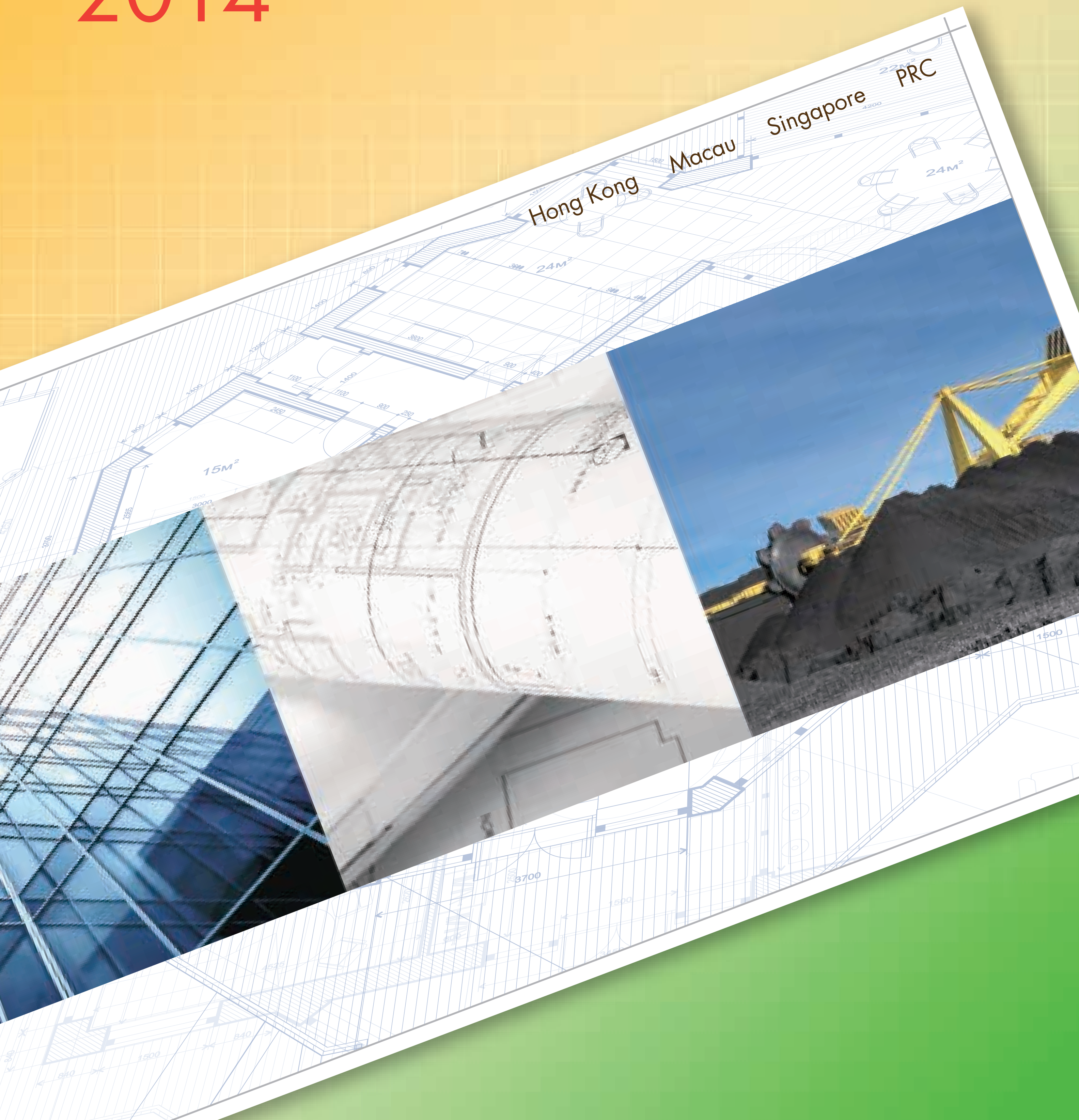
Vision Fame International Holding Limited
允升國際控股有限公司

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

Annual Report 2014



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CORPORATE INFORMATION

Executive Directors

Wang Zhijun *(Chairman)*
Gavin Xing *(Chief Executive Officer)*
Hu Baoyue

Independent Non-Executive Directors

Chiu Sai Chuen Nicholas
Tam Tak Kei Raymond
Wong Kai Tung Simon

Company Secretary

Kwan Ngai Kit

Audit Committee

Tam Tak Kei Raymond *(Chairman)*
Chiu Sai Chuen Nicholas
Wong Kai Tung Simon

Remuneration Committee

Wong Kai Tung Simon *(Chairman)*
Wang Zhijun
Hu Baoyue
Chiu Sai Chuen Nicholas
Tam Tak Kei Raymond

Nomination Committee

Wang Zhijun *(Chairman)*
Hu Baoyue
Chiu Sai Chuen Nicholas
Tam Tak Kei Raymond
Wong Kai Tung Simon

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

Suite 02, 19th Floor, CCB Tower
No. 3 Connaught Road Central
Central, Hong Kong

Authorized Representatives

Hu Baoyue
Kwan Ngai Kit

Auditor

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

Legal Advisers

As to Hong Kong law
King & Wood Mallesons
13/F Gloucester Tower, The Landmark
15 Queen's Road Central
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
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

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Vision Fame International Holding Limited, I am pleased to present the Group's annual results for the year ended 31 March 2014. Over the last year, we operated in a tough environment with construction costs including materials, staff and labor costs remained incredibly high which unfavorably affected our return. However, the Group will seek every avenue to maximize return to all Shareholders.

Business Review

Vision Fame is principally engaged in the construction and related businesses in Hong Kong, Singapore and Macau. 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 ("A&A works") services.

The Group reported turnover of HK$864 million in the year ended 31 March 2014, representing a decrease of approximately 10% from last year. Overall gross profit margin of the Group decreased from 7.4% to 2.5%.

In the year ended 31 March 2014, the Group had won 22 new contracts in Hong Kong, Singapore and Macau with a total contract sum of approximately HK$1,453 million.

In Hong Kong and Singapore, high construction costs including material, staff and labor costs surged substantially which adversely affected the profit margin. The Group would strive for curbing costs and strengthening operation efficiency.

In Macau, several large-scale entertainment and gaming developments, as well as extension work of existing complexes, are scheduled to come on stream in the near future. Over the years, the Group has been involved in different 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 more projects.

Prospect

Overall

Looking into the coming years, the Group remains positive in the construction industry in Hong Kong, Singapore and Macau although continuous rise in the cost of construction is still an inevitable problem. In Hong Kong, the Group is also facing the challenge of shortage in skilled labor and subcontracting resources yet it could be overcome by the Group's ability to apply systematic approach to project management to further standardize and streamline different areas of operations. In Singapore, overall construction demand is expected to grow steadily in 2015 and 2016. In addition to new build construction, the Group also plans to expand its market for upgrading projects which will definitely increase the revenue of the Group. While in Macau, there is no sign of slowing down in the construction market. 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 performance record, the Group is well prepared for the opportunities ahead.

Business Development

Looking forward, the Group remains committed to exploring new business opportunities outside the solid operational foundation it has created with its core businesses. Leveraging its many years of experience, the Group's management has begun deploying resources to seize potential growth opportunities in the resources sector. The Group strongly believes that its team is ideally positioned to benefit from future growth opportunities in this field.

Acknowledgements

Finally, let me express my gratitude to all of my fellow Board members, colleagues, Shareholders, clients, subcontractors, suppliers and business partners for your unremitting endeavors. With your support, it is certain that our business will have continuous expansion.

Wang Zhijun
Chairman
Vision Fame International Holding Limited
26 June 2014

(1) Results for the Year

Turnover of the Group has reduced from approximately HK$965 million in the year ended 31 March 2013 ("Fy2013") to approximately HK$864 million in the year ended 31 March 2014 ("Fy2014"), representing a decrease of approximately HK$101 million or approximately 10% as compared with Fy2013. Decrease in turnover was mainly attributable to decreasing alterations, renovation, upgrading and fitting-out works segment (collectively "A&A works segment") in Hong Kong because a number of sizable projects in this segment were substantially completed in Fy2013.

The Group's turnover grew in Singapore market. The increase in turnover in Singapore market was contributed mainly by the building construction segment. During the year, two construction projects in Singapore have been in full swing and also another construction project in Singapore has commenced, resulting in more revenue to recognize.

Gross profit has decreased from approximately HK$71.1 million in Fy2013 to approximately HK$21.8 million in Fy2014 representing decrease of approximately HK$49.3 million as compared with last year.

Consolidated gross profit for the year was approximately HK$21.8 million or a gross profit margin of 2.5% whilst the comparative figures a year earlier were HK$71.1 million and 7.4% respectively. The gross profit and gross profit margin for Fy2013 was higher, which was mainly attributable to (1) a number of sizable projects in A&A works segment in Hong Kong with higher gross profit margin were substantially completed in Fy2013, (2) the progress of several projects in Hong Kong and Singapore were still at an early stage and such revenue and gross profit not reflected in Fy2014 and (3) significant increases in construction costs including material, staff and labour cost in building construction projects both in Hong Kong and Singapore in Fy2014 were recorded resulting reduction in gross profit and gross profit margin as compared to Fy2013.

During the year, the Group had won 22 new contracts with total contract value amounting to approximately HK$1,453 million of which 6 contracts with contract value of approximately HK$309 million were building construction segment, 2 contracts with contract value of approximately HK$922 million were property maintenance segment and 14 contracts with contract value of approximately HK$222 million were A&A works segment. As at 31 March 2014, the Group has projects in progress with total contract value of approximately HK$3,013 million.

After the end of the reporting period, another approximately HK$254 million worth of new contracts were awarded.

Other income for the year was approximately HK$5 million representing an increase of approximately HK$1.2 million as compared with last year income of approximately HK$3.8 million. The increase was mainly contributed by the rental income approximately HK$2 million of construction machines in Fy2014.

Share of profit of an associate of approximately HK$7.5 million for Fy2013 represented profit contributed from an associate company of the Company, Castilia Development Pte Ltd, in Singapore. The residential apartments of the said associate company were handed over to the buyers in Fy2013 resulting recognition of profit from sales of the residential apartments while no similar income was recorded in Fy2014.

For Fy2014, loss attributable to owners of the Company approximately HK$48.3 million as compared with profit approximately HK$25.9 million of the last year.

The basic loss per share of the Company for Fy2014 was HK16.1 cents compared to basic earnings per share HK8.6 cents for Fy2013.

(2) Review of Operations

(i) Building Construction

The building construction segment recorded revenue of approximately HK$352 million for Fy2014 (Fy2013: approximately HK$331 million). Segment loss for Fy2014 was approximately HK$0.9 million compared with segment profit of approximately HK$24.9 million in Fy2013. The result for the Group in this segment during the year was a slightly increase in segment revenue with change from segment profit in last year to current year segment loss. The slight increase in segment revenue was mainly due to construction projects in Singapore have been in full swing resulting that more segment revenue being recorded in the year. However segment loss incurred was primarily due to the fact that significant increases in construction costs including material, staff and labour cost in both Hong Kong and Singapore in Fy2014 as compared to Fy2013 were recorded.

(ii) Property Maintenance

The property maintenance segment reported a continuous growth in segment revenue. The segment revenue for Fy2014 was approximately HK$214 million, up by 27% from approximately HK$168.6 million in Fy2013 and segment profit was approximately HK$10.7 million and comparable to approximately HK$12 million in Fy2013. The overall result for the Group in this segment was a growth in segment revenue. Segment revenue increased because a property maintenance term contract was in full swing and more work orders were awarded and completed, resulting in more revenue being recognized during the year.

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

Revenue for the A&A works segment for Fy2014 was approximately HK$297 million (Fy2013: approximately HK$466 million) and segment profit was approximately HK$13.3 million (Fy2013: approximately HK$36 million). The overall result for the Group in this segment was decrease in both segment revenue and segment profit associated with decrease in segment profit margin as compared with the last year.

The segment profit and segment profit margin of last year was higher primarily due to the fact that a number of sizable projects in A&A works segment in Hong Kong with higher gross profit margin were substantially completed in Fy2013. In addition, the progress of several projects in Hong Kong were still at an early stage and such segment revenue and segment profit not reflected in Fy2014.

(3) Financial Position

In Fy2014, the Group mainly relied upon funds generated internally together with bank borrowings to finance its operations and expansion.

As at 31 March 2014, the Group's total cash in hand was approximately HK$311.8 million (as at 31 March 2013: approximately HK$98 million).

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

	31 March 2014 '000	31 March 2013 '000
Hong Kong Dollars	**275,534**	53,323
United States Dollars	**853**	853
Singapore Dollars	**2,699**	6,045
Macao Patacas	**922**	273
Australian Dollars	**100**	—

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.

Total interest bearing borrowings have increased significantly from HK$48.5 million as at 31 March 2013 to HK$181 million as at 31 March 2014. All borrowings were denominated in Hong Kong Dollars. The Group show substantial improved cash position that the Group's net cash balance have increased from 31 March 2013 of approximately HK$49.5 million to 31 March 2014 of approximately HK$308 million.

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 2014 HK$'000	31 March 2013 HK$'000
Property, plant and equipment	**7,740**	7,920
Other receivables	**13,817**	15,681
Bank deposits	**44,661**	47,901
	66,218	71,502

All the bank borrowings of the Group are arranged on a floating rates basis. 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. At the end of reporting period, the Group has been granted total banking facilities of approximately HK$202 million (as at 31 March 2013: approximately HK$259.4 million). An amount of approximately HK$106.4 million (as at 31 March 2013: approximately HK$173.7 million) 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 2014 and 31 March 2013 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. 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 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.

