**	97,367
Singapore Dollars	**3,558**	92
Macao Patacas	**3,765**	48

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

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

Whereas total interest bearing borrowings have reduced from 31 March 2011 of approximately HK$79,459,000 to 31 March 2012 of approximately HK$66,599,000. All borrowings were denominated in Hong Kong Dollars. The total amounts of bank borrowings as at 31 March 2012 were repayable within one year based on the scheduled repayment dates set out in the loan agreements. The Group's net cash balance have increased from 31 March 2011 of approximately HK$25,242,000 to 31 March 2012 of approximately HK$42,595,000. The increase in net cash position of approximately HK$17,353,000 is mainly attributed to net proceed received from initial public offering in January 2012 that have been partly offset by the payments of construction costs of projects in progress.

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

	31 March 2012	31 March 2011
	HK$'000	HK$'000
Property, plant and equipment	**8,100**	8,280
Investment property	**—**	8,200
Other receivables	**16,696**	9,146
Bank deposits	**43,197**	39,852
	67,993	65,478

Interest on bank loans are charged at floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary. As at 31 March 2012, the Group has been granted total banking facilities of approximately HK$195,989,000 (2011: approximately HK$189,700,000). An amount of approximately HK$105,868,000 (2011: approximately HK$91,926,000) remained unutilized.

(4) Credit Risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2012 and 2011 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statements of financial position. In minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables regularly at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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

(5) Liquidity and Financial Resources

As at 31 March 2012, the gearing ratio of the Group was approximately 17.1% (31 March 2011: approximately 20.1%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at reporting date multiplied by 100%. The gearing ratio decreased because of reduced secured bank borrowings as at 31 March 2012 as compared to 31 March 2011 due to more repayment made to banks as at 31 March 2012.

As at 31 March 2012, current assets and current liabilities were stated at approximately HK$348,224,000 (as at 31 March 2011: approximately HK$340,574,000) and approximately HK$191,579,000 (as at 31 March 2011: approximately HK$300,407,000), respectively. Current ratio improved from 31 March 2011 1.13 times to 1.82 times of 31 March 2012. The current ratio is calculated by dividing current assets with current liabilities as at the end of respective periods. The improvement in current ratio is mainly due to the Group's continuous and effective cash flow and treasury management to maintain sufficient liquid assets to finance its operations.

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

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

(6) Contingent Liabilities and Capital Commitments

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

	31 March 2012	31 March 2011
	HK$'000	HK$'000
Guarantees in respect of performance bonds in favor of its clients	**83,359**	18,315
Guarantee given to bank in respect of banking facilities granted to an associate	**14,227**	14,218
	97,586	32,533

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

The Group did not have any significant capital commitments as at 31 March 2012 and 31 March 2011.

(7) Available-For-Sale Investments

As at 31 March 2012, the Group has available-for-sale investments of approximately HK$13,030,000 (as at 31 March 2011: approximately HK$9,516,000), which comprised primarily investment in the listed shares of a listed company in Singapore, HLH Group Limited. As at 31 March 2012, the Group held 89,400,000 shares (as at 31 March 2011: held 59,600,000 shares). The fair values of the above listed shares are determined based on the quoted bid prices available on the Singapore Exchange Limited. The Group considered that acquiring shares in HLH Group Limited and investing in Castilia Development Pte Ltd (a property development company in Singapore as to 20% owned by the Group and 80% owned by HLH Group Limited) would help the Group's expansion in Southeast Asia by leveraging the experience of HLH Group Limited in the construction business. The Group intends to hold such shares for long term investment purpose.

(8) Use of Net Proceeds from Listing

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

	Net proceeds (HK$ million)		
	Available	**Utilized**	**Unutilized**
Business development in The People's Republic of China	9.6	—	9.6
Operation of projects awarded from 1 July 2011 as disclosed in the prospectus of the Company dated 30 December 2011	9.6	9.6	—
Increase the performance bond facilities	9.6	3.5	6.1
Marketing and promotion	6.3	—	6.3
Development of new construction techniques and methodologies	4.8	—	4.8
	39.9	13.1	26.8

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

(9) Movement of incomplete contracts for the year ended 31 March 2012

	31 March 2011 HK$'000	Contracts Secured HK$'000	Contracts Completed HK$'000	**31 March 2012** **HK$'000**
Building Construction	569,451	446,477	—	**1,015,928**
Property Maintenance	398,256	—	—	**398,256**
Alteration, Renovation, Upgrading and Fitting-Out Works	461,550	541,954	341,351	**662,153**
	1,429,257	988,431	341,351	**2,076,337**

Building Construction segment

Contracts secured during the year ended 31 March 2012

Contracts	**Commencement date**	**Contract value** HK$'000
Building Works at Sengkang Neighbourhood 4 Contract 12 (Total 521 Dwelling Units)	August 2011	446,477

Alteration, Renovation, Upgrading and Fitting-Out Works segment

Contracts completed during the year ended 31 March 2012

Contracts	**Commencement date**	**Completion date**	**Contract value** HK$'000
Renovation Works to Retaining Wall and Surrounding Areas at Estoril Court, 55 Garden Road, H.K.	June 2010	April 2011	6,650
Proposed Renovation and Improvement Works at Repulse Bay Towers, 119A Repulse Bay Road, HK	October 2010	August 2011	17,246
Design and Renovation for Castle Peak Power Station for CLP Power Hong Kong Ltd.	October 2010	June 2011	4,076
Alterations and Additions Works at 8/F of FG Wing, P/F and 8/F of GH Wing The Hong Kong Polytechnic University	March 2011	July 2011	16,466
Main Contract for Improvement Works at Kwun Tong Garden Estate	May 2011	October 2011	7,479
Renovation Work at G/F Toilet at Oi Kwan Road Baptist Church at 36 Oi Kwan Road, Wan Chai, Hong Kong	July 2011	August 2011	667
Podium F+B (5&6) Traders Grand Orbit & Sushi Restaurant Fit-out (WP61552) Venetian Orient Limited	March 2011	October 2011	12,483
Podium F+B (7) Sheraton XIN Restaurant Fit-Out (WP61553) Venetian Orient Limited	August 2011	December 2011	9,028
Marina Bay Sands Integrated Resort Trade Contract No. 4203-BOH Main Finishers North Podium	February 2009	December 2011	247,002
Marina Bay Sands Integrated Resort Trade Contract No. 5420-South Retail Anchor Tenant Conversion ABWF & Fitting-Out	March 2011	January 2012	20,254
Total			341,351

Contracts secured during the year ended 31 March 2012

Contracts	Commencement date	Contract value HK$'000
Addition of Lift Towers at Oi Man and Lai Yiu Estates Contract No. 20100088	July 2011	47,842
Main Contract for Improvement Works at Kwun Tong Garden Estate	May 2011	7,479
Proposed Addition and Alteration Works of WCC Entrance Lobby and G/F to 4/F Retail Expansion of Ocean Gallery (Phase 1 Works), Harbour City, Tsim Sha Tsui, Kowloon	June 2011	106,018
Renovation Work at G/F Toilet at Oi Kwan Road Baptist Church at 36 Oi Kwan Road, Wan Chai, Hong Kong	July 2011	667
Proposed Redevelopment of Eu Yan Sang Centre at Yuen Long Industrial Estate	December 2011	43,578
Proposed Alteration and Addition Works for Villa Lotto at No. 18 Broadwood Road, Happy Valley, Hong Kong	September 2011	189,679
Main Contract Works for the Conversion of Estate Primary School into Office Accommodation G/F to 2/F and Part of Roof, existing Estate Primary School, Chai Wan Lot No. 176, Siu Sai Wan Estate, Chai Wan for The Hong Kong Council for Accreditation of Academic and Vocational Qualifications	November 2011	28,919
Main Contract for Enabling Works at Wah Sum Shopping Centre, Fanling, New Territories	November 2011	1,848
Fire Safety Improvement Work for the Remaining Floor at Tai Yau Building at No. 181 Johnston Road, Wanchai, Hong Kong	February 2012	79,406
The Conversion of Estate Primary School into Office Accommodation Part of G/F, 3/F to R/F existing Estate Primary School, Chai Wan at Lot No. 176, Siu Sai Wan Estate, Chai Wan for Employees Retaining Board	March 2012	36,518
Total		541,954

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

Contracts	Commencement date	Contract value HK$'000
Underground Drain Replacement and Manhole Enlarging Works at G/F, Oi Kwan Road Baptist Church at 36 Oi Kwan Road, Wan Chai, Hong Kong	June 2012	488
Second to Third Floor Staircase A&A Works in Marco Polo Hong Kong Hotel at No. 3 Canton Road, Tsimshatsui, Kowloon	June 2012	2,332
Contract C4201-12C Improvement Works to CuC at TWL & ISL with MTR Corporation Limited	April 2012	15,962
A&A Works at Sub-basement to 1/F, Block A at Harbour City, Canton Road, Kowloon	July 2012	44,905
Total		63,687

(10) Employees and Remuneration Policies

As at 31 March 2012, the Group employed a total of 273 staff (as at 31 March 2011: 219 staff) which included Macau & Singapore employees. The total remuneration for staff was approximately HK$77 million for the year (2011: approximately HK$75 million).

The Group establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. It is to ensure that the Group is able to attract, retain and motivate executives of the highest caliber, essential to the successful leadership and effective management of the Group. The performance measures are balanced between financial and industrial comparatives. The components of remuneration package are consisted of basic salary, allowances, benefit-in-kind, fringe benefits including medical insurance and contributions to mandatory provident funds, as well as incentives like discretionary bonus. Employees are also entitled to be granted with share options under the Company's share option scheme, details of the Company's share option scheme are set out in the paragraph headed "Share Option Scheme" in this annual report and in note 35 to the consolidated financial statements. The Group also provides external training programmes which are complementary to certain job functions.

