



**Chun Sing Engineering Holdings Limited**  
**震昇工程控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

STOCK CODE : 2277

ANNUAL  
REPORT  
2015

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# CORPORATE INFORMATION

## DIRECTORS

### EXECUTIVE DIRECTORS

Mr. Leung Kam Chuen (*Chairman*)  
Mr. Kwan Wai Ming (*Chief Executive Officer*)  
Mr. Lo Ka Lung

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Kwok Yan, Wilfred  
Prof. Lam Sing Kwong, Simon  
Ms. Wong Fong

### COMPANY SECRETARY

Mr. Woo Yuen Fai

### AUDIT COMMITTEE

Mr. Cheung Kwok Yan, Wilfred (*Chairman*)  
Prof. Lam Sing Kwong, Simon  
Ms. Wong Fong

### REMUNERATION COMMITTEE

Prof. Lam Sing Kwong, Simon (*Chairman*)  
Mr. Kwan Wai Ming  
Ms. Wong Fong

### NOMINATION COMMITTEE

Mr. Leung Kam Chuen (*Chairman*)  
Mr. Cheung Kwok Yan, Wilfred  
Prof. Lam Sing Kwong, Simon

### REGISTERED OFFICE

Clifton House, 75 Fort Street,  
PO Box 1350, Grand Cayman KY1-1108,  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2307-08, 23/F,  
Elite Centre, 22 Hung To Road,  
Kwun Tong, Kowloon, Hong Kong

## LEGAL ADVISERS AS TO HONG KONG LAWS

Loong & Yeung

## COMPLIANCE ADVISER

Messis Capital Limited

## AUDITOR

SHINEWING (HK) CPA Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 22, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong

## PRINCIPAL BANKER

The Hongkong and Shanghai Banking  
Corporation Limited

## STOCK CODE

2277

## WEBSITE

[www.cseng.com.hk](http://www.cseng.com.hk)

# CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to present to our shareholders the first annual report since the public listing of Chun Sing Engineering Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 March 2015 (the "Reporting Year"). Our net profit after taxation amounted to approximately HK\$65,771,000 (2014: approximately HK\$56,821,000), representing a significant increase of approximately 15.8% year on year.

## INITIAL PUBLIC OFFER

The shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 December 2014 (the "Listing Date"). 257,500,000 shares at HK\$0.6 per share were issued under the public offer and placing of shares (the "IPO" or "Share Offer"). The closing share price of the Company on 31 March 2015 was HK\$1.48, representing an increase of approximately 147% as compared to the price of IPO or Share Offer which showed continuous support from the shareholder of the Company.

On behalf of the Group, I would like to express our deep gratitude towards all parties who have assisted us in building our business over the years and bringing our Company to the Main Board.



## CHAIRMAN'S STATEMENT

### OUTLOOK

The Group experienced a drastic growth in revenue during the Reporting Year in its foundation business. Despite the fierce competition in the construction industry in Hong Kong, our foundation business was still able to achieve a significant growth, reflecting that the Group has implemented a successful strategy and seized the opportunity to expand. We are confident in our ability in maintaining the growth momentum.

### PROSPECT

In the future, the Group intends to continue with and to accelerate the implementation of its strategies, focusing on the three main sources of its success, i.e. (1) increasing construction capacity by acquiring new and advanced machineries for effective production; (2) enhancing the Group's marketing activities and expanding network to further participate in bidding construction projects; and (3) hiring experienced and competent staff to take part in the growing businesses of the Group.

### APPRECIATION

On behalf of the board (the "Board") of directors of the Company (the "Directors"), I would like to express my warmest thanks to my fellow directors, the management and our employees for their unswerving dedications and significant contributions to the Group. For myself and on behalf of the Board, I would like to extend my sincere gratitude to all our shareholders and investors for their endless support. With the solid business base and the effort of all staff, the Group will endeavour to achieve outstanding results in the future.