(5) Liquidity and Financial Resources

The Group's liquidity and gearing ratio remain well managed as of year end. As at 31 March 2014, the gearing ratio of the Group was 27.5% (31 March 2013: approximately 11.4%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at reporting date multiplied by 100%. The increase in gearing ratio was due to the increase in interest-bearing borrowings during Fy2014.

As at 31 March 2014, current assets and current liabilities were stated at approximately HK$605.2 million (as at 31 March 2013: approximately HK$387.1 million) and approximately HK$333.3 million (as at 31 March 2013: approximately HK$227.2 million), respectively. Current ratio increased slightly from 1.70 times as at 31 March 2013 to 1.82 times as at 31 March 2014. The current ratio is calculated by dividing current assets with current liabilities as at the end of respective period.

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 financial management principles in order to control and minimize financial and operational risks.

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

(6) Contingent Liabilities and Capital Commitments

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

	31 March 2014 HK$'000	31 March 2013 HK$'000
Guarantees in respect of performance bonds in favor of its clients	**127,080**	129,506

The Group did not have any significant capital commitment as at 31 March 2014 and 31 March 2013.

(7) Available-For-Sale Investments

As at 31 March 2014, the Group has available-for-sale investments of approximately HK$11.2 million (as at 31 March 2013: approximately HK$14.9 million), which comprised primarily investment in the listed shares of a listed company in Singapore, HLH Group Limited. As at 31 March 2014, the Group held 89,400,000 shares (as at 31 March 2013: held 89,400,000 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.

(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 of the Company dated 30 December 2011, the net proceeds received were applied during the years ended 31 March 2013 and 31 March 2014 as follows:

	Net proceeds (HK$ million)			
	Available	Utilized 2013	Utilized 2014	Unutilized
Business development in The People's Republic of China	9.6	0.2	1	8.4
Operation of projects awarded from 1 July 2011 as disclosed in the prospectus of the Company dated 30 December 2011	9.6	9.6	0	—
Increase the performance bond facilities	9.6	4.8	0	4.8
Marketing and promotion	6.3	0.2	0.4	5.7
Development of new construction techniques and methodologies	4.8	3.8	0	1.0
	39.9	18.6	1.4	19.9

The Group held the unutilized net proceeds in short-term deposits or time deposits with reputable banks in Hong Kong as at 31 March 2013 and 31 March 2014.

(9) Movement of incomplete contracts for the year ended 31 March 2014

	31 March 2013 HK$'000	Contracts Secured HK$'000	Contracts Completed HK$'000	**31 March 2014 HK$'000**
Building Construction	1,594,099	309,201	539,160	**1,364,140**
Property Maintenance	679,168	922,188	383,438	**1,217,918**
Alteration, Renovation, Upgrading and Fitting-Out Works	662,250	221,590	453,140	**430,700**
	2,935,517	1,452,979	1,375,738	**3,012,758**

Building Construction segment

Contracts secured during the year ended 31 March 2014

Contracts	Commencement date	Contract value HK$'000
Design & construction of Proposed Community Building at Hougang Avenue 9 for People's Association, Singapore	September 2013	183,747
Bored Piling Works for erection of Condominium Housing Development at New Upper Changi Road/ Tanah Merah Kechil Link, Singapore	April 2013	9,160
Bored Piling Works for Design and Build of proposed Epicentre At Tuas South Avenue 3 and 5, Tuas Biomedical Park, Singapore	September 2013	19,379
Proposed Industrial Building at 37–53 Wang Lok Street, Yuen Long Industrial Estate, N.T., Hong Kong	October 2013	87,508
Piling works at proposed erection of a 4 storey Mosque with basement carpark and a roof terrace at Punggol New Town, Singapore	October 2013	3,488
Bored piling works at Anderson Primary School, Singapore	January 2014	5,919
Total		309,201

Property Maintenance segment

Contracts secured during the year ended 31 March 2014

Contracts	Commencement date	Contract value HK$'000
Contract No. TC B922 Term Contract for the Alterations, Additions, Maintenance and Repair of Buildings and Lands and Other Properties for which the Architectural Services Department (Property Services Branch) is Responsible for the Government of the Hong Kong Special Administrative Region Designated Contract Area : Hong Kong Island Eastern and Outlying Islands (South)	April 2014	402,643
Contract No. TC B931 Term Contract for the Alterations, Additions, Maintenance and Repair of Buildings and Lands and Other Properties for which the Architectural Services Department (Property Services Branch) is Responsible for the Government of the Hong Kong Special Administrative Region Designated Contract Area : Kwun Tong, Yau Ma Tei, Tsim Sha Tsui and Mong Kok	April 2014	519,545
Total		922,188

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts secured during the year ended 31 March 2014

Contracts	Commencement date	Contract value HK$'000
Provision of New Duty Free Counters at Lo Wu Terminal Building, Hong Kong	April 2013	3,073
Main Contract for Proposed A & A Works for Pacific Club (Phase 3) at Canton Road, Tsimshatsui, Kowloon, Hong Kong	April 2013	21,871
Patch Repair for Grille Block Wall at Lift Lobby of Chi Chun Lau at Chun Seen Mei Chuen, Hong Kong	August 2013	609
Station Commercial Works at Mei Foo MTR Station, Hong Kong	September 2013	11,899
Public Toilet Fit-Out Works for West Kowloon Terminus MTR, Hong Kong	September 2013	53,100
Staff Changing Rooms Alternation Works on L00 in the City of Dreams, Macau	June 2013	2,761
Alterations and Additions Works to Y6/F for the Hong Kong Polytechnic University, Hong Kong	November 2013	3,708
Alterations and Additions Works at A1/F and AG1/F for the Hong Kong Polytechnic University, Hong Kong	December 2013	22,796
Main Contract for Proposed Alteration & Addition Works to Plaza 2000 at 2–4 Russell Street & 6–9 Canal Road East, Hong Kong	December 2013	63,000
Renovation work to Wan Chai Sports Federation, Hong Kong	June 2014	2,299
Hoarding and Site Clearance Contract for Proposed Hotel Development at Murray Building, Hong Kong	March 2014	32,512
Main Contract for 4/F Ramp Modification Works at Gateway I in Harbour City Tsim Sha Tsui, Kowloon, Hong Kong	February 2014	623
Relocation of IT Lab to Crown Tower Macau, L34 & Modification Works For L00 Storage Rooms for Retail Expansion	November 2013	1,359
Sands Cotai Central Macau, Capital Works (A&A) Projects – East Bus Lobby Enhancements Works Phase 2	December 2013	1,980
Total		221,590

Contracts completed during the year ended 31 March 2014

Contracts	Commencement date	Completion date	Contract value HK$'000
Addition of Lift Towers at Oi Man and Lai Yiu Estates, Hong Kong	July 2011	May 2013	47,842
A&A Works at Sub-basement to 1/F., Block A, at Harbour City, Canton Road, Kowloon, Hong Kong	July 2012	May 2013	44,905
Proposed A&A Works for Villa Lotto at No. 18 Broadwood Road, Happy Valley, Hong Kong	September 2011	November 2013	189,679
Fire Safety Improvement Work for the Remaining Floor at Tai Yau Building, Wanchai, Hong Kong	February 2012	September 2013	79,406
The Conversion of Estate Primary School into Office Accommodation Part of G/F, 3/F to R/F at Siu Sai Wan Estate, Chai Wan, Hong Kong	March 2012	August 2013	36,518
Design and Build for Foundation Works for Proposed Industrial Building at 37–53 Wang Lok Street, Yuen Long Industrial Estate, N.T, Hong Kong	January 2013	October 2013	20,038
Provision of New Duty Free Counters at Lo Wu Terminal Building, Hong Kong	April 2013	January 2014	3,073
Main Contract for Proposed A & A Works for Pacific Club (Phase 3) at Canton Road, Tsimshatsui, Kowloon, Hong Kong	April 2013	November 2013	21,871
Staff Changing Rooms Alternation Works on L00 in the City of Dreams, Macau	June 2013	October 2013	2,761
Alterations and Additions Works to Y6/F for the Hong Kong Polytechnic University, Hong Kong	November 2013	January 2014	3,708
Relocation of IT Lab to Crown Tower Macau, L34 & Modification Works for L00 Storage Rooms for Retail Expansion	November 2013	January 2014	1,359
Sands Cotai Central Macau, Capital Works (A&A) Projects — East Bus Lobby Enhancements Works Phase 2	December 2013	January 2014	1,980
Total			453,140

Building Construction segment

Contract completed during the year ended 31 March 2014

Contracts	Commencement date	Completion date	Contract value HK$'000
Reprovisioning of Wo Hop Shek Crematorium at Fanling, Hong Kong	July 2009	October 2013	530,000
Bored Piling Works for erection of Condominium Housing Development at New Upper Changi Road/ Tanah Merah Kechil Link, Singapore	April 2013	February 2014	9,160
Total			539,160

Property Maintenance segment

Contracts completed during the year ended 31 March 2014

Contracts	Commencement date	Completion date	Contract value HK$'000
Term Repair Contract (2009–2012) for Existing Properties in Zone B of Project K7-Kwun Tong Town Centre, Hong Kong	June 2009	June 2012	7,996
Contract No. TC W021 Term Contract for the Alterations, Additions, Maintenance and Repair of Buildings and Lands and Other Properties for which the Architectural Services Department (Property Services Branch) is Responsible for the Government of the Hong Kong Special Administrative Region Designated Contract Area : Wan Chai (South) and Wan Chai (North)	April 2010	March 2014	375,442
Total			383,438

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

Contracts	Commencement date	Contract value HK$'000
Repartitioning Works at 2/F of West Commercial Block, Paradise Mall, Hong Kong	May 2014	26,347
Bored piling works at Taman Jurong Community Club at 1 Yu Sheng Road, Singapore	April 2014	1,087
Bored piling works at 5-storey factory development at Lim Teck Boo Road, Singapore	April 2014	1,652
Construction and completion of Venetian Macao Team Member Washrooms	May 2014	13,920
Residential redevelopment, No.4 Wiltshire Road, Kowloon, Hong Kong	May 2014	25,555
Hotel development at 8A–8B Wing Hing Street, North Point, Hong Kong	June 2014	135,000
Renovation Works for Catering and Amenities Facilities and Associated Improvement Works at David C Lam Building for Hong Kong Baptist University, Hong Kong	June 2014	50,913
Total		254,474

(10) Employees and remuneration policies

As at 31 March 2014, the Group employed a total of 324 members of staff (as at 31 March 2013: 280 staff) which included Hong Kong, Macau & Singapore employees. The total remuneration for staff was approximately HK$100 million for Fy2014 (Fy2013: approximately HK$91 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. 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 year ended 31 March 2014, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

Executive Directors

Mr. Wang Zhijun ("Mr. Wang"), aged 42, was appointed as executive Director on 2 May 2013. Mr. Wang is also the chairman of the Board, the chairman of the nomination committee and a member of the remuneration committee of the Company. Mr. Wang has been a businessman for over ten years, and currently has investment in a company incorporated in Singapore which is engaged in international trading of nonferrous metals.

Mr. Gavin Xing ("Mr. Xing"), aged 42, was appointed as executive Director and chief executive officer of the Company on 10 September 2013. Mr. Xing is also the director of certain subsidiaries of the Company. Mr. Xing graduated from Royal Melbourne Institute of Technology with a Bachelor degree in Accounting and Economics in 1995. He received a Graduate Diploma in Applied Finance and Investment from Security Institute of Australia in 1998 and a Master degree in Applied Finance from Macquarie University in 1999. Mr. Gavin Xing has over 17 years of experience in investment banking and financing field with strong infrastructure, natural resources and commodities background. He held a number of sales, origination and structuring positions within Global Market Division at Deutsche Bank AG Asia during the past 6 years from 2007 to 2013. These positions include Director — Principal Finance (Hong Kong office), Head of Commodities Structuring, China (Beijing office) and Head of Origination — Commodities, Asia (Singapore office). He was also a Director of Project/Infrastructure Finance with HSBC Asia and Vice President of Structured Finance for Sumitomo Mitsui Banking Corporation during 2001 to 2007 in Hong Kong and Singapore. Prior to that, Mr. Gavin Xing worked at the investment banking division at Deutsche Bank AG and ANZ in Melbourne, Australia between 1996 to 2000 with a focus on infrastructure investment and financing.

Mr. Hu Baoyue ("Mr. Hu"), aged 49 was appointed as executive Director on 2 May 2013. Mr. Hu is also both a member of the nomination committee and the remuneration committee of the Company. Mr. Hu is one of the authorised representatives of the Company. Mr. Hu is also the director of Silver Sky Worldwide Holdings Limited 銀天環球控股有限公司, a subsidiary of the Company. Mr. Hu holds a Master of Business Administration Degree from The Hong Kong Polytechnic University, and is a certified public accountant in the People's Republic of China. Mr. Hu is currently an independent director of Shenzhen Jufei Optoelectronics Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 300303). Mr. Hu worked in Hunan Yunjin Group Co., Ltd. (湖南雲錦集團股份有限公司) from September 2009 to September 2012 as a vice president, financial controller, and secretary to its board of directors.

Independent Non-executive Directors

Mr. Chiu Sai Chuen Nicholas, *BBS*, *MBE*, *JP* ("Mr. Chiu"), aged 70, was appointed as independent non-executive Director on 28 May 2013. Mr. Chiu is a member of each of the audit committee, the nomination committee and the remuneration committee of the Company. Mr. Chiu obtained a bachelor degree of science in engineering in 1969 and the certificate in Industrial Engineering from the University of Hong Kong in 1971, respectively. He was a fellow of the Hong Kong Institution of Engineers since February 1991 and a registered professional engineer of the Hong Kong Engineers Registration Board from February 1999 to January 2000. Mr. Chiu was elected a member of the Institution of Mechanical Engineers in the UK in 1990 and was registered as a chartered mechanical engineer.