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

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

During the Period, apart from the reorganisation as set out in the paragraph headed "Corporate Reorganisation" in Appendix V "Statutory and General Information" to the Prospectus, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Wong Law Fai ("Mr. Wong"), aged 52, is the chairman, chief executive officer and an executive Director, a member of the nomination committee and remuneration committee of the Company. Mr. Wong was appointed as a Director on 31 May 2011 and redesignated as an executive Director on 19 December 2011. He is also the managing director of Wan Chung Construction Company Limited and a director of all the subsidiaries of the Company. Mr. Wong is responsible for the overall strategic development and management of the Group. Mr. Wong has over 22 years of experience in the building construction industry of Hong Kong. Prior to joining the Group in 1990, Mr. Wong had been working in other construction companies including Leighton Contractors (Asia) Co. Ltd. Mr. Wong is a registered professional engineer (building) in Hong Kong, a registered professional surveyor (quantity surveying) in Hong Kong, a member of The Hong Kong Institution of Engineers, a member of The Hong Kong Institute of Surveyors, a member of The Chartered Institute of Building (the United Kingdom) and a member of The Royal Institution of Chartered Surveyors (the United Kingdom). Mr. Wong was awarded an associateship in Building Technology and Management in 1982 and obtained a higher diploma in Building Technology and Management from The Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1981.

Mr. Wong beneficially owns the entire issued share capital of Smart Tactics Group Limited which in turn holds 225,000,000 Shares. By virtue of the Securities and Futures Ordinance (the "SFO"), Mr. Wong is deemed to be interested in the 225,000,000 Shares held by Smart Tactics Group Limited.

Mr. So Kwok Lam ("Mr. So"), aged 51, was appointed as an executive Director on 19 December 2011. He is also the project director of Wan Chung Construction Company Limited and is a director of Wan Chung Construction Company Limited, Wan Chung Interior Design Co., Limited and Wan Chung Property Company Limited. Mr. So is responsible for formulating strategic planning, business development of the Group, reviewing and improving the internal management systems, management of construction projects in Hong Kong. Mr. So has over 27 years of experience in the building construction industry of Hong Kong. Mr. So is a member of the Contractors Registration Committee Panel and is also a member of the Contractors Registration Committee of the Buildings Department under the Buildings Ordinance from January 2009 to December 2012. Prior to joining the Group in 1993, Mr. So had been the project manager of Chevalier (Construction) Co Ltd from 1990 to 1993. He had also been working in Hsin Chong Construction Co Ltd from 1985 and left as an assistant contracts manager in 1990. Mr. So is a professional member of The Royal Institution of Chartered Surveyors (the United Kingdom), a member of The Hong Kong Institute of Construction Managers, a corporate member of the Chartered Institute of Building (the United Kingdom) and a member of the Chartered Institute of Arbitrators (the United Kingdom). Mr. So obtained a professional diploma in occupational safety and health from the School of Continuing Education of Hong Kong Baptist University in 2008, a postgraduate diploma in arbitration and dispute resolution from City University of Hong Kong in 2004, a master of arts in English for the professions from The Hong Kong Polytechnic University in 2007, and an associateship in building technology and management from Hong Kong Polytechnic (now renamed the Hong Kong Polytechnic University) in 1984.

Mr. Yip Chi Chong ("Mr. Yip"), aged 70, was appointed as an executive Director on 19 December 2011. Mr. Yip is a director and the technical director of Wan Chung Construction Company Limited. He is responsible for formulating strategic planning, corporate business development, management of construction projects in Hong Kong, and expansion opportunities in overseas markets of the Group. Mr. Yip has over 47 years of extensive experience in the building construction industry, which involved projects in Hong Kong, Macau and China. Prior to joining the Group in 2000, Mr. Yip had been working in other construction companies including Gammon (Hong Kong) Limited and China Link Construction & Engineering Ltd.

Independent non-executive Director

Mr. Lam Siu Lo, Andrew, *JP* ("Mr. Lam"), aged 50, was appointed as an independent non-executive Director on 19 December 2011. He is also the chairman of the nomination committee and a member of the audit committee and remuneration committee of the Company. Mr. Lam is a registered professional planner and also a fellow of the Hong Kong Institute of Planners. Mr. Lam is a member of the Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference (浙江省政協委員), a member of The West Kowloon Cultural District Authority, and a member of Barristers Disciplinary Tribunal Panel. He had also been the President of The Hong Kong Institute of Planners from 1999 to 2001. Mr. Lam obtained a bachelor degree of science from the State University of New York, College at Buffalo in 1987 and a master of science (urban planning) from the University of Hong Kong in 1989.

Mr. Li Ying Ming ("Mr. Li"), aged 49, was appointed as an independent non-executive Director on 19 December 2011. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. Mr. Li obtained a bachelor degree in social science from the Chinese University of Hong Kong in 1986 and a master degree in management (Executive MBA) from the Peking University in 2005. Mr. Li was admitted as a solicitor of the High Court of Hong Kong in 1999. Mr. Li has since practiced in Lee Chan Cheng Solicitors specializing in matters including construction laws and China-related business, until he was retired in 2007. Mr. Li was partner of the firm from 2001 to 2007.

Mr. Tam Tak Kei, Raymond ("Mr. Tam"), aged 49, was appointed as an independent non-executive Director on 19 December 2011. He is also the chairman of the audit committee and a member of the nomination committee and remuneration committee of the Company. Mr. Tam holds a bachelor of arts degree in accounting with computing from University of Kent at Canterbury, England and is an associate member of the Institute of Chartered Accountants in England and Wales. He is also an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Tam was the financial controller of each of Blank Rome Solicitors & Notaries from June 2010 to September 2011 and Barlow Lyde & Gilbert from December 2002 to May 2010 and has over 20 years of professional accounting experience. He is also an independent non-executive director of Sun Innovation Holdings Limited (stock code: 547) and Tianjin Tianlian Public Utilities Company Limited (stock code: 1265) and as an external service provider he is also engaged by Branding China Group Limited (stock code: 8219) as the company secretary, whose shares are listed on the Stock Exchange.

Senior Management

Mr. Ho Wai Chuen, aged 58, is the construction director of Wan Chung Construction Company Limited and is responsible for corporate business development and management of construction projects in Hong Kong as well as expansion opportunities in overseas markets. He had worked in our Group in a number of positions, left and rejoined our Group. Previously he had worked as the construction director from 1991 to 1996. He rejoined Wan Chung Construction Company Limited again as the construction director in 2010. Mr. Ho has over 36 years and 4 years of building construction industry experience in Hong Kong and Macau respectively. Mr. Ho obtained a higher certificate in building studies from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1982.

Mr. Wong Chi Kin, Jesse, aged 49, is the commercial director of Wan Chung Construction Company Limited and is responsible for the Group's strategic planning, corporate business development and management of construction projects in Hong Kong. He has been the representative of our Group in the Hong Kong Construction Association since 1999. Mr. Wong Chi Kin, Jesse has over 29 years of experience in the building construction industry of Hong Kong. Prior to joining our Group in 1996, he had held various positions in quantity surveying, including senior quantity surveyor of H.A. Brechin & Co between 1990 and 1994, quantity surveyor of Franklin & Andrews Construction Cost Management Consultants between 1989 and 1990 and trainee of Kumagai Gumi (H.K.) Limited between 1982 and 1985. Mr. Wong Chi Kin, Jesse is a registered professional surveyor (Quantity Surveying) in Hong Kong and a fellow member of The Hong Kong Institute of Surveyors. He obtained a bachelor degree of science in quantity surveying from Southbank Polytechnic of London in 1989. He also received a master degree of business administration (executive) from the City University of Hong Kong in 2010.

Ms. Ma Pik Fung, aged 48, is the commercial director of Wan Chung Construction Company Limited and is responsible for the Group's strategic planning, corporate business development, and management of construction projects in Hong Kong. She is also a director of Wan Chung Engineering (Macau) Company Limited and a director of Wan Chung Construction (Singapore) Pte. Ltd.. Between 2006 and 2009, she was performing the project directing role in the Group's business expansion into Macau and Singapore. Ms. Ma has over 29 years of experience in the building construction industry of Hong Kong. Prior to joining our Group in 1998, she had worked in Ngo Kee Construction Co., Ltd. as quantity surveyor, Bain D'or Co., Ltd. as manager of construction section, Taisei Corporation as contracts manager, Fong Wing Shing Construction Co., Ltd. as quantity surveyor between 1982 and 1998. Ms. Ma is a registered professional surveyor (Quantity Surveying) in Hong Kong, a member of Hong Kong Institute of Surveyors and a professional associate of the Royal Institution of Chartered Surveyors (the United Kingdom). She obtained a bachelor degree of science in quantity surveying from Robert Gordon's Institute of Technology in United Kingdom in 1990 and a higher certificate in building studies from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1985.

Mr. Tang Wai Hung, aged 47, is the assistant director of Wan Chung Construction Company Limited and is responsible for the safety, health and environmental management planning for the Group. Mr. Tang has over 25 years of experience in the building construction industry of Hong Kong. Prior to joining our Group in 1991, he had worked in Leighton Contractors (Asia) Limited between 1986 and 1991, initially as technician apprentice, and subsequently as assistant foreman. Mr. Tang is a chartered member of the Institution of Occupational Safety and Health (the United Kingdom), a chartered professional member of the Safety Institute of Australia, a member of The Hong Kong Institute of Occupational and Environmental Hygiene, a registered safety auditor under the Factories and Industrial Undertakings (Safety Management) Regulation and a registered safety officer under the Factories and Industrial Undertakings (Safety Officers & Safety Supervisors) Regulations in Hong Kong. Mr. Tang obtained a second bachelor degree in Chinese law from Tsinghua University in 2006, a master of applied science in safety management from The University of Western Sydney, Hawkesbury in 1999, a certificate of proficiency in advanced industrial safety (Construction) in 1991 and a higher certificate in civil engineering in 1988, both from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University).

Mr. Wong Yiu Wai, aged 49, is the financial controller of our group and responsible for all corporate finance, banking, accounting, company secretarial and information technology matters of the Group. Mr. Wong Yiu Wai has over 23 years of experience in the accounting field of Hong Kong. Prior to joining our Group in 2000, he had been a finance and administration manager for a number of companies and had worked in Ernst and Young from 1987 to 1991. He is an associate of The Hong Kong Institute of Certified Public Accountants and obtained a bachelor degree of commerce from The University of Melbourne in 1987.

Mr. Chng Kang Hai, aged 35, is the finance and administration manager of Wan Chung Construction (Singapore) Pte. Ltd. and is responsible for the financial accounting, financial management and administration function of Wan Chung Construction (Singapore) Pte. Ltd.. Mr. Chng has over 10 years of experience in financial accounting and financial management. He is currently a non-practising member with the CPA Australia. Prior to joining our Group in 2008, he had worked in KPMG in Singapore from 2006 to 2008. Mr. Chng obtained a bachelor of business (accountancy) from Queensland University of Technology in 2001 and a diploma in electronic & computer engineering from Ngee Ann Polytechnic in Singapore in 1996.