**Leung Kam Chuen**

*Chairman*

Hong Kong

23 June 2015

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The Group is principally engaged in the foundation and substructure construction business in Hong Kong. The foundation and substructure construction services provided by us mainly include excavation and lateral support (“ELS”) works, pile caps construction and substructure construction for residential, commercial and infrastructure projects.

During the Reporting Year, the construction industry in Hong Kong continued to grow steadily in both public and private sectors. As to the public sector, there are a number of sites for industrial and commercial developments planned to be built. For example, Kowloon East and Kai Tak Development are region and project the Government of the Hong Kong Special Administrative Region (the “Government”) focuses to transform. Also, revitalizing industrial buildings have been prioritised by the Government to work on. Regarding the private sector, the Government would like to tackle the housing supply shortage by supplying adequate land for both the Housing Authority and commercial property developers to enhance the supply of residential flats. As a result, our foundation business has also benefited from the overall positive atmosphere in the construction industry.

## FINANCIAL REVIEW

### Turnover

During the Reporting Year, the Group had income generated from construction contracts and rental income from lease of machinery. Set out below is the breakdown of revenue of the Group during the Reporting Year and the year ended 31 March 2014.

	2015 HK\$' 000	2014 HK\$' 000
Revenue from construction contracts	807,631	578,476
Rental income from lease of machinery	452	2,955
	<u>808,083</u>	<u>581,431</u>

### Revenue from construction contracts

Construction contract income is recognised based on the stage of completion. The stage of completion is established according to the progress certificate (by reference to the amount of completed works confirmed by surveyor) issued by the customers. The portion of total construction contract amount that is certified to have been completed in a period is recognised as turnover of the Group in the respective period. Revenue from a cost plus contract work is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

For the Reporting Year, there were 18 (2014: 21) construction projects contributing to approximately HK\$807,631,000 (2014: HK\$578,476,000) to the turnover. The increase in construction contracts income was mainly attributable to the increase in average contract sum of construction projects undertaken by the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the breakdown of such projects based on their respective turnover recognised during the Reporting Year and the year ended 31 March 2014.

	2015 No. of projects	2014 No. of projects
<b>Turnover recognised</b>		
HK\$200,000,001 or above	1	—
HK\$100,000,001 to HK\$200,000,000	1	3
HK\$10,000,001 to HK\$100,000,000	7	7
HK\$1,000,000 to HK\$10,000,000	7	6
Below HK\$1,000,000	2	5
	<u>18</u>	<u>21</u>

### Rental income from lease of machinery

In addition to undertaking construction works, the Group also leased certain unutilised machineries on a short term basis to independent third parties during the Reporting Year and the year ended 31 March 2014.

The decrease of rental income was mainly attributable to more machineries are mobilised for construction works and less idle time for the machinery to be leased out.

### Gross Profit and Gross Profit Margin

Our Group's gross profit increased from approximately HK\$84,383,000 for the year ended 31 March 2014 to approximately HK\$125,923,000 for the Reporting Year. Such increase was mainly due to the growth of the Group's revenue as discussed above. The gross profit margin increased from approximately 14.5% for the year ended 31 March 2014 to approximately 15.6% for the Reporting Year. Such increase was mainly attributable to cost saved in a project located in Central and Western district with a contract sum of approximately HK\$365,805,000 since the complexity of the project is lower than expected.

### Administrative Expenses

Our Group's general and administrative expenses increased to approximately HK\$44,200,000 for the Reporting Year from approximately HK\$17,960,000 for the year ended 31 March 2014, which represented an increase of approximately 146.1%. Such increase was mainly due to the increase in listing expenses, professional fees and staff costs.

### Net Profit

Our Group's net profit for the Reporting Year was approximately HK\$65,771,000, representing a growth of approximately 15.8% on a year-on-year basis, mainly due to the growth of our revenue of approximately 39.0% which was partially off-set by the increase of listing expenses, professional fees and staff costs. Excluding the listing expenses, the Group's net profit for the Reporting Year would be HK\$80,099,000 and the net profit margin would be approximately 9.9% (2014: 9.8%).