He is currently an independent non-executive director of Ngai Shun Holdings Limited (Stock code: 1246), a company listed on the Stock Exchange. Mr. Chiu was a managing director of South Star Construction Co. Ltd. He had been a member of the Standing Commission on Civil Service Salaries and Conditions of Service from July 1989 to June 1991. He had served as the Chairman of the Pay Trend Survey Committee of the Hong Kong Government from January 1994 to July 2000. Mr. Chiu has been acting on the board of directors of Christian Family Service Centre since 1988 and he is currently the Honorary Treasurer.

Mr. Chiu was a director of each of South Star Investment Company Limited (南星投資有限公司) and Fullfair Hong Kong Limited (富暉香港有限公司) when these companies were dissolved by deregistration pursuant to section 291AA of the then Companies Ordinance (Chapter 32, Laws of Hong Kong core provisions of which have been replaced by the new Companies Ordinance (Cap 622)). Mr. Chiu confirmed that the companies were deregistered for the reason that such companies had never commenced business.

Mr. Tam Tak Kei Raymond ("Mr. Tam"), aged 51, was appointed as an independent non-executive Director on 19 December 2011. Mr. Tam is also the chairman of the audit committee and a member of the nomination committee and the 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 both an associate member of the Institute of Chartered Accountants in England and Wales and 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 was an independent non-executive director of Sun Innovation Holdings Limited (Stock code: 547) from 10 September 2009 to 9 August 2013, and is current an independent non-executive director of Sunley Holdings Limited (Stock code: 1240), Ngai Shun Holdings Limited (Stock code: 1246), Jin Cai Holdings Company Limited (Stock code: 1250), Tianjin Jinran Public Utilities Company Limited (formerly known as Tianjin Tianlian Public Utilities Company Limited (Stock code: 1265)) and Zebra Strategic Holding Limited (Stock code: 8260) and he is also engaged by Branding China Group Limited (Stock code: 8219) as an external service provider to the company secretary. The shares of the seven companies are listed on the Stock Exchange.

Mr. Wong Kai Tung Simon ("Mr. Wong"), aged 47, was appointed as an independent non-executive Director on 12 November 2013. Mr. Wong is also the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company. Mr. Wong is the Founder and Partner of Tawau Capital Partners Limited, a company principally engaged in private equity/venture capital investments, management consultancy and financial advisory. Mr. Wong is an experienced banker and has over 20 years' experience in the corporate and investment banking sector in Asia with Deutsche Bank AG, Hong Kong Branch, DBS Bank Limited, Hong Kong Branch, and Daiwa Securities SMBC Hong Kong Limited, where he was responsible for investment banking services in the Greater China Region. Mr. Wong is currently an independent non-executive director of GR Properties Limited (formerly known as Buildmore International Limited) (Stock code: 108). From September 2011 to September 2012, Mr. Wong was the General Manager of Mergers and Acquisitions Department and the Head of Investor Relations of Brightoil Petroleum (Holdings) Limited (Stock Code: 0933), a company listed on the Main Board of the Stock Exchange, where he gained corporate finance, mergers and acquisitions and investor relations experience from a listed company perspective.

Mr. Wong received an Executive MBA degree from Tsinghua University (Beijing, China) in 2013, Mr. Wong has also participated in the Young Managers Programme held at INSEAD (Fontainebleau, France) in 1998. Mr. Wong received a Bachelor of Arts degree and a Graduate Diploma in Management Consulting and Change from The University of Hong Kong in 1990 and 2008, respectively.

Mr. Wong is a Certified Management Consultant (CMC), awarded by the Institute of Management Consultants Hong Kong (IMCHK).

Senior Management

Mr. Kwan Ngai Kit ("Mr. Kwan"), aged 34, was appointed as the financial controller and company secretary of the Company on 14 June 2014. Mr. Kwan has over 10 years' experience in auditing. He was a senior manager in assurance department in Ernst & Young prior to joining the Company. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Kwan holds a Bachelor's degree in Accountancy from the Hong Kong Polytechnic University.

Mr. Wong Law Fai, aged 54, is the managing director of Wan Chung Construction Company Limited and a director of certain subsidiaries of the Company, responsible for the overall strategic development and management of the Group. He was appointed as a Director on 31 May 2011 and redesignated as an executive Director on 19 December 2011, and later resigned as an executive Director, the chairman of the Board and authorised representative of the Company on 28 May 2013; and the chief executive officer of the Company on 10 September 2013. He has over 23 years of experience in the building construction industry of Hong Kong. Prior to joining the Group in 1990, he had been working in other construction companies including Leighton Contractors (Asia) Co. Ltd. He 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). He 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. So Kwok Lam ("Mr. So"), aged 53, is 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. He was appointed as an executive Director on 19 December 2011 and resigned on 28 May 2013. 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 29 years of experience in the building construction industry of Hong Kong. Mr. So was 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. Mr. So is a member of the Registered Contractors' Disciplinary Board Panel of the Planning and Lands Branch, Development Bureau under the Building Ordinance for the period from 1 June 2014 to 31 May 2017. 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 72, is a director and the technical director of Wan Chung Construction Company Limited. He was appointed as an executive Director on 19 December 2011 and resigned on 28 May 2013. 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 49 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.

Mr. Wong Chi Kin, Jesse, aged 51, 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 30 years of experience in the building construction industry of Hong Kong. Prior to joining the 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 50, 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 30 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. Datuk Eng Son Yam, aged 61, is the managing director of Wan Chung Construction (Singapore) Pte Ltd, responsible for the strategic planning and development of the Wan Chung Singapore. Datuk Eng has more than 30 years of experience in the building industry of Singapore and Malaysia. He had undertaken construction projects in housing, hospital, integrated resort and religious establishment. Datuk Eng has also endeavored in property development ventures in Singapore and Malaysia. Over the years, he has built up a strong network with key players in this industry. Datuk Eng was also active in social work particularly education for the young in Malacca (Datuk Eng's birth place). In recognition of his contribution towards the local school, he was conferred "DSM Datuk" by the Governor of Malacca, Malaysia. Datuk Eng obtained a diploma in business administration from the Singapore Chinese Chamber Institute of Business in 2008. He completed an Executive Program on Oriental-Western Wisdom and Business Management at the School of Continuing Education, Tsinghua University in October 2013.

Mr. Tan Chwee Kee, aged 57, is the deputy managing director of Wan Chung Construction (Singapore) Pte Ltd. Mr. Tan has more than 30 years of experience in project management, property development, building design and construction. Prior to joining Wan Chung Singapore in August 2011, Mr. Tan was the project director of HLH Development Pte Ltd, a property development arm of SGX-ST listed group, HLH Group Limited. From 2005–2007, he was with Chip Eng Seng Corporation Ltd, a construction and property development group listed on the SGX-ST, as the assistant general manager of The Pinnacle@Duxton project, the first 50-storey high dense public housing project launched by the government. It was the winning design of an international design competition; which features the sky gardens at mix storeys and top storey linking all the blocks together. Mr. Tan led the technical team and was instrumental in addressing the design issues of the technically challenging sky-gardens construction. Between 1995-2004, he was the CEO of Hong Lai Huat Construction Pte Ltd. Mr. Tan started his career as a structural engineer in The Housing and Development Board in 1982. Mr. Tan has a Bachelor Degree in Civil Engineering from The National University of Singapore and is a registered Professional Engineer with the Singapore Professional Engineer Board.

Corporate Governance Practices

The Board of directors (the "Directors") of Vision Fame International Holdings Limited (the "Company"), together with its subsidiaries (the "Group") 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, customers and employees of the Company. During the year ended 31 March 2014, the Board had adopted the principles and the code provisions as set out in Corporate Governance Code and Corporate Governance Report (the "CG Code") 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 and made such terms of reference available on the websites of the Stock Exchange and the Company.

Save as disclosed below, during the year ended 31 March 2014, the Company had complied with the CG Code as set out in Appendix 14 to the Listing Rules.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2014, Mr. Wong Law Fai had been both the chairman and chief executive officer of the Company until 28 May 2013 when Mr. Wang was appointed as the chairman in place of Mr. Wong Law Fai. Therefore, the code provision A.2.1 of the CG Code has been complied with.

According to the code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive Directors and independent non-executive Directors without the executive Directors present. Although the chairman did not hold a meeting with the non-executive Directors and independent non-executive Directors during the year ended 31 March 2014, he delegated the company secretary to gather any concerns and/or questions that the non-executive Directors and independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

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 year ended 31 March 2014.

Board of Directors

Composition of the Board of Directors

As at the date of this annual report, the Board consisted six Directors comprising three executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors

Mr. Wang Zhijun *(Chairman)*
(appointed as executive Director on 2 May 2013 and Chairman on 28 May 2013)
Mr. Gavin Xing *(Chief Executive Officer)* (appointed on 10 September 2013)
Mr. Hu Baoyue (appointed on 2 May 2013)

Independent non-executive Directors

Mr. Chiu Sai Chuen Nicholas (appointed on 28 May 2013)
Mr. Tam Tak Kei Raymond
Mr. Wong Kai Tung Simon (appointed on 12 November 2013)

The biographical details of all current Directors and senior management of the Company are set out on pages 17 to 21 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 the members of the Board during the reporting period.

Functions of the Board

The principal functions 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 2014, the Board held eight meetings and the Company held one general meeting. Details of the attendance of the relevant Directors are as follows:

	Attendance/ Number of General Meeting entitled to attend	Attendance/ Number of Board Meetings entitled to attend
Executive Directors		
Mr. Wang Zhijun *(Chairman)* (appointed as executive Director on 2 May 2013 and Chairman on 28 May 2013)	1/1	6/6
Mr. Gavin Xing *(Chief Executive Officer)* (appointed on 10 September 2013)	N/A	1/1
Mr. Hu Baoyue (appointed on 2 May 2013)	0/1	6/6
Mr. Wong Law Fai (resigned as executive Director and Chairman on 28 May 2013 and Chief Executive Officer on 10 September 2013)	N/A	4/4
Mr. So Kwok Lam (resigned on 28 May 2013)	N/A	4/4
Mr. Yip Chi Chong (resigned on 28 May 2013)	N/A	4/4
Independent Non-executive Directors		
Mr. Chiu Sai Chuen Nicholas (appointed on 28 May 2013)	1/1	4/4
Mr. Tam Tak Kei Raymond	1/1	8/8
Mr. Wong Kai Tung Simon (appointed on 12 November 2013)	N/A	1/1
Mr. Ren Yunan (appointed on 28 May 2013 and resigned on 12 November 2013)	0/1	2/3
Mr. Lam Siu Lo Andrew (resigned on 28 May 2013)	N/A	4/4
Mr. Li Ying Ming (resigned on 28 May 2013)	N/A	1/4

Directors' Appointment and Re-election

Mr. Tam, an independent non-executive Director, has entered into a service agreement with the Company for a term of three years commencing from 19 January 2014, which may be terminated by either the Company or Mr. Tam by giving six months written notice or otherwise in accordance with the terms of the service agreement.

Mr. Wang and Mr. Hu were appointed as executive Directors on 2 May 2013 and Mr. Chiu were appointed as an independent non-executive Director on 28 May 2013, each of whom has entered into a service agreement with the Company for a term of three years commencing from 9 September 2013, which may be terminated by either the Company or the other party by giving six months written notice or otherwise in accordance with the terms of the service agreement.

Mr. Xing was appointed as an executive Director on 10 September 2013 and has entered into a service agreement with the Company for a term of three years commencing from 10 September 2013, which may be terminated by either the Company or Mr. Xing by giving six months written notice or otherwise in accordance with the terms of the service agreement.

Mr. Wong was appointed as an independent non-executive Director on 12 November 2013 and has entered into a service agreement with the Company for a term of three years commencing from 12 November 2013, which may be terminated by either the Company or Mr. Wong by giving six months written notice or otherwise in accordance with the terms of the service agreement.

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).

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) and 3.10A of the Listing Rules. Furthermore, among the three independent non-executive Directors, Mr. Tam 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. Chiu, Mr. Tam and Mr. Wong to be independent.

According to the code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive Directors and independent non-executive Directors without the executive Directors present. Although the chairman did not hold a meeting with the non-executive Directors and independent non-executive Directors during the year ended 31 March 2014, he delegated the company secretary to gather any concerns and/or questions that the non-executive Directors and independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

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 should be separate and should not be performed by the same individual. During the year ended 31 March 2014, Mr. Wong Law Fai had been both the chairman and chief executive officer of the Company until 28 May 2013 when Mr. Wang was appointed as the chairman in place of Mr. Wong Law Fai. Therefore, the code provision A.2.1 of the CG Code has been complied with.

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 needs 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 of its corporate activities. The insurance coverage is reviewed on an annual basis.

Continuing Professional Development

According to the code provision A.6.5 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company would arrange and/or introduce some Director's training courses for the Directors to develop and explore their knowledge and skills.

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually updated on the legal and regulatory developments, as well as business and market changes, to facilitate the discharge of their responsibilities.

All Directors during the reporting period have participated in continuous professional development to develop and refresh their knowledge and skills through suitable trainings. The participation in such trainings is to ensure that their contributions to the Board remains informed and relevant.

Senior Management's Remuneration

The remuneration of the members of the senior management by band for the year ended 31 March 2014 is as follows:

Remuneration bands (HK$)	Number of individual(s)
From 1,000,001 to 1,500,000	6
From 1,500,001 to 2,000,000	1

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 were revised on 28 March 2012 in compliance with the CG Code and are 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 auditor.

The Audit Committee comprised three independent non-executive Directors, namely Mr. Chiu, Mr. Tam (the chairman of the Audit Committee) and Mr. Wong.

The Audit Committee has, inter alia, 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 interim financial information for the six months ended 30 September 2013 and the consolidated financial statements and annual results for the year ended 31 March 2014.