Ms. Lau Sau Fan, aged 45, is the human resources manager of our Group. Ms. Lau joined our Group in 2007 and has over 19 years of experience in human resources management. Ms. Lau is a professional member of The Hong Kong Institute of Human Resource Management. She obtained a master of science in human resource management from The Hong Kong Polytechnic University in 2005 and a bachelor degree of arts in business administration & management from De Montfort University in 2001.

Ms. Leung Yim Ngan, aged 58, is the accounting manager of our Group. Ms. Leung joined our Group in 1998 and has over 40 years of experience in the accounting field of Hong Kong. Ms. Leung is a fellow member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of International Accountants.

Mr. Lau Yu Kwan, aged 60, is the contracts manager of Wan Chung Construction Company Limited. Mr. Lau joined our Group in 2007. He has worked in the building industry for over 36 years, 26 of which were in managing and administering various types (residential, commercial, institutional, industrial & multi-functional) of building projects. Mr. Lau is a fellow of the Chartered Institute of Building (the United Kingdom), a fellow of the Hong Kong Institute of Construction Managers, a member of the Hong Kong Institution of Engineers and a professional member of the Royal Institution of Chartered Surveyors. He is a registered professional engineer (building) in Hong Kong and a chartered environmentalist in the United Kingdom. Mr. Lau obtained a master of science in construction management (building) from Heriot-Watt University in 1986. He had been awarded an associateship in building technology & management from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1983. He had received an endorsement certificate in building law from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1983.

Mr. So Siu Cheong, aged 43, is the assistant director of Wan Chung Construction Company Limited. He joined our Group in 2006 and has over 13 years of experience in the construction industry of Hong Kong. He also has 7 years of experience of the construction industry in Taiwan from 1999 to 2006. Mr. So Siu Cheong is a member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors (the United Kingdom). He obtained a bachelor degree of laws from the University of Wolverhampton in 2006 and a bachelor degree of science in quantity surveying from The University of Hong Kong in 1991.

Mr. Yan Kum Seng, aged 59, is the contracts manager of Wan Chung Construction (Singapore) Pte. Ltd. and is responsible for the tender submissions, the management and review of project costs and budget, key material procurement and the award of contract to subcontractors. He joined our Group in 2010. Mr. Yan has over 27 years of professional, management and technical experience in the construction industry, in particular in areas of construction, contracts and cost management. He is a member of the Singapore Institute of Surveyors and Valuers, a member of the Royal Institution of Chartered Surveyors (the United Kingdom) and a registered adjudicator of the Singapore Mediation Centre. Mr. Yan obtained a technician diploma in building from Singapore Polytechnic in 1979.

Mr. Tam Tak Fuk, Patrick, aged 53, is the estimating manager of Wan Chung Construction Company Limited. Mr. Tam Tak Fuk joined our Group in 2010 and has over 34 years of experience in the construction industry of Hong Kong. He also has 6 years of experience in the construction industry of Macau from 2004 to 2010. Mr. Tam obtained a higher certificate in building studies from Hong Kong Polytechnic (now renamed The Hong Kong Polytechnic University) in 1981.

Ms. Lee Wai King, aged 35, is the project services manager of Wan Chung Construction Company Limited. Ms. Lee joined our Group in 1998 and has over 12 years of experience in the construction industry of Hong Kong. Ms. Lee obtained a professional diploma in occupational safety & health from the School of Continuing Education of Hong Kong Baptist University in 2010 and a bachelor degree of arts from The Chinese University of Hong Kong in 1998.

Corporate Governance Report

Corporate Governance Practices

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

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference.

During the period from the listing date of the Company (i.e. 18 January 2012) (the "Listing Date") to 31 March 2012 (the "Period"), the Company has complied with the CG Code as set out in Appendix 14 to the Listing Rules, except the deviation as disclosed under the section headed "Chairman and Chief Executive Officer".

Model Code for Securities Transactions by Directors

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

Board of Directors

Composition of the Board of Directors

As at 31 March 2012, the Board comprises three executive Directors and three independent non-executive Directors. The composition of the Board was as follows:

Executive Directors

Mr. Wong Law Fai *(Chairman and Chief executive officer)*
(appointed as Director on 31 May 2011 and re-designated as executive Director on 19 December 2011)
Mr. So Kwok Lam (appointed on 19 December 2011)
Mr. Yip Chi Chong (appointed on 19 December 2011)

Independent non-executive Directors

Mr. Lam Siu Lo, Andrew, *JP* (appointed on 19 December 2011)
Mr. Li Ying Ming (appointed on 19 December 2011)
Mr. Tam Tak Kei, Raymond (appointed on 19 December 2011)

The biographical details of all Directors and Senior Management are set out on pages 14 to 17 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Biographical Details of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among members of the Board.

Functions of the Board

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

Board meetings and Board Practices

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

During the year ended 31 March 2012, the Board held 3 meetings. Details of the attendance of Directors are as follows:

	Attendance
Executive Directors	
Mr. Wong Law Fai *(Chairman and Chief Executive Officer)*	3/3
(appointed as Director on 31 May 2011 and re-designated as executive Director on 19 December 2011)	
Mr. So Kwok Lam (appointed on 19 December 2011)	3/3
Mr. Yip Chi Chong (appointed on 19 December 2011)	3/3
Independent non-executive Directors	
Mr. Lam Siu Lo, Andrew, *JP* (appointed on 19 December 2011)	3/3
Mr. Li Ying Ming (appointed on 19 December 2011)	3/3
Mr. Tam Tak Kei, Raymond (appointed on 19 December 2011)	3/3

Directors' Appointment, Re-election and Removal

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date until terminated by not less than six months written notice to the other party and subject to the early termination provisions contained therein.

Each of the independent non-executive Directors has entered into a service agreement with the Company for an initial term of two years commencing from the Listing Date until terminated by not less than six months written notice to the other party and subject to the early termination provisions contained therein.

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

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

Independent non-executive Directors

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

Chairman and Chief Executive Officer

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the Period, Mr. Wong Law Fai is both the chairman of the Board and the chief executive officer of the Company; therefore, the Group does not at present separate the roles of the chairman and the chief executive officer of the Company.

The Board considered that Mr. Wong Law Fai has in-depth knowledge and experience in the building construction industry and is the most appropriate person to manage the Group, therefore, the roles of chairman and chief executive officer exercised by the same individual, Mr. Wong Law Fai, is beneficial to the business prospects and management of the Group. Notwithstanding the above, if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company will make necessary arrangements.

Delegation of Powers

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

Directors' and Officers' Liabilities

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

Board Committees

Audit Committee

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

The Audit Committee comprises three independent non-executive Directors namely, Mr. Lam Siu Lo, Andrew, *JP*, Mr. Li Ying Ming and Mr. Tam Tak Kei, Raymond. Mr. Tam Tak Kei, Raymond is the chairman of the Audit Committee.

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

During the year ended 31 March 2012, the Audit Committee held 1 meeting to approve and recommend the revised terms of reference of the Audit Committee and the whistleblowing policy of the Company to the Board. Details of the attendance of members of the Audit Committee meeting are as follows:

	Attendance
Mr. Tam Tak Kei, Raymond *(Chairman)* (appointed on 19 December 2011)	1/1
Mr. Lam Siu Lo, Andrew, *JP* (appointed on 19 December 2011)	1/1
Mr. Li Ying Ming (appointed on 19 December 2011)	1/1

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 19 December 2011 with written terms of reference which was revised on 28 March 2012 in compliance with the CG Code and is available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and determine the remuneration packages of individual executive Directors and senior management.

The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Lam Siu Lo, Andrew, *JP*, Mr. Li Ying Ming and Mr. Tam Tak Kei, Raymond, and one executive Director, namely Mr, Wong Law Fai. Mr. Li Ying Ming is the chairman of the Remuneration Committee.

During the year ended 31 March 2012, the Remuneration Committee held 1 meeting to approve and recommend the revised terms of reference of the Remuneration Committee to the Board. Details of the attendance of the members of the Remuneration Committee meeting are as follows:

	Attendance
Mr. Li Ying Ming *(Chairman)* (appointed on 19 December 2011)	1/1
Mr. Wong Law Fai (appointed on 19 December 2011)	1/1
Mr. Lam Siu Lo, Andrew, *JP* (appointed on 19 December 2011)	1/1
Mr. Tam Tak Kei, Raymond (appointed on 19 December 2011)	1/1

Remuneration Policy for Directors and Senior Management

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

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

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

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

Nomination Committee

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

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

The Nomination Committee comprises three independent non-executive Directors, namely Mr. Lam Siu Lo, Andrew, JP, Mr. Li Ying Ming and Mr. Tam Tak Kei, Raymond, and one executive Director, namely Mr. Wong Law Fai. Mr. Lam Siu Lo, Andrew, JP is the chairman of the Nomination Committee.

During the year ended 31 March 2012, the Nomination Committee held 1 meeting to approve and recommend the revised terms of reference of the Nomination Committee to the Board. Details of the attendance of the members of the Nomination Committee meeting are as follows:

	Attendance
Mr. Lam Siu Lo, Andrew, JP *(Chairman)* (appointed on 19 December 2011)	1/1
Mr. Li Ying Ming (appointed on 19 December 2011)	1/1
Mr. Wong Law Fai (appointed on 19 December 2011)	1/1
Mr. Tam Tak Kei, Raymond (appointed on 19 December 2011)	1/1

Accountability and Audit

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

All Directors acknowledges their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 March 2012, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditors about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 March 2012, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, in respect of their audit and non-audit services was as follows:

	HK$
Audit service	880,000
Non-audit services	
Acting as reporting accountant	2,880,000
Review of preliminary results announcement	20,000
Total	3,780,000

Internal Control

The Board acknowledges its responsibility for the effectiveness of the Group's internal control systems. The Company has reviewed the effectiveness of the system of internal control of the Group, covering all material controls, including financial and operation for the year ended 31 March 2012.

Investors and Shareholders Relations

The Board recognizes the importance of maintaining clear, timely and effective communication with Shareholders and investors. The Board also recognizes that effective communication with investors is the key to establish investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the investors and the Shareholders receive accurate, clear, comprehensive and timely information of the Group by the publication of annual reports, interim reports, announcements and circulars.