During the year ended 31 March 2014, the Audit Committee held two meetings to review the audited consolidated financial statements for the year ended 31 March 2013, the unaudited consolidated financial statements for the six months ended 30 September 2013, the change of the auditor of the Company, and the internal control and corporate governance issues related to financial reporting of the Company. The Audit Committee also complied with the code provision C.3.3 of the CG Code to meet the auditors in absence of management for reviewing the internal control of the Company. Details of the attendance of members of the Audit Committee meetings held during the reporting period are as follows:

	Attendance
Mr. Tam Tak Kei, Raymond *(Chairman)*	2/2
Mr. Chiu Sai Chuen Nicholas (appointed on 28 May 2013)	2/2
Mr. Wong Kai Tung Simon (appointed on 12 November 2013)	1/1
Mr. Ren Yunan (appointed on 28 May 2013 and resigned on 12 November 2013)	1/1
Mr. Lam Siu Lo Andrew (resigned on 28 May 2013)	N/A
Mr. Li Ying Ming (resigned on 28 May 2013)	N/A

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 in compliance with the CG Code and are 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 include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

The Remuneration Committee comprised three independent non-executive Directors, namely Mr. Chiu, Mr. Tam and Mr. Wong (the chairman of the Remuneration Committee), and two executive Directors, namely Mr. Wang. and Mr. Hu.

During the year ended 31 March 2014, the Remuneration Committee held six meetings to, inter alia, determine the policy for the remuneration of executive Directors, review the remuneration packages of all Directors and senior management of the Company, assess the performance of the executive Directors and discuss the bonus payment of the Directors and senior management of the Company and approve the terms of the executive Directors service agreements. Details of the attendance of the members of the Remuneration Committee meetings are as follows:

	Attendance
Mr. Wong Kai Tung Simon *(Chairman)* (appointed on 12 November 2013)	1/1
Mr. Wang Zhijun (appointed on 2 May 2013)	4/4
Mr. Hu Baoyue (appointed on 2 May 2013)	4/4
Mr. Chiu Sai Chuen Nicholas (appointed on 28 May 2013)	4/4
Mr. Tam Tak Kei, Raymond	6/6
Mr. Wong Law Fai (resigned on 28 May 2013)	2/2
Mr. Ren Yunan (appointed on 28 May 2013 and resigned on 12 November 2013)	2/3
Mr. Lam Siu Lo Andrew (resigned on 28 May 2013)	2/2
Mr. Li Ying Ming (resigned on 28 May 2013)	0/2

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 including 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 of the Company (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, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 and 26 August 2013 in compliance with the CG Code and are 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 Board is empowered under the Company's articles of association to appoint any person as a director either to fill a casual vacancy 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.

During the year ended 31 March 2014, the Nomination Committee formulated the board diversity policy of the Company (the "Board Diversity Policy"). The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy.

The Nomination Committee comprised three independent non-executive Directors, namely Mr. Chiu, Mr. Tam and Mr. Wong, and two executive Directors, namely Mr. Wang (the chairman of the Nomination Committee) and Mr. Hu.

During the year ended 31 March 2014, the Nomination Committee held six meetings to, inter alia, determine the policy for the nomination of Directors, review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board on the appointment of Directors and assess the Board Diversity Policy. Details of the attendance of the members of the Nomination Committee meeting are as follows:

	Attendance
Mr. Wang Zhijun *(Chairman)* (appointed on 2 May 2013)	4/4
Mr. Hu Baoyue (appointed on 2 May 2013)	4/4
Mr. Chiu Sai Chuen Nicholas (appointed on 28 May 2013)	4/4
Mr. Tam Tak Kei, Raymond	6/6
Mr. Wong Kai Tung Simon (appointed on 12 November 2013)	1/1
Mr. Wong Law Fai (resigned on 28 May 2013)	2/2
Mr. Ren Yunan (appointed on 28 May 2013 and resigned on 12 November 2013)	2/3
Mr. Lam Siu Lo Andrew (resigned on 28 May 2013)	2/2
Mr. Li Ying Ming (resigned on 28 May 2013)	0/2

Independent Board Committee

During the year ended 31 March 2014, Mr. Tam, Mr. Lam Siu Lo Andrew and Mr. Li Ying Ming were appointed as members of an independent board committee for giving independent advice to the independent Shareholders in respect of the mandatory unconditional cash offer by Ping An of China Securities (Hong Kong) Company Limited on behalf of Grand Silver Group Limited for all the issued shares of the Company (other than those already acquired or agreed to be acquired by Grand Silver Group Limited and parties acting in concert with it). Details of the attendance of the members of the said independent board committee are as follows:

	Attendance/ Number of Independent Board Committee Meetings entitled to attend
Mr. Tam Tak Kei Raymond	1/1
Mr. Lam Siu Lo Andrew (resigned on 28 May 2013)	1/1
Mr. Li Ying Ming (resigned on 28 May 2013)	1/1

Accountability and Audit

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

All Directors acknowledge 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 2014, 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 auditor 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 2014, the remuneration paid or payable to the Company's former auditor, SHINEWING (HK) CPA Limited, and the existing auditor of the Company, Deloitte Touche Tohmatsu, in respect of their audit and non-audit services was as follows:

	HK$
Audit service fee paid to Deloitte Touche Tohmatsu	1,100,000
Non-audit services fee paid to SHINEWING (HK) CPA Limited	280,000
Non-audit services fee paid to Deloitte Touche Tohmatsu	47,000
Total	1,427,000

The amount of fee incurred for the non-audit services arises from (i) the review of preliminary announcement of results of the Group for the year ended 31 March 2014; (ii) tax services; and (iii) the review of interim financial information for the six months ended 30 September 2013.

Corporate Governance Functions

According to code provision D.3 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the policies and practices on corporate governance of the Group and make recommendations;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
- to review the Company's compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and disclosure in the corporate governance report of the Company.

During the year ended 31 March 2014, the Board held one meeting to, inter alia, determine and review the policies and practices of the Company relating to the CG Code. Details of the attendance of the related meeting of the Board are as follows:

	Attendance
Executive Directors	
Mr. Wang Zhijun *(Chairman)* (appointed as executive Director on 2 May 2013 and Chairman on 28 May 2013)	1/1
Mr. Gavin Xing *(Chief Executive Officer)* (appointed on 10 September 2013)	N/A
Mr. Hu Baoyue (appointed on 2 May 2013)	1/1
Mr. Wong Law Fai (resigned as executive Director and Chairman on 28 May 2013 and Chief Executive Officer on 10 September 2013)	N/A
Mr. So Kwok Lam (resigned on 28 May 2013)	N/A
Mr. Yip Chi Chong (resigned on 28 May 2013)	N/A
Independent Non-executive Directors	
Mr. Chiu Sai Chuen Nicholas (appointed on 28 May 2013)	1/1
Mr. Tam Tak Kei, Raymond	1/1
Mr. Wong Kai Tung Simon (appointed on 12 November 2013)	N/A
Mr. Ren Yunan (appointed on 28 May 2013 and resigned on 12 November 2013)	1/1
Mr. Lam Siu Lo Andrew (resigned on 28 May 2013)	N/A
Mr. Li Ying Ming (resigned on 28 May 2013)	N/A

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 2014.

Investors and Shareholders Relations

The Company values communication with the Shareholders and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquires from Shareholders may be put to the Board through the following channels to the company secretary of the Company (the "Company Secretary"):

1. By mail to the Company's principal place of business at Suite 02, 19th Floor, CCB Tower, No. 3 Connaught Road Central, Central, Hong Kong;

2. By telephone number 2811 1602;

3. By fax number 2811 3183; or

4. By email at info@visionfame.com

The Company uses a number of formal communications channel to account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to Shareholders through the publication of interim and annual reports and/or dispatching circular, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 64 of the articles of association of the Company, one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office and principal place of business of the Company at Suite 02, 19th Floor, CCB Tower, No. 3 Connaught Road Central, Central, Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company at Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong:

- a notice in writing by the Shareholder indicating the intention to propose a person for election as a Director; and
- a notice in writing by the person proposed by the Shareholder for election as a Director indicating his/her willingness to be elected.

The minimum length of the period, during which such notices may be given, will be at least 7 days.

The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

The Board has established a shareholders' communication policy on 28 March 2012 and will review it on a regular basis to ensure its effectiveness to comply with the code provision E.1.4 of the CG Code.

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

Company Secretary

Ms. Lam Yuen Ling Eva ("Ms. Lam") was the Company Secretary who was delegated as an external service provider. During the year ended 31 March 2014, the external service provider's primary contact person at the Company was Mr. Lee Hon Chiu ("Mr. Lee"), the financial controller of the Company.

Mr. Lee has been appointed to replace Ms. Lam as the Company Secretary on 29 November 2013 and resigned on 14 June 2014, Mr. Kwan has been appointed as the Company Secretary on 14 June 2014. Mr. Kwan reports to the CEO directly and is responsible to the Board for ensuring that the Board procedures, applicable laws, rules and regulations are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of the Directors.

According to the Rule 3.29 of the Listing Rules, each of Ms. Lam and Mr. Lee has taken no less than 15 hours of relevant professional training for the year ended 31 March 2014.

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2014.

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 Suite 02, 19th Floor, CCB Tower, No. 3 Connaught Road Central, Central, Hong Kong.

Principal Activities

The principal activity of the Group 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 Directors do not recommend the payment of final dividend in respect of the year ended 31 March 2014 (2013: Nil). No interim dividend was declared for the six months ended 30 September 2013 (2012: nil).

Major Customers and Suppliers

The Group's top five customers accounted for approximately 70.7% of the total sales. The top five suppliers accounted for approximately 35.1% of the total purchases for the year. In addition, the Group's largest customer accounted for approximately 23.9% of the total sales and the Group's largest supplier accounted for approximately 11.4% of the total purchases for the year.

At no time during the year ended 31 March 2014 have the then and current directors of the Company, 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 2014 and the state of affairs of the Group as at 31 March 2014 are set out in the consolidated financial statements on pages 46 to 105.

Distributable Reserve

As at 31 March 2014, the Company's reserves available for distribution represent the share premium account less accumulated losses, amounted to approximately HK$127,933,000.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the year ended 31 March 2014 are set out in note 26 to the consolidated financial statements.

Charitable Donations

During the year ended 31 March 2014, the Group made charitable donation amounting to HK$248,574.

Directors

The directors of the Company during the year ended 31 March 2014 and up to the date of this Director's report are:

Executive Directors:

Mr. Wang Zhijun *(Chairman)* (appointed as executive Director on 2 May 2013 and Chairman on 28 May 2013)
Mr. Gavin Xing *(Chief Executive Officer)* (appointed on 10 September 2013)
Mr. Hu Baoyue (appointed on 2 May 2013)
Mr. Wong Law Fai (resigned as executive Director and Chairman on 28 May 2013 and Chief Executive Officer on 10 September 2013)
Mr. So Kwok Lam (resigned on 28 May 2013)
Mr. Yip Chi Chong (resigned on 28 May 2013)

Independent Non-executive Directors:

Mr. Chiu Sai Chuen Nicholas (appointed on 28 May 2013)
Mr. Tam Tak Kei Raymond
Mr. Wong Kai Tung Simon (appointed on 12 November 2013)
Mr. Ren Yunan (appointed on 28 May 2013 and resigned on 12 November 2013)
Mr. Lam Siu Lo Andrew (resigned on 28 May 2013)
Mr. Li Ying Ming (resigned on 28 May 2013)

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

By virtue of article 112 of the articles of association of the Company, Mr. Xing and Mr. Wong will hold office until the forthcoming annual general meeting and will retire and being eligible, offer themselves for re-election.

Directors' Service Agreement

Mr. Tam, an independent non-executive Director, has entered into a service agreement with the Company for a term of three years commencing from 19 January 2014, which may be terminated by either the Company or Mr. Tam by giving six months written notice or otherwise in accordance with the terms of the service agreement.

Mr. Wang and Mr. Hu were appointed as executive Directors on 2 May 2013 and Mr. Chiu were appointed as an independent non-executive Directors on 28 May 2013, each of whom has entered into a service agreement with the Company for a term of three years commencing from 9 September 2013, which may be terminated by either the Company or the other party by giving six months written notice or otherwise in accordance with the terms of the service agreement.

Mr. Xing was appointed as an executive Director on 10 September 2013 and has entered into a service agreement with an Company for a term of three years commencing from 10 September 2013, which may be terminated by either the Company or Mr. Xing by giving six months written notice or otherwise in accordance with the terms of the service agreement.

Mr. Wong was appointed as an independent non-executive Director on 12 November 2013 and has entered into a service agreement with the Company for a term of three years commencing from 12 November 2013, which may be terminated by either the Company or Mr. Wong by giving six months written notice or otherwise in accordance with the terms of the service agreement.

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 the principal terms of 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 10 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 2014.

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

As at 31 March 2014, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (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 provisions 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. Wang Zhijun (Note)	Interest of Controlled Corporation	225,000,000 (L)	75%

(L): Long position

Note: The 225,000,000 Shares are held by Grand Silver Group Limited, and Mr. Wang Zhijun beneficially owns the entire issued share capital of Grand Silver Group Limited. By virtue of the SFO, Mr. Wang Zhijun is deemed to be interested in the 225,000,000 Shares held by Grand Silver 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 in this report, at no time during the year ended 31 March 2014 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 2014, 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
Grand Silver Group Limited	Beneficial owner	225,000,000 (L)	75%
Ms. Guan Hongyan (Note)	Interest of spouse	225,000,000 (L)	75%

(L): Long position

Note: Ms. Guan Hongyan is the spouse of Mr. Wang, the executive Director. By virtue of the SFO, Ms. Guan Hongyan is deemed to be interested in 225,000,000 Shares which Mr. Wang is interested in.

Save as disclosed above, as at 31 March 2014, 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

Save as disclosed below, from information publicly available to the Company and within the knowledge of the Directors, during the year ended 31 March 2014, the Company had maintained the public float required by the Listing Rules.

Upon the close of a mandatory general cash offer (the "Offer") on 10 May 2013, there were 49,854,000 shares of the Company, representing approximately 16.62% of the issued share capital of the Company, held by the public (as defined in the Listing Rules). Accordingly, the Company cannot fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. A waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for the period of three months commencing from 10 May 2013 has been granted by the Stock Exchange. On 7 August 2013, Grand Silver Group Limited, the controlling shareholder of the Company, completed a selling down of 24,146,000 shares of the Company, approximate 8.05% of the total issued share capital of the Company in order to comply with the requirement of at least 25% of the issued share capital of the Company being held by the public under Rule 8.08(1)(a) of 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 of the Company had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

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 2014.

Directors' Interests in Competing Business

As at 31 March 2014, 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 2014 are set out in notes 19, 22, 23 and 24 to the consolidated financial statements.

Retirement Benefits Plans

Particulars of retirement benefits plans of the Group as at 31 March 2014 are set out in note 28 to the consolidated financial statements.

Confirmation of Independence

The Company has received from each of the independent non-executive Directors during the reporting period namely, Mr. Chiu, Mr. Tam and Mr. Wong, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all of them were independent during the year ended 31 March 2014.

Connected Transactions

The related party transactions of the Company for the year ended 31 March 2014 are set out in notes 19, 22 and 23 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.

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 year ended 31 March 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial periods is set out in the five years financial summary on page 106 of this annual report.

Corporate Governance

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 22 to 34. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of the long term objectives.

Subsequent Events

Change of company secretary

On 14 June 2014, Mr. Lee has resigned as the Company Secretary and Mr. Kwan has been appointed as the Company Secretary following the resignation of Mr. Lee.

Share subdivision, change in board lot size and rights issue

The Company has proposed (i) to subdivide each (1) existing issued and unissued shares of HK$0.01 in the share capital of the Company into eight (8) subdivided shares of HK$0.00125 each; (ii) to change the board lot size for trading on the Stock Exchange from 2,000 shares to 10,000 subdivided shares after the share subdivision becoming effective; and (iii) to raise approximately HK$384 million (before expenses) by way of rights issue of 2,400,000,000 rights shares at the subscription price of HK$0.16 per rights share on the basis of one rights share for every subdivided share held on 11 August 2014. The rights issue is only available to the qualifying Shareholders and such qualifying Shareholders are not entitled to apply for any rights share which are in excess of their assured entitlements.

For details, please refer to the Company's announcement dated 19 June 2014.

Auditor

Deloitte Touche Tohmatsu ("Deloitte") was appointed as the auditor of the Company with effect from 17 January 2014 to fill the casual vacancy following the resignation of SHINEWING (HK) CPA Limited, and to hold office until the conclusion of the next annual general meeting of the Company ("AGM"). The consolidated financial statements of the Group for the year ended 31 March 2014 were audited by Deloitte.

Deloitte will retire at the conclusion of the AGM and being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of Deloitte as the auditor of the Company will be proposed at the AGM.

By order of the Board
Wang Zhijun
Chairman

Hong Kong, 26 June 2014

Deloitte.
德勤

TO THE MEMBERS OF VISION FAME INTERNATIONAL HOLDING LIMITED
允升國際控股有限公司
(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 46 to 105, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Revenue	5	**863,928**	965,386
Cost of sales		**(842,166)**	(894,223)
Gross profit		**21,762**	71,163
Other income	6	**4,953**	3,783
Administrative expenses		**(72,212)**	(50,278)
Finance costs	7	**(3,071)**	(1,572)
Share of results of an associate	14	**—**	7,462
(Loss) profit before taxation	8	**(48,568)**	30,558
Taxation	9	**250**	(4,685)
(Loss) profit for the year attributable to the shareholders of the Company		**(48,318)**	25,873
Other comprehensive (expense) income			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial gain on long service payment obligations		**—**	230
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**(1,726)**	1,053
Fair value (loss) gain on available-for-sale investments		**(3,343)**	1,675
		(5,069)	2,728
Other comprehensive (expense) income for the year		**(5,069)**	2,958
Total comprehensive (expense) income for the year attributable to the shareholders of the Company		**(53,387)**	28,831
(Loss) earnings per share *(HK cents)*	11		
— Basic and diluted		**(16.1)**	8.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**32,399**	16,966
Interests in associates	14	**8,432**	7,695
Interest in a joint venture	15	**—**	—
Available for sale investments	16	**11,274**	14,883
		52,105	39,544
CURRENT ASSETS			
Amounts due from customers for contract work	17	**43,123**	48,304
Trade and other receivables	18	**250,246**	240,115
Amount due from a joint venture	19	**—**	642
Pledged bank deposits	20	**44,661**	47,901
Bank balances and cash	20	**267,180**	50,118
		605,210	387,080
CURRENT LIABILITIES			
Amounts due to customers for contract work	17	**14,547**	4,928
Trade and other payables	21	**185,630**	167,876
Amounts due to associates	19	**7,025**	5,006
Amount due to a related party	22	**122,607**	—
Tax payable		**87**	899
Secured bank borrowings	23	**—**	48,500
Obligations under financial leases — due within one year	24	**3,387**	—
		333,283	227,209
NET CURRENT ASSETS		**271,927**	159,871
TOTAL ASSETS LESS CURRENT LIABILITIES		**324,032**	199,415
NON-CURRENT LIABILITIES			
Loan from a related party	22	**170,000**	—
Obligations under finance leases — due after one year	24	**7,646**	—
Deferred tax liability	25	**845**	421
Other payable and accrual		**762**	828
		179,253	1,249
		144,779	198,166
CAPITAL AND RESERVES			
Share capital	26	**3,000**	3,000
Reserves		**141,779**	195,166
		144,779	198,166

The consolidated financial statements on pages 46 to 105 were approved and authorised for issue by the Board of Directors on 26 June 2014 and are signed on its behalf by:

Wang Zhijun
Director

Gavin Xing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Share capital HK$'000	Share premium HK$'000 (Note i)	Exchange reserve HK$'000	Capital reserve HK$'000 (Note ii)	Legal reserve HK$'000 (Note iii)	Investments revaluation reserve HK$'000	Other reserve HK$'000 (Note iv)	Retained profits HK$'000	Total HK$'000
At 1 April 2012	3,000	53,322	7,926	2,776	12	1,317	22,000	87,116	177,469
Profit for the year	—	—	—	—	—	—	—	25,873	25,873
Other comprehensive income for the year:									
Exchange difference on translation of foreign operations	—	—	1,053	—	—	—	—	—	1,053
Actuarial gain on long service payment obligations	—	—	—	—	—	—	—	230	230
Fair value gain on available-for-sale investments	—	—	—	—	—	1,675	—	—	1,675
Total comprehensive income for the year	—	—	1,053	—	—	1,675	—	26,103	28,831
Deemed capital contribution arising from recovery of indemnified taxation from a former shareholder	—	—	—	866	—	—	—	—	866
Dividend paid (Note 12)	—	(9,000)	—	—	—	—	—	—	(9,000)
At 31 March 2013	3,000	44,322	8,979	3,642	12	2,992	22,000	113,219	198,166
Loss for the year	—	—	—	—	—	—	—	(48,318)	(48,318)
Other comprehensive expense for the year:									
Exchange difference on translation of foreign operations	—	—	(1,726)	—	—	—	—	—	(1,726)
Fair value loss on available-for-sale investments	—	—	—	—	—	(3,343)	—	—	(3,343)
Total comprehensive expense for the year	—	—	(1,726)	—	—	(3,343)	—	(48,318)	(53,387)
At 31 March 2014	3,000	44,322	7,253	3,642	12	(351)	22,000	64,901	144,779

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) Capital reserve comprises the following:

- In prior years, Wan Chung Construction Company Limited ("Wan Chung Construction") acquired entire equity interest in Wan Chung Property Company Limited from its then shareholder at a discount of approximately HK$2,776,000 which was deemed to be capital contribution from owners of the Company.

- During the year ended 31 March 2013, Wan Chung Construction recovered indemnified taxation of approximately HK$866,000 from its former shareholder pursuant to the deed of indemnity dated 19 December 2011 which was deemed to be capital contribution from owners of the Company. Details are set out in note 33(c).

(iii) 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. No transfer was made in current and prior years as the subsidiary incurred a loss for both years.

(iv) Other reserve represents the difference between the nominal value of the issued share capital of the subsidiaries acquired and the consideration paid pursuant to the group reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in January 2012.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(48,568)**	30,558
Adjustments for:		
Finance costs	**3,071**	1,572
Bank interest income	**(625)**	(668)
Interest income from subcontractors	**(1,098)**	(1,427)
Investment income	**(14)**	(15)
Share of results of associates	**—**	(7,462)
Government grant	**(277)**	(250)
Costs related to long service payment obligations	**—**	40
Depreciation of property, plant and equipment	**5,144**	3,004
Impairment loss on amount due from a joint venture	**642**	—
Loss on disposal of property, plant and equipment	**—**	40
Operating cash flows before movements in working capital	**(41,725)**	25,392
Decrease (increase) in amounts due from customers for contract work	**5,126**	(12,005)
Increase in trade and other receivables	**(10,380)**	(30,720)
Increase in amounts due to customers for contract work	**9,679**	4,915
Increase in trade and other payables	**18,631**	31,461
Cash (used in) generated from operations	**(18,669)**	19,043
Hong Kong Profits Tax paid	**(1,009)**	(4,725)
Singapore Corporate Tax refunded (paid)	**861**	(5,308)
Settlement of long service payment obligations	**—**	(254)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(18,817)**	8,756
INVESTING ACTIVITIES		
Placement of pledged bank deposits	**(326,070)**	(224,812)
Purchase of property, plant and equipment	**(8,520)**	(6,118)
Investment in an associate	**(900)**	—
Withdrawal of pledged bank deposits	**329,336**	220,111
Interest received	**625**	668
Advance to a joint venture	**—**	(642)
Repayment from an associate	**—**	8,238
Proceeds from disposal of property, plant and equipment	**—**	20
Investment income received	**14**	15
NET CASH USED IN INVESTING ACTIVITIES	**(5,515)**	(2,520)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(48,500)**	(707,366)
Repayment of obligations under finance leases	**(1,242)**	—
Interest paid	**(930)**	(1,572)
Advance from a related party	**290,466**	250
Advance from associates	**2,125**	4,992
Government grants received	**277**	250
New bank borrowings raised	**—**	689,267
Recovery of indemnified taxation	**—**	866
Dividend paid	**—**	(9,000)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**242,196**	(22,313)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**217,864**	(16,077)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**50,118**	65,997
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(802)**	198
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**267,180**	50,118

1. General

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 18 January 2012. Prior to 13 March 2013, Mr. Wong Law Fai was the ultimate controlling party of the Company. At 31 March 2013 and 2014, its immediate and ultimate holding company is Grand Silver Group Limited, a private limited company incorporated in the British Virgin Islands ("BVI") which is wholly owned and controlled by Mr. Wang Zhijin, who is also the Chairman and Executive Director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the section of "Corporate information" to the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries, associates and joint venture are set out in note 38, 14 and 15, respectively.

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

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

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

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements,* HKFRS 11 *Joint Arrangements,* HKFRS 12 *Disclosure of Interests in Other Entities,* HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures,* together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC)-Int 13 Joint Controlled Entities — Non-Monetary Contributions by Venturers, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements — joint controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a joint controlled entities).

The initial and subsequent accounting of joint venture and joint operation is different. Investment in a joint venture is accounted for using the equity method (proportionate consolidation is no longer allowed). Investment in joint operation is accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in the joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investment in Keat Seng — Vision Foundation JV Pte Ltd. which was classified as a joint venture under HKAS 31 and was accounted for using the equity method, should be classified as a joint venture under HKFRS 11 and continue to be accounted for using the equity method. The adoption of HKFRS 11 has therefore had no material effect on the amounts reported in the consolidated financial statements.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures (Continued)

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements relating to the Group's associates. Details are set out in note 14.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Furthermore, 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

The adoption of other new or revised HKFRSs has had no material effect on the amounts reported, or disclosures set out, in the consolidated financial statements.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operation[6]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exemptions.
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 January 2016.

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

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, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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 reporting 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 will have no material effect on the Group's financial assets and financial liabilities, except for the classification and measurement of the Group's available-for-sale investments. In the opinion of the directors, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

The directors anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. Significant Accounting Policies

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristic of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in associates and joint venture

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purpose are prepared using uniform accounting policies are those of the Group. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), 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 the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. Significant Accounting Policies (Continued)

Investments in associates and joint venture (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. 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 of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at fair value of consideration received or receivable for services provided, net of sales related taxes.

Revenue from construction services is described in the accounting policy for construction contracts below. Revenue from property maintenance and other contracting services are recognised when services are provided.

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.

Dividend income from investments 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).

3. Significant Accounting Policies (Continued)

Construction contracts

Where the outcome of a construction contract 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, 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.

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 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.

Property, plant and equipment

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant Accounting Policies (Continued)

Leasing

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

The Group as lessor

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

The Group as lessee

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

Financial instruments

Financial assets and financial liabilities are recognised 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

Financial assets are classified as loans and receivables and available-for-sale financial assets. 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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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. Loans and receivables (including trade and other receivables, amount due from a joint venture, pledged bank deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

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

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when 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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract such as a default or delinquency in interest or 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 asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised for 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 receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. 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.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in available-for-sale investments revaluation reserve. For available-for-sale debt investment, 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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Debt and equity instruments issued by a group entity are classified either as 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.

Equity instruments

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

Other financial liabilities

The Group's other financial liabilities, including trade and other payables, amounts due to associates, amount due to/loan from a related party and secured bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

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 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.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), 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.