The annual general meeting is the principal forum for formal dialogue with Shareholders, the Directors and the committee members of the Company are available to answer questions at annual general meetings of the Company. Separate resolutions would be proposed at general meetings of the Company on each substantially separate issue.

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

Company Secretary

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

Directors' Report

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2012.

Principal Place of Business in Hong Kong

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

Principal Activities

The principal activity of the Company and its subsidiaries is to provide building construction services, property maintenance services, alterations, renovation, upgrading works and fitting-out works services. The principal activities and other particulars of the subsidiaries of the Company are set out in note 38 to the consolidated financial statements.

Dividend

The Board recommended a payment of a final dividend equivalent to HK3 cents per Share for the year ended 31 March 2012 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 12 September 2012. Such proposed final dividend is pending approval by the Shareholders at the forthcoming annual general meeting of the Company and will be paid on or around Wednesday, 19 September 2012.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 29 August 2012 to Friday, 31 August 2012 (both dates inclusive) during which period no transfer of Shares will be registered. In order to attend and vote at the forthcoming annual general meeting of the Company, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 August 2012.

The register of members of the Company will be closed from Monday, 10 September 2012 to Wednesday, 12 September 2012 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for the final dividend, all transfers of Shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrars in Hong Kong, Union Registrars Limited at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 September 2012.

Major Customers and Suppliers

The Group's top five customers accounted for approximately 82% of the total sales. The top five suppliers accounted for approximately 36% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 53% of the total sales and the Group's largest supplier accounted for approximately 11% of the total purchases for the year.

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

Results

The results of the Group for the year ended 31 March 2012 and the state of affairs of the Group as at 31 March 2012 are set out in the consolidated financial statements on pages 34 to 87.

Distributable Reserve

As at 31 March 2012, the Company's reserves available for distribution represent the share premium account less accumulated losses, amounted to approximately HK$36,424,000.

The Directors recommend a payment of a final dividend equivalent to HK3 cents per Share for the year ended 31 March 2012.

Investment Properties

Details of movements in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

Property, Plant and Equipment

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

Share Capital

Details of movements in the share capital of the Company during the year ended 31 March 2012 are set out in note 28 to the consolidated financial statements.

Charitable Donations

During the Period, the Group made charitable donation amount to HK$56,000.

Directors

The appointments of the Directors, namely Mr. Wong Law Fai, Mr. So Kwok Lam, Mr. Yip Chi Chong, Mr. Lam Siu Lo, Andrew, *JP,* Mr. Li Ying Ming and Mr. Tam Tak Kei, Raymond have been approved by the written resolutions of the sole shareholder of the Company passed on 19 December 2011. The Directors during the Period were:

Executive Directors

Mr. Wong Law Fai *(Chairman and Chief executive officer)* (appointed as Director on 31 May 2011 and re-designated as executive Director on 19 December 2011)
Mr. So Kwok Lam (appointed on 19 December 2011)
Mr. Yip Chi Chong (appointed on 19 December 2011)

Independent non-executive Directors

Mr. Lam Siu Lo, Andrew, *JP* (appointed on 19 December 2011)
Mr. Li Ying Ming (appointed on 19 December 2011)
Mr. Tam Tak Kei, Raymond (appointed on 19 December 2011)

By virtue of article 108(a) of the articles of association of the Company, Mr. Wong Law Fai and Mr. So Kwok Lam shall retire by rotation and be eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Directors' Service Agreement

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date until terminated by not less than six months written notice to the other party and subject to the early termination provisions contained therein.

Each of the independent non-executive Directors has entered into a service agreement with the Company for an initial term of two years commencing from the Listing Date until terminated by not less than six months written notice to the other party and subject to the early termination provisions contained therein.

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

Share Option Scheme

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

(a) Purpose of the Share Option Scheme

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

(b) Participants of the Share Option Scheme

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

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

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

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

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

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

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

(e) Timing for exercising option

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

(f) Period of acceptance of option

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

(g) Payment of acceptance of option

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

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

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

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

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

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

(i) Duration of the Share Option Scheme

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

There is no option outstanding, granted, exercised, cancelled and lapsed during the year ended 31 March 2012.

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

As at 31 March 2012, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name of Director	Capacity	Number of issued ordinary Shares held	Percentage of the issued share capital of the Company
Mr. Wong Law Fai (Note)	Interest of Controlled Corporation	225,000,000 (L)	75%

(L): Long position

Note: The 225,000,000 Shares are held by Smart Tactics Group Limited, and Mr. Wong Law Fai beneficially owns the entire issued share capital of Smart Tactics Group Limited. By virtue of the SFO, Mr. Wong Law Fai is deemed to be interested in the 225,000,000 Shares held by Smart Tactics Group Limited.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Right to Acquire Shares

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

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

As at 31 March 2012, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules on the Stock Exchange:

Name of Shareholders	Capacity	Number of issued ordinary Shares held	Percentage of the issued share capital of the Company
Smart Tactics Group Limited	Beneficial Owner	225,000,000 (L)	75%
Ms. Lam Shui Ling Patriza (Note)	Interest of Spouse	225,000,000 (L)	75%

(L): Long position

Note: Ms. Lam Shui Ling Patriza is the spouse of Mr. Wong Law Fai, the executive Director. By virtue of the SFO, Ms. Lam Shui Ling Patriza is deemed to be interested in 225,000,000 Shares which Mr. Wong Law Fai is interested in.

Save as disclosed above, as at 31 March 2012, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Sufficiency of Public Float

From information publicly available to the Company and within the knowledge of the Directors, during the Period, the Company has maintained the public float required by the Listing Rules.

Directors' Interests in Contracts

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

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2012.

Directors' Interests in Competing Business

As at 31 March 2012, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at 31 March 2012 are set out in note 25 to the consolidated financial statements.

Retirement Benefits Plans

Particulars of retirement benefits plans of the Group as at 31 March 2012 are set out in note 30 to the consolidated financial statements.

Confirmation of Independence

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors were independent during the Period.

Connected Transactions

The related party transactions of the Company are set out in note 36 to the consolidated financial statements. All the related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

Pre-Emptive Rights

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

Purchase, Sale or Redemption of Listed Securities of The Company

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Four Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past four financial periods is set out in the four years financial summary on page 88 of this annual report.

Auditors

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

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

By order of the Board
Wong Law Fai
Chairman

Hong Kong, 25 June 2012

Independent Auditor's Report

信永中和
ShineWing

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

TO THE MEMBERS OF VISION FAME INTERNATIONAL HOLDING LIMITED
允升國際控股有限公司
(formerly known as Vision Fame International Holding Ltd.)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Vision Fame International Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 87, 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 the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

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

Hong Kong
25 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	*6*	**661,703**	734,719
Cost of sales		**(572,640)**	(624,261)
Gross profit		**89,063**	110,458
Other income	*8*	**16,488**	7,715
Administrative expenses		**(62,955)**	(44,375)
Fair value decrease in investment properties	*16*	**—**	(1,294)
Impairment loss recognised in respect of available-for-sale investments		**—**	(3,303)
Finance costs	*9*	**(1,513)**	(1,290)
Gain on disposal of a subsidiary	*31*	**459**	—
Share of loss of an associate	*17*	**(231)**	(761)
Profit before taxation		**41,311**	67,150
Taxation	*10*	**(8,347)**	(12,404)
Profit for the year attributable to owners of the Company	*12*	**32,964**	54,746
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**(937)**	8,018
Reclassification adjustment for the cumulative exchange difference included in profit or loss upon disposal of foreign operation	*31*	**39**	—
Fair value gain on available-for-sale investments		**1,305**	12
Other comprehensive income for the year		**407**	8,030
Total comprehensive income for the year attributable to owners of the Company		**33,371**	62,776
Earnings per share (HK cents)			
— Basic and dilutive	*13*	**12.7**	22.0

Consolidated Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	*15*	**13,842**	13,455
Investment properties	*16*	**—**	26,714
Interest in an associate	*17*	**196**	426
Available-for-sale investments	*18*	**13,030**	9,516
		27,068	50,111
Current assets			
Amounts due from customers for contract work	*19*	**36,245**	12,227
Trade and other receivables	*20*	**208,831**	219,642
Amount due from a fellow subsidiary	*21*	**—**	4
Amount due from an associate	*21*	**8,151**	8,146
Pledged bank deposits	*22*	**43,197**	39,852
Bank balances and cash	*22*	**65,997**	64,849
		362,421	344,720
Current liabilities			
Amounts due to customers for contract work	*19*	**—**	20,621
Trade and other payables	*23*	**137,532**	149,231
Amount due to a director	*24*	**—**	40,658
Amounts due to fellow subsidiaries	*21*	**—**	513
Amount due to a related company	*21*	**—**	963
Secured bank borrowings	*25*	**66,599**	79,459
Tax payable		**6,203**	14,391
		210,334	305,836
Net current assets		**152,087**	38,884
Total assets less current liabilities		**179,155**	88,995
Non-current liabilities			
Provision for long service payments	*26*	**1,272**	813
Deferred tax liabilities	*27*	**414**	406
		1,686	1,219
Net assets		**177,469**	87,776
Capital and reserves			
Share capital	*28*	**3,000**	22,000
Reserves		**174,469**	65,776
Total equity		**177,469**	87,776

The consolidated financial statements on pages 34 to 87 were approved and authorised for issue by the board of directors on 25 June 2012 and are signed on its behalf by:

Wong Law Fai
Director

So Kwok Lam
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Share capital HK$'000	Share premium HK$'000 *(Note a)*	Exchange reserve HK$'000	Capital reserve HK$'000 *(Note b)*	Legal reserve HK$'000 *(Note c)*	Available-for-sale investments revaluation reserve HK$'000	Other reserve HK$'000 *(Note d)*	Retained profits HK$'000	Total HK$'000
At 1 April 2010	22,000	—	806	2,776	12	—	—	104,566	130,160
Profit for the year	—	—	—	—	—	—	—	54,746	54,746
Other comprehensive income for the year:									
Exchange differences arising on translation of foreign operations	—	—	8,018	—	—	—	—	—	8,018
Fair value gain on available-for-sale investments	—	—	—	—	—	12	—	—	12
Total comprehensive income for the year	—	—	8,018	—	—	12	—	54,746	62,776
Dividend declared and paid *(Note 14)*	—	—	—	—	—	—	—	(105,160)	(105,160)
At 31 March 2011 and 1 April 2011	22,000	—	8,824	2,776	12	12	—	54,152	87,776
Profit for the year	—	—	—	—	—	—	—	32,964	32,964
Other comprehensive income (expense) for the year:									
Exchange differences arising on translation of foreign operations	—	—	(937)	—	—	—	—	—	(937)
Reclassification adjustment for the cumulative exchange difference included in profit or loss upon disposal of foreign operation	—	—	39	—	—	—	—	—	39
Fair value gain on available-for-sale investments	—	—	—	—	—	1,305	—	—	1,305
Total comprehensive income (expense) for the year	—	—	(898)	—	—	1,305	—	32,964	33,371
Elimination of share capital on group reorganisation *(Note 28)*	(22,000)	—	—	—	—	—	22,000	—	—
Shares issued under global offering	510	60,690	—	—	—	—	—	—	61,200
Shares issued by capitalisation	2,490	(2,490)	—	—	—	—	—	—	—
Shares issued expenses	—	(4,878)	—	—	—	—	—	—	(4,878)
At 31 March 2012	3,000	53,322	7,926	2,776	12	1,317	22,000	87,116	177,469

Notes:

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

b. In prior years, Wan Chung Construction Company Limited ("Wan Chung Construction") acquired entire equity interest in Wan Chung Property Company Limited ("Wan Chung Property") from its then shareholder, Regent Pacific Investments Limited, a related company of Vision Fame International Holding Limited under common shareholder, at a discount of approximately HK$2,776,000. Such acquisition is deemed to be a transaction with owners of the Company and therefore recorded in capital reserve.

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

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**41,311**	67,150
Adjustments for:		
Bank interest income	**(568)**	(461)
Interest income from subcontractors	**(1,696)**	(2,634)
Other interest income	**(7,705)**	—
Investment income	**(15)**	—
Finance costs	**1,513**	1,290
Fair value decrease in investment properties	**—**	1,294
Gain on disposal of a subsidiary	**(459)**	—
Gain on disposal of property, plant and equipment	**(1,744)**	(167)
Written back of retention money payables	**(718)**	—
Impairment loss recognised in respect of available-for-sale investments	**—**	3,303
Share of loss of an associate	**231**	761
Recovery of litigation fee	**—**	(3,704)
Depreciation of property, plant and equipment	**1,249**	1,391
Operating cash flows before movements in working capital	**31,399**	68,223
Increase in amounts due from customers for contract work	**(24,043)**	(11,801)
Decrease in amounts due to customers for contract work	**(20,725)**	(31,968)
Decrease in trade and other receivables	**10,944**	40,112
Decrease in trade and other payables	**(9,996)**	(29,892)
Increase (decrease) in provision for long service payments	**459**	(197)
Cash (used in) generated from operations	**(11,962)**	34,477
Hong Kong Profits Tax paid	**(7,250)**	(1,597)
Singapore Corporate Tax paid	**(9,658)**	(2,979)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(28,870)**	29,901
INVESTING ACTIVITIES		
Withdrawal of pledged bank deposits	**230,067**	341,554
Placement of pledged bank deposits	**(233,412)**	(331,967)
Settlement from the assignment of loan *(Note 31)*	**19,400**	—
Interest received	**8,273**	156
Proceeds from disposal of investment property	**8,200**	—
Proceeds from disposal of property, plant and equipment	**4,200**	460
Investment income received	**15**	—
Repayment from (advance to) a fellow subsidiary	**4**	(1)
Purchase of property, plant and equipment	**(4,106)**	(1,683)
Purchase of available-for-sale investments	**(2,218)**	(12,297)
Net cash outflow arising on disposal of a subsidiary *(Note 31)*	**(176)**	—
Repayment from a director	**—**	42,625
Repayment from a related company	**—**	876
Purchase of investment property	**—**	(18,015)
Advance to an associate	**—**	(1,518)
NET CASH FROM INVESTING ACTIVITIES	**30,247**	20,190

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
FINANCING ACTIVITIES		
New secured bank borrowings raised	**617,274**	719,958
Proceeds from issue of shares, net of issuing expenses	**56,322**	—
Repayment to fellow subsidiaries	**(513)**	(13)
Repayment to a related company	**(963)**	(6)
Interest paid	**(1,513)**	(1,290)
(Repayment to) advance from a director	**(40,658)**	40,658
Repayment of secured bank borrowings	**(630,134)**	(690,613)
Repayment of obligations under finance leases	**—**	(89)
Dividend paid	**—**	(105,160)
NET CASH USED IN FINANCING ACTIVITIES	**(185)**	(36,555)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,192**	13,536
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**64,849**	51,092
Effect of foreign exchange rate changes	**(44)**	221
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**65,997**	64,849

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

1. General

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

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

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

Since all entities which took part in the Reorganisation were under common control of Mr. Wong Law Fai, the Group is regarded as a continuing entity resulting from the Reorganisation of entities under common control. The consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as if the group structure under the group reorganisation had been in existence at the beginning of the earliest year presented. Accordingly, the consolidated results of the Group for the years ended 31 March 2011 and 2012 include the results of the Group with effect from 1 April 2010 or, if later, since their respective dates of incorporation, as if the current group structure had been in existence throughout the two years presented. The consolidated statement of financial position of the Group as at 31 March 2011 has been prepared as if the current group structure had been in existence as at that date.

The directors of the Company consider that, its parent and ultimate holding company is Smart Tactics Group Limited, incorporated in the British Virgin Islands (the "BVI").

The Company acts as an investment holding company and the principal activities of its subsidiaries are set out in Note 38.

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

Pursuant to a special resolution passed on 20 July 2011, the name of the Company was changed from Vision Fame International Holding Ltd. to Vision Fame International Holding Limited 允升國際控股有限公司 with effective from 20 July 2011.

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

The Group has applied all the HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("Int(s)") issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2011.

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

New and revised standards, amendments and interpretations in issue but not yet effective

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

Amendments to HKFRS	Annual Improvements 2009 — 2011 Cycle[4]
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
	First-time Adoption of HKFRSs — Government Loans[4]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

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

Amendments to HKFRS 7 Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

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

New and revised standards, amendments and interpretations in issue but not yet effective *(Continued)*

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

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

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

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

To date, the Group has not entered into transactions involving offsetting of financial assets and financial liabilities. However, if the Group enters into other types of offsetting of financial assets and financial liabilities in the future, disclosures regarding the offsetting may be affected.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

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

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

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

New and revised standards, amendments and interpretations in issue but not yet effective *(Continued)*

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

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

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

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.

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 of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors of the Company have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

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

New and revised standards, amendments and interpretations in issue but not yet effective *(Continued)*

HKFRS 13 Fair Value Measurement

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

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

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

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 presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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

3. Significant Accounting Policies

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

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.

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 and up to the effective date of disposal, as appropriate.

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

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

Merger accounting for business combination involving entities under common control

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

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

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

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

Investment in a subsidiary

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

3. Significant Accounting Policies *(Continued)*

Interest in an associate

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

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

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

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

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

Revenue recognition

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

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

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

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

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

Revenue recognition *(Continued)*

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

Property, plant and equipment

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

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

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

Investment properties

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

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

Leasehold land held for undetermined future use is regarded as held for capital appreciation purpose and classified as an investment property, and carried at fair value. Changes in fair value of the leasehold land are recognised directly in profit or loss for the period in which changes take place.

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

Construction contracts

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

3. Significant Accounting Policies *(Continued)*

Construction contracts *(Continued)*

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

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

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

Leasehold land and building

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

Foreign currencies

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

3. Significant Accounting Policies *(Continued)*

Foreign currencies *(Continued)*

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

Borrowing costs

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

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

Retirement benefits cost

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

Provisions

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

3. Significant Accounting Policies *(Continued)*

Taxation

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

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

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

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

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

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

Current and deferred tax 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.

Cash and cash equivalents

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

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 value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Available-for-sale financial assets

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

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 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 revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets

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

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

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

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

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

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

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

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

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

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

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 and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables, amount(s) due to a director / fellow subsidiaries / a related company and secured bank borrowings are subsequently measured at amortised cost using the effective interest method.

Equity instruments

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

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 obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets

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

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

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

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgement in applying the entity's accounting policies

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

Contingent liabilities in respect of legal claims

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

Key sources of estimation uncertainty

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

Construction contracts revenue recognition

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

Property maintenance revenue recognition

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

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

Key sources of estimation uncertainty *(Continued)*

Depreciation of property, plant and equipment

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

Estimated impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations if there is indication of impairment. The calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. As at 31 March 2012, the directors of the Company considered that there was no impairment indication and the carrying value of property, plant and equipment was approximately HK$13,842,000 (2011: HK$13,455,000).

Impairment loss recognised in respect of available-for-sale investments

The Group classifies certain investments in listed securities as available-for-sale and recognised movements of its fair value in other comprehensive income and accumulated in revaluation reserve. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised. When there is objective evidence that the investment is impaired, impairment loss is recognised in the consolidated statement of comprehensive income. During the year ended 31 March 2011, impairment loss recognised in respect of available-for-sale investments amounted to HK$3,303,000 (2012: nil).

Impairment loss recognised in respect of trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has been identified. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. As at 31 March 2012, the carrying value of trade receivables was approximately HK$83,399,000 (2011: HK$116,149,000) (net of accumulated impairment loss of nil (2011: HK$3,837,000)).