3. Significant Accounting Policies (Continued)

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

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

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

Borrowing costs

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

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

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 before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant Accounting Policies (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognised as a provision is 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. When 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).

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 on-going 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.

(a) Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the 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 and with reference to legal opinion.

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

(b) Key sources of estimation uncertainty

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

Construction contracts revenue recognition

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as percentage of completion of construction works based on contract costs incurred.

In estimating the total outcome, the Group determines the amount of attributable profit or foreseeable losses from construction contracts based on the latest available budgets of those construction contracts with reference to the overall performance of each construction contract which requires management's best estimates and judgements of construction revenue and costs. Construction revenue is estimated in accordance with the terms set out in the relevant contracts. Variation in contract work, claims and incentive payments are included in to the extent that they have been agreed with the customer and are capable of being reliably measured. Construction costs which mainly comprise preliminary expenses and subcontracting costs are estimated by the management on the basis of quotations from time to time provided by the subcontractors involved and the experience of the management. Because of the nature of the construction industry, the management regularly reviews the progress report prepared by the project managers and budgets of the construction contracts in determining the percentage of completion of work. Any change in the estimates of construction revenue or construction cost will affect the amount of foreseeable losses, or attributable profits recognised in the profit or loss prospectively in each reporting period using the percentage of completion method.

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. At the end of the reporting period, the management estimated the extent of services already rendered by the Group and the amount of revenue in respect of each uncompleted works order by reference to the statement of claim, if any, mutually agreed by the Group and customers, or the completion report issued by the customers subsequent to the end of the reporting period. The actual value of completed works orders shown in the completion report may be higher or lower than management estimates and this will affect the revenue from property maintenance recognised in profit or loss in each reporting period.

Estimated impairment of trade and other 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.

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

(b) Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment has any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on higher of its value-in-use and fair value less costs of disposal if there is indication of impairment. The value-in-use calculations require the use of judgement and estimates on future operating cash flows and discount rates adopted.

5. Revenue and Segmental Information

	2014 HK$'000	2013 HK$'000
Revenue from building construction	352,382	330,760
Revenue from alterations, renovation, upgrading and fitting-out works	297,335	466,000
Revenue from property maintenance	214,211	168,626
	863,928	965,386

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the board of directors of the Company, for the purpose of resource allocation and performance assessment which focuses on the types of contracting services provided, for which discrete financial information is available. The Group's reportable and operating segments are as follows:

(i) building construction

(ii) alternations, renovation, upgrading and fitting-out works

(iii) property maintenance

5. Revenue and Segmental Information (Continued)

Segment revenue and results

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

	Building construction HK$'000	Alternations, renovation, upgrading and fitting-out works HK$'000	Property maintenance HK$'000	Total HK$'000
2014				
Segment revenue — external customers	**352,382**	**297,335**	**214,211**	**863,928**
Segment results	**(933)**	**13,345**	**10,683**	**23,095**
Unallocated other income				**3,620**
Administrative expenses				**(72,212)**
Finance costs				**(3,071)**
Loss before taxation				**(48,568)**
2013				
Segment revenue — external customers	330,760	466,000	168,626	965,386
Segment results	24,941	36,028	11,980	72,949
Unallocated other income				1,997
Administrative expenses				(50,278)
Finance costs				(1,572)
Share of results of an associate				7,462
Profit before taxation				30,558

5. Revenue and Segmental Information (Continued)

Segment revenue and results (Continued)

There is no inter-segment revenue in current and prior years.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent profit earned (loss incurred) by each segment without absorption of reconciling items, details of which are set out above. This is the measure reported to the CODM 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 reportable and operating segment:

	2014 **HK$'000**	2013 HK$'000
Segment assets		
Building construction	**121,494**	91,336
Alternations, renovation, upgrading and fitting-out works	**85,622**	107,068
Property maintenance	**77,043**	71,429
Total segment assets	**284,159**	269,833
Unallocated corporate assets	**373,156**	156,791
Total assets	**657,315**	426,624
Segment liabilities		
Building construction	**90,539**	55,616
Alternations, renovation, upgrading and fitting-out works	**62,122**	67,089
Property maintenance	**42,281**	39,075
Total segment liabilities	**194,942**	161,780
Unallocated corporate liabilities	**317,594**	66,678
Total liabilities	**512,536**	228,458

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

- all assets are allocated to operating segments other than interests in associates and a joint venture, available-for-sale investments, certain property, plant and equipment, certain other receivables, pledged bank deposits, and bank balances and cash; and

- all liabilities are allocated to operating segments other than amounts due to associates, tax payable, secured bank borrowings, amount due to/loan from a related party, other payable and accrual and deferred tax liability.

5. Revenue and Segmental Information (Continued)

Other segment information

	Building construction HK$'000	Property maintenance HK$'000	Alternations, renovation, upgrading and fitting-out works HK$'000	Unallocated HK$'000	Total HK$'000
2014					
Amounts included in the measure of segment results or segment assets:					
Additions to property, plant and equipment	**16,560**	**523**	**322**	**3,390**	**20,795**
Depreciation of property, plant and equipment	**2,307**	**235**	**84**	**2,518**	**5,144**
Interest income from subcontractors	**(27)**	**(957)**	**(114)**	**—**	**(1,098)**
Amounts regularly provided to the CODM but not included in the measure of segment results or segment assets:					
Interests in associates	**—**	**—**	**—**	**8,432**	**8,432**
Bank interest income	**—**	**—**	**—**	**(625)**	**(625)**
Government grant	**—**	**—**	**—**	**(277)**	**(277)**
Finance costs	**—**	**—**	**—**	**3,071**	**3,071**
Taxation	**—**	**—**	**—**	**(250)**	**(250)**
2013					
Amounts included in the measure of segment results or segment assets:					
Additions to property, plant and equipment	—	68	—	6,050	6,118
Depreciation of property, plant and equipment	119	204	16	2,665	3,004
Interest income from subcontractors	—	(930)	(497)	—	(1,427)
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:					
Interest in an associate	—	—	—	7,695	7,695
Share of profit of an associate	—	—	—	(7,462)	(7,462)
Loss on disposal of property, plant and equipment	—	—	—	40	40
Bank interest income	—	—	—	(668)	(668)
Government grant	—	—	—	(250)	(250)
Finance costs	—	—	—	1,572	1,572
Taxation	—	—	—	4,685	4,685

5. Revenue and Segmental Information (Continued)

Geographical information

The Group's operations are mainly 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 the Group's non-current assets (excluding available-for-sale investments) is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (Country of domicile)	**533,275**	687,189	**16,988**	8,608
Singapore	**323,607**	277,556	**23,835**	16,053
Macau (Country of domicile)	**7,046**	641	**8**	—
	863,928	965,386	**40,831**	24,661

Information about major customers

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

	2014	2013
	HK$'000	HK$'000
Customer A[1]	**211,000**	252,833
Customer B[2]	**190,598**	274,651
Customer C[3]	**108,246**	—
Customer D[3]	**—**	106,636

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

2 Revenue from building construction.

3 Revenue from alterations, renovation, upgrading and fitting-out works.

6. Other Income

	2014 HK$'000	2013 HK$'000
Rental income	1,973	—
Interest income from sub-contractors	1,098	1,427
Bank interest income	625	668
Sale of scrap materials	235	359
Government grant	277	250
Investment income from available-for-sale debt instruments	14	15
Others	731	1,064
	4,953	3,783

7. Finance Costs

	2014 HK$'000	2013 HK$'000
Interest on secured bank borrowings wholly repayable within five years	793	1,572
Interest on obligations under finance leases	137	—
Interest on loan from a related party (Note 22)	2,141	—
	3,071	1,572

8. (Loss) Profit before Taxation

	2014 HK$'000	2013 HK$'000
(Loss) profit before taxation has been arrived at after charging:		
Directors' remuneration (Note 10)	**3,345**	4,184
Other staff costs included in cost of sales		
Salaries and allowances	**57,928**	52,262
Retirement benefit scheme contributions	**1,728**	1,757
Long service payment obligations	**—**	45
Other staff cost included in administrative expenses		
Salaries and allowances	**36,016**	30,930
Retirement benefit scheme contributions	**1,467**	1,489
Total other staff costs	**97,139**	86,483
Depreciation of property, plant and equipment		
Included in cost of sales	**2,934**	180
Included in administrative expenses	**2,210**	2,824
	5,144	3,004
Auditor's remuneration	**1,279**	1,043
Impairment loss on amount due from a joint venture	**642**	—
Loss on disposal of property, plant and equipment	**—**	40
Operating leases rental in respect of premises	**4,256**	1,831
Share of taxation of an associate (included in share of results of an associate)	**—**	957

9. Taxation

	2014 HK$'000	2013 HK$'000
Current tax:		
Hong Kong Profits Tax	**6**	3,812
(Over) underprovision of Hong Kong Profits Tax in prior years	**(130)**	866
Overprovision of Singapore Corporate Tax in prior year	**(552)**	—
	(676)	4,678
Deferred tax (Note 25)	**426**	7
	(250)	4,685

9. Taxation (Continued)

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Macau Complementary Income Tax ("MCIT") is charged at the progressive rate on the estimated assessable profit. Singapore Corporate Tax has been provided at the rate of 17% on the estimated assessable profit for the year. No provision for MCIT and Singapore Corporate Tax has been made for the both years as the subsidiaries operating in Macau or Singapore have no assessable profits.

The tax (credit) charge for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 **HK$'000**	2013 HK$'000
(Loss) profit before taxation	**(48,568)**	30,558
Tax at rates applicable in respective tax jurisdiction concerned	**(8,197)**	4,858
Tax effect of share of results of an associate	**—**	(1,269)
Tax effect of expenses not deductible for tax purpose	**594**	109
Tax effect of income not taxable for tax purpose	**(98)**	(17)
Tax effect of tax loss not recognised	**8,133**	145
Utilisation of tax losses previously not recognised	**—**	(7)
(Over) underprovision of tax in prior years	**(682)**	866
Tax (credit) charge for the year	**(250)**	4,685

10. Directors' and Chief Executive's Remuneration and Individuals with Highest Emoluments

(a) Directors' and chief executive's remuneration

Details of emoluments of each of the 12 (2013: 6) individual directors are set out as follows:

	Notes	Fee HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Cost related to long service payment obligations HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
2014							
Executive directors							
Wang Zhijun	(i)	—	1,045	—	—	—	1,045
Hu Baoyue	(i)	—	593	—	—	—	593
Gavin Xing *(chief executive)*	(ii)	—	700	—	—	—	700
Wong Law Fai	(iii) (iv)	—	103	93	—	3	199
So Kwok Lam	(iv)	—	102	93	—	3	198
Yip Chi Chong	(iv)	—	91	82	—	—	173
Independent non-executive directors							
Ren Yunan	(v) (vi)	69	—	—	—	—	69
Chiu Sai Chuen Nicholas	(v)	127	—	—	—	—	127
Tam Tak Kei, Raymond		143	—	—	—	—	143
Wong Kai Tung, Simon	(vii)	58	—	—	—	—	58
Lam Siu Lo, Andrew	(iv)	20	—	—	—	—	20
Li Ying Ming	(iv)	20	—	—	—	—	20
		437	2,634	268	—	6	3,345
2013							
Executive directors							
Wong Law Fai *(chief executive)*	(iii) (iv)	—	1,103	206	(5)	14	1,318
So Kwok Lam	(iv)	—	1,103	200	—	14	1,317
Yip chi Chong	(iv)	—	1,012	177	—	—	1,189
Independent non-executive directors							
Lam Siu Lo, Andrew	(iv)	120	—	—	—	—	120
Tam Tak Kei, Raymond		120	—	—	—	—	120
Li Ying Ming	(iv)	120	—	—	—	—	120
		360	3,218	583	(5)	28	4,184

10. Directors' and Chief Executive's Remuneration and Individuals with Highest Emoluments (Continued)

(a) Directors' and chief executive's remuneration (Continued)

Notes:

(i) Appointed on 2 May 2013.

(ii) Mr. Gavin Xing is appointed as the chief executive of the Company on 10 September 2013 and his emoluments disclosed above include those for services rendered by him as the chief executive.

(iii) Mr. Wong Law Fai was also the chief executive of the Company prior to his resignation on 28 May 2013 and his emoluments disclosed above include those for services rendered by him as the chief executive.

(iv) Resigned on 28 May 2013.

(v) Appointed on 28 May 2013.

(vi) Resigned on 12 November 2013.

(vii) Appointed on 12 November 2013.

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

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group for the year, the emoluments of two individuals who resigned on 28 May 2013 as directors of the Company but remained as directors of certain subsidiaries of the Group are set out below (2013: 2 of the directors and the chief executive of the Company whose emoluments are set out above). The emoluments of the 5 (2013: 3) individuals for the year are as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries, allowances and other benefits	**5,871**	3,703
Discretionary bonus	**1,075**	225
Contributions to retirement benefits scheme	**134**	76
	7,080	4,004

10. Directors' and Chief Executive's Remuneration and Individuals with Highest Emoluments (Continued)

(b) Individuals with highest emoluments (Continued)

Their emoluments were within the following bands:

	2014 No. of employees	2013 No. of employees
HK$1,000,001 to HK$1,500,000	**4**	2
HK$1,500,001 to HK$2,000,000	**1**	1
	5	3

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and the chief executive and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors nor the chief executive has waived any emoluments during the year.

11. (Loss) earnings Per Share

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2014 HK$'000	2013 HK$'000
(Loss) earnings:		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	**(48,318)**	25,873

	2014 '000	2013 '000
Number of shares:		
Number of ordinary shares in issue for the purpose of basic and diluted (loss) earnings per share	**300,000**	300,000

The diluted (loss) earnings per share is equal to the basic (loss) earnings per share as the Company do not have dilutive potential ordinary shares during the current and prior years.