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 secured bank borrowings disclosed in Note 25, pledged bank deposits and bank balances and cash disclosed in Note 22, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

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

6. Turnover

	2012 **HK$'000**	2011 HK$'000
Revenue from building construction	**243,453**	268,345
Revenue from property maintenance	**157,201**	236,374
Revenue from alterations, renovation, upgrading and fitting-out works	**261,049**	230,000
	661,703	734,719

7. Segment Information

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

(1) Building construction;

(2) Property maintenance; and

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

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

7. Segment Information *(Continued)*

Segment revenue and results

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

For the year ended 31 March 2012

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

For the year ended 31 March 2011

	Building construction HK$'000	Property maintenance HK$'000	Alterations, renovation, upgrading and fitting-out works HK$'000	Total HK$'000
Segment revenue	268,345	236,374	230,000	734,719
Segment profit	16,308	18,816	77,968	113,092
Other income				5,081
Fair value decrease in investment properties				(1,294)
Central administration costs				(44,375)
Finance costs				(1,290)
Impairment loss recognised in respect of available-for-sale investments				(3,303)
Share of loss of an associate				(761)
Profit before taxation				67,150

7. Segment Information *(Continued)*

Segment revenue and results *(Continued)*

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

Segment assets and liabilities

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

	2012 HK$'000	2011 HK$'000
Segment assets		
Building construction	**67,722**	61,936
Property maintenance	**64,476**	99,952
Alterations, renovation, upgrading and fitting-out works	**86,252**	36,318
Total segment assets	**218,450**	198,206
Unallocated corporate assets	**171,039**	196,625
Total assets	**389,489**	394,831

	2012 HK$'000	2011 HK$'000
Segment liabilities		
Building construction	**35,312**	45,699
Property maintenance	**54,298**	83,030
Alterations, renovation, upgrading and fitting-out works	**35,681**	37,526
Total segment liabilities	**125,291**	166,255
Unallocated corporate liabilities	**86,729**	140,800
Total liabilities	**212,020**	307,055

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

- all assets are allocated to operating segments other than investment properties, interest in an associate, available-for-sale investments, certain property, plant and equipment, other receivables, amount due from a fellow subsidiary, an associate, pledged bank deposits and bank balances and cash as these assets are managed on a group basis.

- all liabilities are allocated to operating segments other than certain other payables, tax payable, secured bank borrowings, amounts due to a director, fellow subsidiaries and a related company, provision for long services payments and deferred tax liabilities as these liabilities are managed on a group basis.

7. Segment Information *(Continued)*

Other segment information

For the year ended 31 March 2012

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

For the year ended 31 March 2011

	Building construction HK$'000	Property maintenance HK$'000	Alterations, renovation, upgrading and fitting-out works HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets:					
Additions to property, plant and equipment	—	—	—	1,683	1,683
Depreciation of property, plant and equipment	4	54	—	1,333	1,391
Interest income from subcontractors	—	(2,544)	(90)	—	(2,634)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:					
Interest in an associate	—	—	—	426	426
Addition to investment properties	—	—	—	18,015	18,015
Fair value decrease in investment properties	—	—	—	1,294	1,294
Share of loss of an associate	—	—	—	761	761
Impairment loss recognised in respect of available-for-sale investments	—	—	—	3,303	3,303
Gain on disposal of property, plant and equipment	—	—	—	(167)	(167)
Bank interest income	—	—	—	(461)	(461)
Finance costs	—	—	—	1,290	1,290
Taxation	—	—	—	12,404	12,404

7. Segment Information *(Continued)*

Geographical information

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

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

Revenue from external customers

	2012 HK$'000	2011 HK$'000
Hong Kong (country of domicile)	**496,998**	606,105
Macau	**19,080**	3,698
Singapore	**145,625**	124,916
	661,703	734,719

Non-current assets

	2012 HK$'000	2011 HK$'000
Hong Kong (country of domicile)	**9,093**	20,271
Singapore	**4,945**	20,324
	14,038	40,595

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

Information about major customers

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

	2012 HK$'000	2011 HK$'000
Customer A[1]	**353,912**	505,947
Customer B[2]	**N/A[3]**	122,397

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

2 Revenue from property maintenance and alterations, renovation, upgrading and fitting-out works.

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

8. Other Income

	2012 HK$'000	2011 HK$'000
Bank interest income	**568**	461
Gain on disposal of property, plant and equipment	**1,744**	167
Investment income	**15**	—
Interest income from sub-contractors	**1,696**	2,634
Other interest income *(Note a)*	**7,705**	—
Recovery of insurance expenses	**1,021**	—
Recovery of litigation fee	**—**	3,704
Rental income *(Note b)*	**112**	228
Sale of scrap materials	**1,736**	215
Written back of retention money payables	**718**	—
Other income	**1,173**	306
	16,488	7,715

Notes:

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

(b)

	2012 HK$'000	2011 HK$'000
Gross rental income	**112**	228
Less: direct operating expenses (included in administrative expenses)	**—**	(9)
	112	219

9. Finance Costs

	2012 HK$'000	2011 HK$'000
Interest on secured bank borrowings wholly repayable within five years	**1,513**	1,290

10. Taxation

	2012 HK$'000	2011 HK$'000
Current year taxation		
Hong Kong Profits Tax	**3,891**	4,726
Singapore Corporate Tax	**4,448**	7,671
	8,339	12,397
Deferred taxation *(Note 27)*	**8**	7
	8,347	12,404

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

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

Singapore Corporate Tax has been provided at the rate of 17% on the estimated assessable profit for both years.

Macau Complementary Income Tax ("MCIT") is charged at the progressive rate on the estimated assessable profits. No MCIT has been provided for the year ended 31 March 2012 since the assessable profits is wholly absorbed by tax losses brought forward. No provision for MCIT for year ended 31 March 2011 has been made as the subsidiary operating in Macau did not generate any assessable profits in Macau.

The tax charge 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	**41,311**	67,150
Tax expense at rates applicable to profits in the jurisdiction concerned	**8,595**	11,201
Tax effect of share of loss of an associate	**39**	129
Tax effect of income not taxable for tax purposes	**(381)**	(21)
Tax effect of expenses not deductible for tax purposes	**105**	850
Utilisation of tax losses previously not recognised	**(11)**	—
Tax effect of tax losses not recognised	**—**	245
Tax charge for the year	**8,347**	12,404

11. Directors' Remuneration and Individuals with Highest Emoluments

(a) Directors' remuneration

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

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

The remuneration paid or payable to each of the directors of the Company for the year ended 31 March 2011 is set out below:

Name of director	Fee HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors					
Wong Law Fai	—	1,100	—	12	1,112
So Kwok Lam	—	835	127	12	974
Yip Chi Chong	—	993	112	—	1,105
	—	2,928	239	24	3,191

Notes:

(i) Lam Siu Lo, Andrew, *JP*, Tam Tak Kei, Raymond, and Li Ying Ming were appointed as independent non-executive directors of the Company on 19 December 2011.

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

11. Directors' Remuneration and Individuals with Highest Emoluments *(Continued)*

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group, two (2011: three) were directors of the Company whose emoluments are included in the disclosures in Note 11(a) above. The emoluments of the remaining three (2011: two) individuals were as follows:

	2012 HK$'000	2011 HK$'000
Salaries, allowances and other benefits	**3,822**	2,342
Contributions to retirement benefits scheme	**72**	12
	3,894	2,354

Their emoluments were within the following bands:

	2012	2011
HK$1,000,001 to HK$1,500,000	**3**	2

During the years ended 31 March 2012 and 2011, no emoluments were paid by the Group to any directors of the Company or the five highest paid individuals (including directors of the Company and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company waived any emolument during the years ended 31 March 2012 and 2011.

12. Profit for the Year

	2012 HK$'000	2011 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs		
— salaries, allowances and other benefits	**70,190**	66,595
— provision for long service payments	**545**	45
— contributions to retirement benefits scheme	**2,347**	2,705
Total staff costs (excluding directors' remuneration)	**73,082**	69,345
Auditor's remuneration	**990**	89
Directors' remuneration (Note 11)	**3,602**	3,191
Depreciation of property, plant and equipment	**1,249**	1,391
Minimum lease payment under operating leases in respect of land and buildings	**1,416**	2,482
Exchange difference, net	**11**	1,368

13. Earnings Per Share

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

	2012 HK$'000	2011 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share	**32,964**	54,746

	2012 '000	2011 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**259,311**	249,000

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during the years ended 31 March 2012 and 2011.

The weighted average number of ordinary shares in issue during the year ended 31 March 2012 represents 249,000,000 ordinary shares (Notes 28(a), (b) and (c)) in issue before the Listing as if such shares were issued on 1 April 2011, and the weighted average of 51,000,000 ordinary shares (Note 28(d)) issued upon the Listing.

The weighted average number of ordinary shares in issue during the year ended 31 March 2011 represents 249,000,000 ordinary shares (Notes 28(a), (b) and (c)) in issue before the Listing, as if such shares had been outstanding during the entire year of 2011.

14. Dividend

No dividend has been paid by the Company during the year ended 31 March 2012. The final dividend of HK3 cents in respect of the year ended 31 March 2012 (2011: nil) per share has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in annual general meeting.

The special dividend paid by the Company's subsidiary to its then shareholders during the year ended 31 March 2011 amounted to approximately HK$105,160,000.

15. Property, Plant and Equipment

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixture and equipment HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2010	11,672	670	2,031	1,577	2,870	18,820
Additions	—	98	298	108	1,179	1,683
Disposals	—	—	(11)	—	(1,130)	(1,141)
Exchange realignment	—	2	75	—	60	137
At 31 March 2011 and 1 April 2011	11,672	770	2,393	1,685	2,979	19,499
Additions	—	798	3,035	273	—	4,106
Disposals	(2,672)	—	—	—	—	(2,672)
Written off	—	—	(660)	(926)	—	(1,586)
Exchange realignment	—	(4)	(14)	—	—	(18)
At 31 March 2012	9,000	1,564	4,754	1,032	2,979	19,329
ACCUMULATED DEPRECIATION						
At 1 April 2010	702	591	1,331	1,521	1,314	5,459
Charge for the year	234	101	367	86	603	1,391
Eliminated on disposals	—	—	(5)	—	(843)	(848)
Exchange realignment	—	1	27	—	14	42
At 31 March 2011 and 1 April 2011	936	693	1,720	1,607	1,088	6,044
Charge for the year	180	59	335	135	540	1,249
Eliminated on disposals	(216)	—	—	—	—	(216)
Eliminated on written off	—	—	(660)	(926)	—	(1,586)
Exchange realignment	—	—	(4)	—	—	(4)
At 31 March 2012	900	752	1,391	816	1,628	5,487
CARRYING VALUES						
At 31 March 2012	8,100	812	3,363	216	1,351	13,842
At 31 March 2011	10,736	77	673	78	1,891	13,455

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

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

15. Property, Plant and Equipment *(Continued)*

The carrying value of land and buildings located in Hong Kong under long-term lease were pledged to secure banking facilities granted to:

	2012 **HK$'000**	2011 HK$'000
A key management personnel *(Note)*	—	2,456
The Group	**8,100**	8,280
	8,100	10,736

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

16. Investment Properties

	HK$'000
FAIR VALUE	
At 1 April 2010	9,000
Additions	18,015
Net decrease in fair value recognised in profit or loss	(1,294)
Exchange realignment	993
At 31 March 2011 and 1 April 2011	26,714
Disposal	(8,200)
Derecognised on disposal of a subsidiary	(18,870)
Exchange realignment	356
At 31 March 2012	—

The carrying value of investment properties shown above comprises:

	2012 **HK$'000**	2011 HK$'000
Medium-term lease in Hong Kong	—	8,200
Long-term lease outside Hong Kong	—	18,514
	—	26,714

16. Investment Properties *(Continued)*

As at 31 March 2011, investment property located in Hong Kong was held for undetermined future use and regarded as held for capital appreciation purpose, while investment property located in Singapore was held to earn rental. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes were measured using the fair value model and were classified and accounted for as investment properties.

The fair value of the investment property located in Hong Kong at 31 March 2011 has been arrived at on the basis of a valuation carried out on that date by BMI Appraisals Limited ("BMI"), an independent qualified professional valuer not connected with the Group. BMI has among their staff members of the Hong Kong Institute of Surveyors with recent experiences in the valuation of similar properties in the relevant locations. The valuations were arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions. On 30 May 2011, the Group entered into a memorandum of sale and purchase with One Two Holdings Hong Kong Limited ("One Two Holdings") (formerly known as Wan Chung Holdings Limited) in which Mr. Wong Law Fai is the common director of the Company and One Two Holdings, to dispose of the investment property at cash consideration of HK$8,200,000 which was determined with reference to market value. The transaction was completed on 25 July 2011.

The fair value of the Group's investment property located in Singapore at 31 March 2011 has been arrived at on the basis of a valuation carried out on that date by Knight Frank Pte Ltd ("Knight Frank"), an independent qualified professional valuer not connected with the Group. Knight Frank has among its staff members of the Singapore Institute of Surveyors and Valuers and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant location. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and condition. The property was derecognised through the disposal of a subsidiary on 3 June 2011 as set out in Note 31.

As at 31 March 2011, the Group's investment property located in Hong Kong under medium-term lease with carrying value of HK$8,200,000 (2012: nil) was pledged to secure banking facilities granted to the Group.

17. Interest in an Associate

	2012 **HK$'000**	2011 HK$'000
Unlisted investment, at cost	**1,087**	1,087
Share of post-acquisition results	**(992)**	(761)
Exchange realignment	**101**	100
	196	426

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

Name	**Form of entity**	**Place of incorporation and operation**	**Class of shares held**	**Proportion of nominal value of issued capital held by the Group and portion of voting power held indirectly**		**Principal activity**
				2012	2011	
Castilia Development Pte. Ltd.	Private limited liability company	Singapore	Ordinary	**20%**	20%	Investment holding, property and real estate development

17. Interest in an Associate *(Continued)*

Included in the cost of investment in an associate at 31 March 2012 and 2011 is goodwill of approximately HK$426,000 arising on acquisition of an associate in March 2010.

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

	2012 HK$'000	2011 HK$'000
Total assets	**136,862**	94,756
Total liabilities	**(138,185)**	(94,927)
Net liabilities	**(1,323)**	(171)
Group's share of net liabilities of an associate	**(265)**	(34)
Turnover	**—**	74
Loss for the year	**(1,152)**	(3,805)
Group's share of loss of an associate for the year	**(231)**	(761)

18. Available-for-sale Investments

	2012 HK$'000	2011 HK$'000
Listed outside Hong Kong at fair value:		
— equity securities	**12,697**	9,195
— debt securities with fixed interest rate of 4.7% per annum	**333**	321
	13,030	9,516

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

For the year ended 31 March 2011, an impairment loss of approximately HK$3,303,000 (2012: nil) was recognised as the directors of the Company considered the market price of the equity securities listed outside Hong Kong significantly decreased.

19. 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	**709,502**	964,576
Less: progress billings	**(673,257)**	(972,970)
	36,245	(8,394)
Analysed for reporting purposes as:		
Amounts due from contract customers *(Note)*	**36,245**	12,227
Amounts due to contract customers	**—**	(20,621)
	36,245	(8,394)

Note: At 31 March 2012, included in the amounts due from customers for contract work was amount of approximately HK$38,000 (2011: HK$1,098,000) due from an associate.

20. Trade and Other Receivables

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

	2012 HK$'000	2011 HK$'000
Trade receivables		
— from third parties	**76,513**	119,103
— from an associate	**6,886**	883
	83,399	119,986
Unbilled revenue	**40,526**	55,403
Retention money receivables *(Note a)*	**25,506**	18,082
Advances, utility deposits and other receivables *(Note b)*	**59,400**	30,008
	208,831	223,479
Less: Impairment loss recognised in respect of trade receivables *(Note c)*	**—**	(3,837)
Trade and other receivables	**208,831**	219,642

The Group does not hold any collateral over these balances.

Notes:

(a) As at 31 March 2012, retention money of approximately HK$14,197,000 (2011: HK$4,146,000) were expected to be recovered or settled in more than twelve months from the end of the reporting period.

20. Trade and Other Receivables *(Continued)*

Notes: *(Continued)*

(b) As at 31 March 2012, included in other receivables were advances to sub-contractors of approximately HK$20,749,000 (2011: HK$7,483,000). The amounts were interest bearing at rates ranging from 7% to 9% (2011: 9%) per annum for the year ended 31 March 2012.

As at 31 March 2012, included in other receivables were amounts of approximately HK$9,428,000 (2011: HK$9,146,000) pledged to secure banking facilities granted to the Group and approximately HK$7,268,000 (2011: nil) pledged for guarantees in respect of performance bonds in favour of the Group's clients.

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

	2012 HK$'000	2011 HK$'000
At 1 April	**3,837**	3,837
Amounts written off as uncollectible	**(3,837)**	—
At 31 March	**—**	3,837

As at 31 March 2011, included in impairment loss of trade receivables was individually impaired trade receivable of approximately HK$3,837,000 (2012: nil) which had been long outstanding.

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

	2012 HK$'000	2011 HK$'000
Within 30 days	**82,806**	115,100
More than 90 days	**593**	1,049
	83,399	116,149

As at 31 March 2012, included in the Group's trade receivable balances were debtors with aggregate carrying amount of approximately HK$593,000 (2011: HK$25,996,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss.

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

	2012 HK$'000	2011 HK$'000
More than 30 days and within 90 days	**223**	24,946
More than 90 days	**370**	1,050
	593	25,996

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

21. Amounts Due from (to) Fellow Subsidiaries / an Associate / a Related Company

Amounts due from (to) fellow subsidiaries, an associate and a related company were unsecured, interest-free and repayable on demand. The amounts due from (to) fellow subsidiaries and a related company have been fully settled during the year ended 31 March 2012.

Mr. Wong Law Fai is the common director and has controlling interest in both of the Company and the related company, Regent Pacific Investments Limited.

22. Pledged Bank Deposits / Bank Balances and Cash

Pledged bank deposits

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. All bank deposits have been pledged to secure short-term bank borrowings and are therefore classified as current assets. The pledged deposits carried interest at fixed rates ranging from 0.30% to 0.60% (2011: 0.07% to 0.2%) per annum during the year ended 31 March 2012.

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

	2012 **HK$'000**	2011 HK$'000
United States dollars ("USD")	**6,479**	6,478

Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with maturity within three months from initial inception. Bank balances carried interest at market rates ranging from 0.001% to 0.69% (2011: 0.001% to 0.01%) per annum during the year ended 31 March 2012.

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

	2012 **HK$'000**	2011 HK$'000
USD	**130**	121
SGD	**12,407**	67

23. Trade and Other Payables

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

	2012 HK$'000	2011 HK$'000
Trade payables	**100,645**	129,408
Retention money payables	**24,645**	16,226
Accrued expenses and other payables	**12,242**	3,597
	137,532	149,231

Note:

As at 31 March 2012, retention money of approximately HK$18,755,000 (2011: HK$5,429,000) was expected to be paid or settled after more than twelve months from the end of the reporting period.

Included in accrued expenses and other payables is amount of approximately HK$102,000 (2011: nil) representing accrued directors' remunerations.

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

	2012 HK$'000	2011 HK$'000
Within 30 days	**98,931**	126,871
More than 30 days and within 90 days	**1,610**	1,266
More than 90 days	**104**	1,271
	100,645	129,408

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

24. Amount Due to a Director

	2012 HK$'000	2011 HK$'000
Maximum amount outstanding from the director during the year	**—**	44,377

The amount due to a director, Mr. Wong Law Fai, was unsecured, interest-free and had been fully settled during the year ended 31 March 2012.

25. Secured Bank Borrowings

	2012 HK$'000	2011 HK$'000
Bank loans	**50,500**	79,459
Trust receipt loans	**16,099**	—
	66,599	79,459

	2012 HK$'000	2011 HK$'000
Carrying amount repayable within one year *(Note)*	**66,599**	76,459
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**—**	3,000
	66,599	79,459

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

During the year ended 31 March 2012, secured bank borrowings bore floating interest rates from 2.30% to 3.85% (2011: 2.00% to 3.31%) per annum. The weighted average interest rate for the year ended 31 March 2012 was 2.59% (2011: 2.44%) per annum.

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

	2012 HK$'000	2011 HK$'000
Facility amount	**195,989**	189,700
Utilisation at 31 March	**90,121**	97,774

As at 31 March 2012 and 2011, banking facilities were secured by:

- certain assets of the Group as set out in Note 34; and
- personal guarantee provided by the Company's director, Mr. Wong Law Fai.

In addition, at 31 March 2012, certain banking facilities were guaranteed by a subsidiary's director.

The personal guarantee provided by the Company's director, Mr. Wong Law Fai, has been released subsequent to 31 March 2012.

26. Provision for Long Service Payments

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The Group does not set aside any assets to fund the remaining obligations.

	2012 **HK$'000**	2011 HK$'000
At 1 April	**813**	1,010
Charged to profit or loss	**459**	45
Payments made during the year	**—**	(242)
At 31 March	**1,272**	813

The provision represented the management's best estimate of the Group's liability at the end of the reporting period.

27. Deferred Tax Liabilities

The following is the major deferred tax liability recognised by the Group and movements thereon during the years ended 31 March 2012 and 2011:

	Accelerated tax depreciation HK$'000
At 1 April 2010	399
Charged to profit or loss	7
At 31 March 2011 and 1 April 2011	406
Charged to profit or loss	8
At 31 March 2012	414

At 31 March 2012, the Group has unused tax losses of approximately HK$1,712,000 (2011: HK$2,318,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. At 31 March 2012, approximately HK$1,313,000 (2011: HK$1,313,000) included in the above unused tax losses will expire after three years from the year of assessment to which they related to. Other losses may be carried forward indefinitely.