12. Dividend

	2014 **HK$'000**	2013 HK$'000
Dividend recognised as distribution during the year:		
Final dividend in respect of financial year ended 31 March 2013 — Nil (2013: Final dividend in respect of financial year ended 31 March 2012 — HK$3 cents per share)	**–**	9,000

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period.

13. 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 2012	9,000	1,564	4,754	1,032	2,979	19,329
Additions	—	41	5,778	299	—	6,118
Disposals	—	—	(40)	—	(97)	(137)
Exchange realignment	—	11	38	—	41	90
At 31 March 2013	9,000	1,616	10,530	1,331	2,923	25,400
Additions	—	2,201	18,435	151	8	20,795
Disposals	—	—	(16)	(190)	—	(206)
Exchange realignment	—	(19)	(321)	—	(25)	(365)
At 31 March 2014	9,000	3,798	28,628	1,292	2,906	45,624
DEPRECIATION AND AMORTISATION						
At 1 April 2012	900	752	1,391	816	1,628	5,487
Charge for the year	180	318	1,758	226	522	3,004
Eliminated on disposals	—	—	(9)	—	(68)	(77)
Exchange realignment	—	1	15	—	4	20
At 31 March 2013	1,080	1,071	3,155	1,042	2,086	8,434
Charge for the year	180	694	3,858	221	191	5,144
Eliminated on disposals	—	—	(16)	(190)	—	(206)
Exchange realignment	—	(9)	(127)	—	(11)	(147)
At 31 March 2014	1,260	1,756	6,870	1,073	2,266	13,225
CARRYING VALUES						
At 31 March 2014	7,740	2,042	21,758	219	640	32,399
At 31 March 2013	7,920	545	7,375	289	837	16,966

13. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment are depreciated and amortised on a straight-line basis as follows:

Leasehold land and buildings	Over the shorter of the unexpired lease term and 75 years
Leasehold improvements	Over the shorter of the unexpired lease term and 3 to 4 years
Furniture, fixture and equipment	Over 3 to 5 years
Computers	Over 3 years
Motor vehicles	Over 5 years

The land and buildings are located in Hong Kong under a long lease and have been pledged to secure banking facilities granted to the Group.

The carrying values of property, plant and equipment includes an amount of approximately HK$9,719,000 (2013: Nil) in respect of assets held under finance leases.

14. Interests in Associates

	2014 **HK$'000**	2013 HK$'000
Unlisted investments in associates, at cost	**1,987**	1,087
Share of post-acquisition results	**6,470**	6,470
Exchange realignment	**(25)**	138
	8,432	7,695

Details of the Group's associates at the end of the reporting period are as follows:

Name of entity	**Form of entity**	**Place of incorporation and operation**	**Proportion of issued ordinary share capital indirectly held by the Company 2014**	**2013**	**Principal activity**
Castilia Development Pte. Ltd. ("Castilia")	Private limited liability company	Singapore	**20%**	20%	Investment holding and property development, became inactive since April 2013
Lian Beng — Wan Chung JV Pte. Ltd.	Private limited liability company	Singapore	**49%**	—	Inactive

14. Interests in Associates (Continued)

Included in the cost of investment in an associate at the end of the reporting period is goodwill of approximately HK$487,000 (2013: HK$498,000) arising on acquisition of an associate in March 2010.

The associates are accounted for using equity method in these consolidated financial statements. The summarised financial information of the major associate, namely Castilia, as extracted from its financial statements in accordance with International Financial Reporting Standards, which were prepared using uniform accounting policies as those of the Group is as follows:

	2014 **HK$'000**	2013 HK$'000
Current assets		
Amounts due from shareholders	**39,252**	25,089
Other receivables	**—**	11,642
Bank balances	**85**	8,169
Current liabilities	**(4,112)**	(8,913)
Net assets	**35,225**	35,987
The Group's share of net assets of Castilia	**7,045**	7,197
Revenue	**—**	164,684
Profit and total comprehensive income for the year	**—**	37,310
The Group's share of profit and total comprehensive income of Castilia	**—**	7,462

Reconciliation of the above summarised financial information to the carrying amount of the interest in Castilia recognised in the consolidated financial statements is as follows:

	2014 **HK$'000**	2013 HK$'000
Net assets of Castilia	**35,225**	35,987
The Group's attributable interest in Castilia	**7,045**	7,197
Goodwill	**487**	498
Carrying amount of the Group's interest in Castilia	**7,532**	7,695

15. Interest in a Joint Venture

	2014 HK$'000	2013 HK$'000
Unlisted investment in a joint venture, at cost	–	–

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Form of entity	Place of incorporation and operation	Proportion of issued ordinary share capital indirectly held by the Company 2014	2013	Principal activity
Keat Seng — Vision Foundation JV Pte. Ltd.	Private limited liability company	Singapore	50%	50%	Provision of foundation work

The Group has discontinued recognition of its share of loss of joint venture. The amount of unrecognised share of losses of the joint venture, both for the year and cumulatively, are as follows:

	2014 HK$'000	2013 HK$'000
Unrecognised share of losses of the joint venture for the year	(1,415)	(6)
Cumulative unrecognised share of losses of the joint venture	(1,421)	(6)

16. Available-for-sale Investments

	2014 HK$'000	2013 HK$'000
Listed outside Hong Kong, at fair value:		
Equity securities	**10,951**	14,545
Debt securities with fixed interest rate of 4.7% per annum	**323**	338
	11,274	14,883

The fair values of the above listed securities are determined based on the quoted market bid prices available on the Singapore Stock Exchange Limited.

17. Amounts due from (to) Customers for Contract Work

	2014 HK$'000	2013 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**1,072,147**	740,973
Less: Progress billings	**(1,043,571)**	(697,597)
	28,576	43,376
Analysed for reporting purpose as:		
Amounts due from customers for contract work	**43,123**	48,304
Amounts due to customers for contract work	**(14,547)**	(4,928)
	28,576	43,376

18. Trade and Other Receivables

	2014 HK$'000	2013 HK$'000
Trade receivables	134,273	147,897
Retention money receivables (note i)	49,548	42,867
Advances to subcontractors (note ii)	34,523	19,886
Loan to an officer (note iii)	—	375
Utility deposits and other receivables (note iv)	31,902	29,090
	250,246	240,115

Notes:

(i) The amount represents retentions held by customers for contract work, of which approximately HK$17,502,000 (2013: HK$25,739,000) is expected to be recovered or settled in more than twelve months from the end of the reporting period. Included in the retention money receivables at 31 March 2013 was an amount due from an associate of approximately HK$999,000 (2014: Nil).

(ii) The advances to subcontractors are unsecured, expected to be realised within one year and interest bearing at rates ranging from 7% to 9% (2013: 7% to 9%) per annum.

(iii) The loan to an officer at 31 March 2013 was interest-free, fully repaid in January 2014 and secured by a personal guarantee provided by a director of a subsidiary. The maximum amount outstanding during the year was approximately HK$375,000. The officer is a senior management of the Group but not a director nor shareholder of the Company and its subsidiaries.

(iv) Included in other receivables are amounts of approximately HK$10,023,000 (2013: HK$9,721,000) pledged to secure short-term banking facilities granted to the Group and approximately HK$3,794,000 (2013: HK$5,960,000) pledged for guarantees in respect of performance bonds in favour of the Group's customers.

18. Trade and Other Receivables (Continued)

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 certified report which approximates revenue recognition date at the end of the reporting period:

	2014	2013
	HK$'000	HK$'000
Within 30 days	**117,988**	146,905
More than 30 days but within 90 days	**15,234**	437
More than 90 days	**1,051**	555
	134,273	147,897

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of approximately HK$1,821,000 (2013: HK$992,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. There has not been a significant change in credit quality of the relevant customers and the Group believes that the amounts are still recoverable as there are continuing subsequent settlement. The Group does not hold any collateral over these balances.

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

	2014	2013
	HK$'000	HK$'000
More than 30 days but within 90 days	**770**	437
More than 90 days	**1,051**	555
	1,821	992

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.

19. Amount due from (to) a Joint Venture/Associates

The amounts are unsecured, non-trade, interest-free and expected to be paid or settled within one year.

20. Pledged Bank Deposits, Bank Balances and Cash

Pledged bank deposits represent deposits pledged to banks to secure short-term bank borrowings and are therefore classified as current assets. The pledged bank deposits carry fixed interest rates ranging from 0.1% to 0.4% (2013: 0.13% to 1.10%) per annum.

Bank balances represent bank deposits with maturity within three months on initial inception and carry interest at market rates ranging from 0.001% to 0.35% (2013: 0.001% to 0.49%) per annum.

The Group's pledged bank deposits, bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2014 HK$'000	2013 HK$'000
Australian dollars ("AUD")	701	—
United States dollars ("USD")	6,609	6,609
SGD	78	78

21. Trade and Other Payables

	2014 HK$'000	2013 HK$'000
Trade payables	117,927	111,475
Retention money payables	51,435	42,845
Accrued expenses and other payables	16,268	13,556
	185,630	167,876

The retention money payables represent retentions held by the Group for contract work, of which approximately HK$15,166,000 (2013: HK$26,540,000) is due for settlement in more than twelve months from the end of the reporting period pursuant to the construction contracts.

21. Trade and Other Payables (Continued)

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

	2014	2013
	HK$'000	HK$'000
Within 30 days	**112,977**	109,112
More than 30 days but within 90 days	**4,043**	1,148
More than 90 days	**907**	1,215
	117,927	111,475

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 settled within the credit timeframe.

22. Amount due to/Loan from a Related Party

The amounts represent amounts advanced by Mr. Wong Law Fai, a former executive director of the Company who resigned in May 2013 but remains as a director of certain subsidiaries of the Company. Pursuant to a loan agreement dated 1 December 2013, the amounts comprise a loan of approximately HK$170,000,000 which is unsecured, interest bearing at 3.80% per annum. The principle and interest accrued from 1 December 2013 in relation to the loan amount of HK$170,000,000 will be repaid in August 2015, and HK$122,607,000 which is unsecured, interest-free and repayable on demand.

23. Secured Bank Borrowings

The amounts at 31 March 2013 were short-term bank loans repayable within one year based on the scheduled repayment dates set out in the loan agreement, interest bearing at margins over Hong Kong Interbank Offer Rate ("HIBOR") and secured by certain assets of the Group and a personal guarantee as set out in Note 30.

The weighted average interest rate for the year was 2.51% per annum for the year ended 31 March 2013.

24. Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases:				
Within one year	**4,117**	—	**3,387**	—
In more than one year but within two years	**4,765**	—	**4,646**	—
In more than two years but within five years	**2,508**	—	**3,000**	—
	11,390	—	**11,033**	—
Less: Future finance charges	**(570)**	—	**—**	—
Present value of lease obligations	**10,820**	—	**11,033**	—
Less: Amount due within one year (shown under current liabilities)			**(3,387)**	—
Amount due after one year			**7,646**	—

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. The lease term ranges from two to three years for the two lease agreements entered into by the Group (2013: Nil). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.45% to 2.91% (2013: Nil) per annum. These leases have no terms of renewal and escalation clauses.

25. Deferred Taxation

The following is the major deferred tax liability recognised and movements thereon during current and prior years:

	Accelerated tax depreciation HK$'000	Tax loss HK$'000	Total HK$'000
At 1 April 2012	414	—	414
Charge to profit or loss	7	—	7
At 31 March 2013	421	—	421
Charge (credit) to profit or loss	586	(160)	426
Exchange realignment	(2)	—	(2)
At 31 March 2014	1,005	(160)	845

For the purpose of presentation in the consolidated statement of financial position, the above deferred tax asset has been offset against the deferred tax liability.

At the end of the reporting period, the Group has unused tax losses of approximately HK$50,745,000 (2013: HK$2,525,000) available for offset against future profits. A deferred tax has been recognised in respect of the unused tax loss of approximately HK$970,000. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses is an amount of approximately HK$522,000 (2013: Nil) that will expire from 2015 to 2019. Other losses may be carried forward indefinitely.

Withholding tax is imposed on dividends declared in respect of profits earned by subsidiaries of the Company in Singapore. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the witholding tax on accumulated profits of Singapore subsidiaries amounting to HK$32,463,000 (2013: HK$27,937,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

26. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2012, 31 March 2013 and 31 March 2014	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2012, 31 March 2013 and 31 March 2014	300,000,000	3,000

27. Share Option Scheme

Pursuant to the written resolution of the shareholders of the Company on 19 December 2011, the Company 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 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 be 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 were granted since the adoption of the Scheme and there are no outstanding share options at the end of each reporting period.

28. Retirement Benefit 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% (2013: 5%) of relevant payroll costs to the MPF Scheme, which contribution is matched by employees and subject to a cap of HK$1,250 (HK$1,000 prior to June 2012) 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% (2013: 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 Hong Kong, Singapore and the MSAR government is to make the required contributions under the schemes.

During the year, total expenses recognised in profit or loss are approximately HK$3,201,000 (2013: HK$3,274,000), which represent contributions payable to these scheme by the Group at rates specified in the rules of the schemes.

29. Operating Lease Commitments

The Group as lessee

At the end of the reporting period, the Group has commitments for future minimum lease payments in respect of certain of its office premises, machineries and staff quarters under non-cancellable operating leases which fall due as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**3,783**	474
In the second to fifth year inclusive	**4,551**	—
Over five years	**517**	—
	8,851	474

Leases are negotiated, and rentals are fixed, for an average term of two to six years (2013: one to four years).

30. Credit Facilities

At the end of the reporting period, the Group's benefits under certain construction contracts and the following assets are pledged to banks and an insurance company to secure the bank borrowings and performance bond facilities to the extent of approximately HK$201,983,000 (2013: HK$259,434,000) in aggregate granted to the Group:

	2014 HK$'000	2013 HK$'000
Property, plant and equipment	**7,740**	7,920
Other receivables	**13,817**	15,681
Bank deposits	**44,661**	47,901
	66,218	71,502

In addition, the Group's bank borrowings at 31 March 2013 were also secured by a personal guarantee of approximately HK$46,931,000 (2014: Nil) provided by a director of a subsidiary of the Company.