28. Share Capital

As the Company was not incorporated prior to 31 March 2011 and the Reorganisation was not completed as at 31 March 2011, the share capital of the Group in the consolidated statements of financial position as at 1 April 2010 and 31 March 2011 represented the share capital of Wan Chung Construction of HK$22,000,000.

Movements of the authorised and issued share capital of the Company for the period from 31 May 2011 (date of incorporation of the Company) to 31 March 2012 are as follows:

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

Notes:

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

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

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

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

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

All shares issued during the year rank pari passu in all respects with all shares then in issue.

29. Financial Instruments

Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables (including pledged bank deposits, bank balances and cash)	**296,152**	321,554
Available-for-sale investments	**13,030**	9,516
Other financial liabilities		
At amortised cost	**203,308**	270,078

Financial risk management objectives and policies

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

Currency risk

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

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

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2011: 5%) increase and decrease in HK$ against the relevant foreign currencies. A 5% (2011: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2011: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where HK$ strengthen 5% (2011: 5%) against the relevant currency. For a 5% (2011: 5%) weakening of HK$ against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2012 HK$'000	2011 HK$'000
USD	**330**	276
SGD	**620**	3
	950	279

29. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk

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

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate arising from the Group's HK$ denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. During the year ended 31 March 2012, a 100 (2011: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2011: 100) basis points higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK$270,000 (2011: HK$659,000) for the year ended 31 March 2012. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and secured bank borrowings.

Other price risk

The Group is exposed to price risk through its investments in listed securities during the year ended 31 March 2012 and 2011. The management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

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

If the prices of the respective securities had been 5% (2011: 5%) higher/lower, revaluation reserve would increase/decrease by approximately HK$652,000 (2011: HK$476,000) for the Group as a result of the changes in fair value of available-for-sale investments for the year ended 31 March 2012.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2012 and 2011 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

29. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

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

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 81% (2011: 80%) of the total trade receivable as at 31 March 2012.

As at 31 March 2012, the Group has concentration of credit risk as 51%, (2011: 66%) of the total trade receivables was due from the Group's largest customer while 81% (2011: 92%) of the total trade receivables was due from the Group's five largest customers within building construction, property maintenance and alterations, renovation, upgrading and fitting-out works segments.

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

Liquidity risk

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

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

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

Liquidity table	**On demand or within 1 year**	**1–5 years**	**Total contractual undiscounted cash flow**	**Carrying amount**
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2012				
Trade and other payables	117,954	18,755	136,709	136,709
Secured bank borrowings	66,819	—	66,819	66,599
	184,773	18,755	203,528	203,308
At 31 March 2011				
Trade and other payables	143,056	5,429	148,485	148,485
Amount due to a director	40,658	—	40,658	40,658
Amounts due to fellow subsidiaries	513	—	513	513
Amount due to a related company	963	—	963	963
Secured bank borrowings *(Note a)*	79,608	—	79,608	79,459
	264,798	5,429	270,227	270,078

29. Financial Instruments *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

Notes:

(a) Borrowings with a repayment on demand clause were included in the 'on demand or within 1 year' time band in the above maturity analysis. As at 31 March 2011, the aggregate undiscounted principal amounts of these borrowings amounted to approximately HK$3,000,000. Taking into account the Group's financial position, the directors of the Company did not believe that it is probable that the banks would exercise their discretionary rights to demand immediate repayment. The directors of the Company believed that such borrowings in amounts of HK$1,200,000 and HK$1,800,000 would be repaid within one year and within 2–5 years, respectively after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows would amount to approximately HK$3,134,000. The borrowings have been fully settled during the year ended 31 March 2012.

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

Fair value

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

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

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

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

Fair value measurements recognised in the consolidated statement of financial position

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

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

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

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

At 31 March 2012, the fair value of available-for-sale investments amounted to approximately HK$13,030,000 (2011: HK$9,516,000) is derived from unadjusted quoted prices in active market for identical assets and hence, its fair value measurement is grouped into Level 1.

30. Retirement Benefits Plans

The Group operates MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% (2011: 5%) of relevant payroll costs to the MPF Scheme, which contribution is matched by employees and subject to a cap of HK$1,000 (2011: HK$1,000) per employee.

Under the laws of Singapore, certain subsidiaries of the Company make contributions to the state pension scheme, the Central Provident Fund ("CPF"). The subsidiaries of the Company in Singapore are required to contribute certain percentages varies from 5% to 20% (2011: 5% to 20%) of the monthly salaries of their current employees to the CPF.

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

During the year ended 31 March 2012, the total expenses recognised in the consolidated statement of comprehensive income are approximately HK$2,371,000 (2011: HK$2,729,000), which represent contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

31. Disposal of a Subsidiary

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

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

Analysis of asset and liabilities over which control was lost:

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

31. Disposal of a Subsidiary *(Continued)*

Net cash outflow arising on disposal of a subsidiary:

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

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

32. Commitments

The Group as lessee

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

	2012 HK$'000	2011 HK$'000
Within one year	**778**	1,070
In the second to fifth year inclusive	**229**	770
	1,007	1,840

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

The Group as lessor

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

	2012 HK$'000	2011 HK$'000
Within one year	**—**	613
In the second to fifth year inclusive	**—**	431
	—	1,044

As at 31 March 2011, the properties are expected to generate rental yields of 4.3% per annum. As set out in Note 16, the properties have been disposed of or derecognised through disposal of a subsidiary during the year ended 31 March 2012.

33. Contingent Liabilities

(a) Contingent liabilities in respect of legal claims

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

(b) Guarantees issued

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

	2012 **HK$'000**	2011 HK$'000
Guarantees in respect of performance bonds in favor of its clients	**83,359**	18,315
Guarantee given to a bank in respect of banking facilities granted to an associate	**14,227**	14,218
	97,586	32,533

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

34. Pledge of Assets

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

	2012 **HK$'000**	2011 HK$'000
Property, plant and equipment	**8,100**	8,280
Investment property	**—**	8,200
Other receivables	**16,696**	9,146
Bank deposits	**43,197**	39,852
	67,993	65,478

(b) As at 31 March 2011, the Group's land and buildings with carrying value of approximately HK$2,456,000 were pledged to secure banking facilities granted to a key management personnel. The land and buildings were disposed of to the key management personnel and his spouse on 1 June 2011 as set out in Note 15.

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

35. Share Option Scheme

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

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

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

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

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

36. Related Party Transactions

(a) Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2012 and 2011, the Group entered into transactions with related parties as follows:

	2012 HK$'000	2011 HK$'000
Construction revenue received from an associate	**32,299**	1,337
Administrative income received from an associate	**220**	—
Rental income received from a key management personnel	**26**	154

(b) **Compensation of key management personnel**

The remuneration of key management personnel of the Group during the years ended 31 March 2012 and 2011 is as follows:

	2012 HK$'000	2011 HK$'000
Salaries, allowances and other benefits	**15,459**	12,657
(Reversal of) provision for long service payments	**(25)**	38
Contributions to retirement benefits scheme	**315**	279
	15,749	12,974

(c) Under a deed of indemnity dated 19 December 2011, the then controlling shareholders have undertaken to provide indemnities on a joint and several basis in respect of, among other matters, all claims, payments, suits, damages, settlements payments and any associated costs and expenses which would be incurred or suffered by the Group as a result of any litigation, arbitration and/or legal proceedings, whether of criminal, administrative, contractual, tortuous or otherwise nature against any member of the Group which was issued and/or accrued and/or arising from any act, non-performance, omission or otherwise of any member of the Group on or before the listing date.

37. Statement of Financial Position of the Company

	Notes	2012 HK$'000
Non-current asset		
Investment in a subsidiary		**119,427**
Current assets		
Amount due from a subsidiary	*(b)*	**29,223**
Prepayment		**500**
Bank balances and cash		**11,006**
		40,729
Current liabilities		
Amount due to a subsidiary	*(b)*	**830**
Accrued expenses		**475**
		1,305
Net current assets		**39,424**
Total assets less current liabilities		**158,851**
Capital and reserves		
Share capital		**3,000**
Reserves	*(c)*	**155,851**
Total equity		**158,851**

Notes:

(a) No comparative figure for 2011 was shown as the Company was incorporated on 31 May 2011.

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

(c) Reserves

	Share premium *(Note i)* HK$'000	Other reserve *(Note ii)* HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 May 2011 (date of incorporation)	—	—	—	—
Shares issued under global offering	60,690	—	—	60,690
Shares issued by capitalisation	(2,490)	—	—	(2,490)
Share issued expenses	(4,878)	—	—	(4,878)
Acquisition of a subsidiary	—	119,427	—	119,427
Loss and total comprehensive expense for the period	—	—	(16,898)	(16,898)
At 31 March 2012	53,322	119,427	(16,898)	155,851

Notes:

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

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

38. Particulars of Principal Subsidiaries of the Company

Details of the Company's subsidiaries as at 31 March 2012 and 2011 are as follow:

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest attributable to the Company 2012	2011	Principal activities
Prosper Ace	BVI	Ordinary	US$10,000 *(Note 1)*	**100%**	—	Investment holding
Wan Chung Construction	Hong Kong	Ordinary	HK$22,000,000	**100%**	100%	Provision of properties maintenance services, building construction works and alternations, renovation, upgrading and fitting-out works services
Wan Chung Engineering (Macau) Company Limited	Macau	Ordinary	MOP25,000	**100%**	100%	Provision of properties maintenance services, building construction works and alternations, renovation, upgrading and fitting-out works services
Wan Chung (Singapore)	Singapore	Ordinary	SGD6,700,000	**100%**	100%	Provision of properties maintenance services, building construction works and alternations, renovation, upgrading and fitting-out works services
Wan Chung Property	Hong Kong	Ordinary	HK$10,000	**100%**	100%	Property holding
Wan Chung Investments	Singapore	Ordinary	SGD2	— *(Note 2)*	100%	Investment and property holding

Notes:

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

(2) Wan Chung Investments was disposed of on 3 June 2011.

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

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

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

Four Years Financial Summary

Consolidated Results

For the year ended 31 March

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

Consolidated Assets and Liabilities

As at 31 March

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

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