31. Performance Bonds and Contingent Liabilities

At the end of the reporting period, the Group has provided guarantees to banks and insurance companies in respect of the following:

	2014	2013
	HK$'000	HK$'000
Performance bonds for construction contracts in favour of customers	**127,080**	129,506

As at 31 March 2014, approximately HK$127,080,000 (2013: HK$129,506,000) of performance bonds were given by banks or insurance companies in favour of some Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract work for the relevant customers.

In addition, a subsidiary of the Company is a 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 the possibility of any outflow in settling the legal claims is remote and no provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case and with reference to the legal opinion.

32. Major Non-cash Transaction

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of approximately HK$12,275,000 (2013: Nil).

33. Related Party Disclosures

(a) Transactions and balances

In addition to the personal guarantee from a director of a subsidiary of the Company in respect of certain of the Group's borrowings as disclosed in Note 30, during the year, the Group entered into the following significant transactions with related parties:

Related party	Transaction	**2014 HK$'000**	2013 HK$'000
An associate	Revenue from construction contract earned by the Group	**—**	3,033
A director of a subsidiary of the Company	Interest expense paid by the Group	**2,141**	—
A joint venture	Rental income earned by the Group	**1,975**	—
	Management fee received by the Group	**75**	—
	Impairment loss on amount due from a joint venture	**642**	—

Details of balances with related parties are set out in the consolidated statement of financial position on page 47 and the corresponding notes thereto.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	2014 HK$'000	2013 HK$'000
Salaries, allowances and other benefits	**11,082**	13,024
Discretionary bonus	**1,728**	696
Long service payment obligations	**—**	(5)
Contributions to retirement benefits scheme	**155**	282
	12,965	13,997

33. Related Party Disclosures (Continued)

(c) Under a deed of indemnity dated 19 December 2011, the then controlling shareholders, who ceased as shareholders on 13 March 2013, had 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.

During the year ended 31 March 2013, the Group received and settled an additional tax assessment on Hong Kong Profits Tax in respect of the year of assessment of 2007/08 from the Hong Kong Inland Revenue Department for a total sum of approximately HK$866,000. Pursuant to the deed of indemnity dated 19 December 2011, the tax liabilities were recovered from the then controlling shareholders of the Company before they ceased to be the shareholders of the Company on 13 March 2013 and the amount is recognised as deemed capital contribution and credited to equity.

34. Capital Risk Management

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

The capital structure of the Group consists of net debts, which include the amounts due to associates (Note 19), amount due to/loan from a related party (Note 22), loan from a related party (Note 22), bank borrowings (Note 23) and obligations under finance leases (Note 24), net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

35. Financial Instruments

(a) Categories of financial instruments

	2014 HK$'000	2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**530,318**	307,337
Available-for-sale investments	**11,274**	14,883
Financial liabilities		
At amortised cost	**492,551**	217,174

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, available-for-sale investments, amount due from a joint venture, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to associates, amount due to/loan from a related party and bank borrowings. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below:

Market risk

(i) Currency risk

The Group has certain pledged bank deposits, bank balances and cash denominated in currencies other than the functional currency of the group entity to which they relate (Note 20). 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.

In addition, intercompany balances denominated in foreign currencies are as follows:

	2014 HK$'000	2013 HK$'000
Assets		
AUD	**16,821**	—
Liabilities		
SGD	**32,634**	32,667

The Group is exposed to the fluctuation of SGD and AUD against HK$.

For USD denominated bank balances, the management of the Group considered that the currency risk is limited as HK$ is pegged to USD. As such it has been excluded from sensitivity analysis in below.

35. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in HK$ against the relevant foreign currencies. A 5% (2013: 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% (2013: 5%) change in foreign currency rates. A positive number below indicates a decrease in loss for the year (2013: an increase in profit for the year) where HK$ weakening 5% (2013: 5%) against the relevant currency. For a 5% (2013: 5%) strengthen of HK$ against the relevant currency, there would be an equal and opposite impact on profit or loss, and the balances below would be negative.

	2014	2013
	HK$'000	HK$'000
AUD	**613**	—
SGD	**(1,354)**	(1,356)

(ii) Interest rate risk

The Group was exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (Note 23) as at 31 March 2013. As the pledged bank deposits and bank balances carry fixed interest rates with insignificant fluctuation, the management is of the opinion that the Group's exposure to this interest rate risk is minimal.

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 was mainly concentrated on the fluctuation of HIBOR arising from the Group's bank borrowings denominated in HK$.

35. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates of variable rate bank borrowings. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

At 31 March 2013, if interest rates had been 100 (2014: Nil) basis points higher/lower and all other variables were held constant, the Group's profit for the year would decrease/increase by approximately HK$477,000 (2014: Nil).

(iii) Other price risk

The Group is exposed to equity price risk through its investment in a listed equity security. The Group's equity price risk is mainly concentrated on equity instruments operating in the property development and construction industry sector quoted in the Singapore Stock Exchange Limited. In addition, the Group has appointed a special team to monitor the price risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the market condition and exposure to equity price risks at the reporting date.

If the prices of the listed equity securities had been 5% (2013: 5%) higher/lower, the Group's investments revaluation reserve would increase/decrease by approximately HK$547,000 (2013: HK$744,000) as a result of the changes in fair value of available-for-sale equity investments.

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to financial guarantees issued by the Group (Note 31).

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of individual trade debt at the end of each 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.

35. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong which accounted for 64% (2013: 73%) of the total trade receivable as at 31 March 2014. In addition, the Group has concentration of credit risk as 16% (2013: 26%) and 56% (2013: 85%) of the total trade receivables was due from the Group's single largest customer and five largest customers, respectively.

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 finance leases and ensures compliance with loan covenants.

The following table details the contractual maturity of the Group's non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is based on the interest rate at the end of the reporting period.

35. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table

	Weighted average interest rate %	On demand or within 1 year HK$'000	1–5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
2014					
Trade and other payables	—	166,720	15,166	181,886	181,886
Amounts due to associates	—	7,025	—	7,025	7,025
Amount due to a related party	—	122,607	—	122,607	122,607
Loan from a related party	3.80	—	183,165	183,165	170,000
Obligations under finance leases	1.77	4,117	7,273	11,390	11,033
Financial guarantee contracts	—	127,080	—	127,080	—
		427,549	205,604	633,153	492,551
2013					
Trade and other payables	—	137,128	26,540	163,668	163,668
Amount due to an associate	—	5,006	—	5,006	5,006
Secured bank borrowings	2.51	48,605	—	48,605	48,500
Financial guarantee contracts	—	129,506	—	129,506	—
		320,245	26,540	346,785	217,174

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

The amount included above for financial guarantee contracts is the maximum amounts the Group can be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee. Detail are set out in Note 31.

35. Financial Instruments (Continued)

(c) Fair value measurements of financial instruments

(i) Financial instruments that are measured at fair value on a recurring basis

The Group's available-for-sale investments are measured at fair value at the end of each reporting period.

At 31 March 2014, the fair value of available-for-sale investments amounting to approximately HK$11,274,000 (2013: HK$14,883,000) is derived from unadjusted quoted prices in active market for identical assets and hence, its fair value measurement is grouped into Level 1.

There were no reclassifications of financial instruments in the year.

(ii) Financial instruments that are recorded at amortised cost

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

36. Information of the Statement of Financial Position of the Company

	2014 **HK$'000**	2013 HK$'000
TOTAL ASSETS		
Investments in subsidiaries	**119,427**	119,427
Other receivables	**168**	109
Amounts due from subsidiaries	**132,898**	28,116
Bank balances and cash	**60,505**	494
	312,998	148,146
TOTAL LIABILITIES		
Other payables	**1,100**	403
Amounts due to subsidiaries	**57,747**	830
	58,847	1,233
	254,151	146,913
CAPITAL AND RESERVES		
Share capital	**3,000**	3,000
Reserves	**251,151**	143,913
	254,151	146,913

36. Information of the Statement of Financial Position of the Company (Continued)

Movements of the Company's reserves are as follows:

	Share premium HK$'000 (note i)	Contributed surplus HK$'000 (note ii)	Capital reserve HK$'000 (note iii)	Accumulated (losses) profit HK$'000	Total HK$'000
At 1 April 2012	53,322	119,427	—	(16,898)	155,851
Loss and total comprehensive expense for the year	—	—	—	(2,938)	(2,938)
Dividend paid	(9,000)	—	—	—	(9,000)
At 31 March 2013	44,322	119,427	—	(19,836)	143,913
Profit and total comprehensive income for the year	—	—	—	103,447	103,447
Fair value adjustment on amount due to a subsidiary	—	—	3,791	—	3,791
At 31 March 2014	44,322	119,427	3,791	83,611	251,151

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 of 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) Contributed surplus represents the difference between the nominal value of the shares issued for the acquisition of Prosper Ace Investments Limited and the consolidated net asset value of Prosper Ace Investments Limited and its subsidiaries at the date of acquisition.

(iii) Capital reserve represents fair value adjustment of amount due to a subsidiary, which is non-current and interest-free, at initial recognition.

37. Event after the Reporting Period

The Company announced on 19 June 2014 that it proposes to the followings:

(i) Subdivide each existing issued and unissued Shares of HK$0.01 in the share capital of the Company into eight Subdivided Shares of HK$0.00125 each.

(ii) Raise funds of approximately HK$384 million before deduction of expenses by way of rights of 2,400,000,000 shares (the "Rights Shares") to be issued on the basis of one Rights Share for every eight subdivided share held on 11 August 2014 at a subscription price of HK$0.16 per Rights Shares (the "Rights Issue"). The Right Issue is fully underwritten by Ping An of China Securities (Hong Kong) Company Limited (the "Underwriter").

The Right Issue is conditional upon, among other things, the approval from shareholders of the Company in the extraordinary general meeting to be held in August 2014. Details of proposed share subdivision and Right Issue are set out in the Company's announcement dated 19 June 2014.

38. Particulars of Principal Subsidiaries of the Company

Details of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place and date of incorporation or establishment/ operation	Issued share capital/paid-up registered capital	Attributable equity interests held by the Company 2014	2013	Principal activities
Directly held:					
Prosper Ace Investments Limited	BVI 28.4.2001	US$10,000 Ordinary shares	**100%**	100%	Investment holding
Indirectly held:					
Wan Chung Construction Company Limited	Hong Kong 14.5.1982	HK$22,000,000 Ordinary shares	**100%**	100%	Provision of property maintenance services, building construction works, and alternations, renovation, upgrading and fitting-out works
Wan Chung Engineering (Macau) Company Limited	Macau 7.9.2005	MOP25,000 Ordinary shares	**100%**	100%	Provision of property maintenance services, building construction works, and alternations, renovation, upgrading and fitting-out works

38. Particulars of Principal Subsidiaries of the Company (Continued)

Name of subsidiary	Place and date of incorporation or establishment/ operation	Issued share capital/paid-up registered capital	Attributable equity interests held by the Company 2014	2013	Principal activities
Wan Chung Construction (Singapore) Pte. Ltd.	Singapore 20.11.2008	SGD6,700,000 Ordinary shares	100%	100%	Provision of property maintenance services, building construction works, and alternations, renovation, upgrading and fitting-out works
Wan Chung Engineering Co., Limited (formerly known as Wan Chung Interior Design Co., Limited)	Hong Kong 2.1.1998	HK$10,000 Ordinary shares	100%	100%	Provision of interior design and decoration
Vision Foundation Pte. Ltd.	Singapore 8.11.2012	SGD500,000 Ordinary shares	100%	100%	Provision of foundation and building construction works
Wan Chung Property Company Limited	Hong Kong 28.2.1991	HK$10,000 Ordinary shares	100%	100%	Property holding
聯潤宏基建設(青島)有限公司 Alliance Construction (QD) Co. Ltd	PRC 25.7.2013	HK$3,999,850 Registered capital	100%	—	Provision of property maintenance services, building construction works, and alternations, renovation, upgrading and fitting-out works
新疆長城能源有限公司 Xin Jiang Greatwall Energy Co. Ltd.	PRC 26.1.2014	— (Note)	100%	—	Inactive
Allied Profit Holdings Limited	Hong Kong 15.3.2013	HK$1 Ordinary shares	100%	100%	Investment holding
Ever Group International Holdings Limited	Hong Kong 2.4.2013	HK$10,000 Ordinary shares	100%	—	Investment holding
Grace Will International Holdings Limited	Hong Kong 2.4.2013	HK$10,000 Ordinary shares	100%	—	Provision of design services and investment holding
Greatwall Energy Holdings (Hong Kong) Limited	Hong Kong 8.5.2013	HK$10,000 Ordinary shares	100%	—	Investment holding
1315 Design Pty Ltd.	Australia 31.12.2013	AUD100 Ordinary shares	100%	—	Provision of design services and property development

Note: The company has no paid-up capital yet.

38. Particulars of Principal Subsidiaries of the Company (Continued)

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

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

FIVE YEARS FINANCIAL SUMMARY

Consolidated Results

	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
Revenue	636,651	734,719	661,703	965,386	**863,928**
Profit (loss) before taxation	51,033	67,150	41,311	30,558	**(48,568)**
Taxation	(8,159)	(12,404)	(8,347)	(4,685)	**250**
Profit (loss) attribute to the owners of the Company	42,874	54,746	32,964	25,873	**(48,318)**

Consolidated Assets and Liabilities

	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
Total assets	421,189	394,831	389,489	426,624	**657,315**
Total liabilities	(291,029)	(307,055)	(212,020)	(228,458)	**(512,536)**
Total equity	130,160	87,776	177,469	198,166	**144,779**

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