### DEBTS AND CHARGE ON ASSETS

The total interest bearing debts of the Group, including bank borrowings, bank overdrafts and finance leases, decreased from approximately HK\$35,539,000 as at 31 March 2014 to approximately HK\$21,475,000 as at 31 March 2015. All borrowings were denominated in Hong Kong dollar and were repayable within 5 years. Finance leases facilities were secured by the Group's plant and machineries with an aggregated net book value of approximately HK\$30,242,000 and HK\$21,004,000 as at 31 March 2015 and 2014 respectively.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2015, the Group had bank balances and cash of approximately HK\$117,941,000 (2014: HK\$9,091,000). The net increase was mainly due to net cash inflow from operating activities and issue of new shares upon listing of the Company's shares on the Main Board of the Stock Exchange on the listing date.

The gearing ratio (defined as total debt divided by total equity) of the Group as at 31 March 2015 was approximately 0.1 (2014: approximately 0.4).

### TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 March 2015. As at 31 March 2014, the Group had capital commitments of approximately HK\$1,415,000.

### CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2015.



### EVENTS AFTER THE REPORTING YEAR

There are no significant subsequent events since the end of the Reporting Year.

### EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2015, the Group had 245 staff (2014: 173). The total staff costs incurred by the Group for Reporting Year were approximately HK\$90,346,000 (2014: HK\$59,745,000).

The salary and benefit levels of the employees of the Group are competitive. This is very important as the construction industry has been experiencing labour shortage in general. Individual performance of our employees is rewarded through the Group's salary and bonus system. In addition, the Group provides adequate on the job training to employees in order to equip them with practical knowledge and skills to tackle situations and challenges encountered in diverse work sites.

### PROPOSED FINAL DIVIDEND

The Board did not recommend payment of final dividend to shareholders of the Company for the Reporting Year.

### PROSPECTS

According to the 2015 Policy Address issued by the Government, public housing, private housing and land are critical areas to be addressed. It is expected that 20,000 units public rental housing in each year for the next decade and 14,600 flats each year in the next five years will be supplied in Hong Kong extracting from the Policy Address. The favorable government policies set favorable conditions for the development of the construction industry and in turn, will boost the demand of our foundation business.

We believe that we possess business strengths and competitive advantages that set us apart from our rivals and enable us to continue to grow and enhance our profitability. Such strengths and competitive advantages include (1) good reputation and well-established presence in foundation and substructure construction industry in Hong Kong; (2) experienced and dedicated management team; (3) possession of a range of updated machinery; and (4) long-term relationships with major customers.

In view of the above, there are positive prospects for our Group and it is expected that our business and revenue will continue to grow steadily in the foreseeable future.

**USE OF NET PROCEEDS FROM LISTING**

The Company's shares have been listed on the Main Board of the Stock Exchange since 29 December 2014. The receipt of proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of profit or loss and other comprehensive income and deducted from the share premium ("net proceeds") from the Company's listing were approximately HK\$65,800,000. In accordance with the proposed applications set out in the section "Future Plans and Use of Proceeds" of the prospectus of the Company dated 15 December 2014 (the "Prospectus"), the net proceeds received were applied by the Group from the Listing Date up to 31 March 2015 follows:

Use of net proceeds	Planned use of proceeds as stated in the Prospectus HK\$ million	Actual use of proceeds from the listing date up to 31 March 2015 HK\$ million	Unused amount HK\$ million
Acquisition of additional machinery	40.0	6.9	33.1
Recruitment of additional staff	9.5	0.8	8.7
Repayment of finance leases	10.0	2.5	7.5
General working capital	6.3	6.3	—
<b>Total</b>	<b>65.8</b>	<b>16.5</b>	<b>49.3</b>

The unutilised amounts of the net proceeds will be applied in the manner consistent with that mentioned in the Prospectus.

The unused net proceeds have been placed as bank balances with licensed bank in Hong Kong.

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

During the Reporting Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

# REPORT OF THE DIRECTORS

The Board presents to the shareholders this report together with the audited financial statements of the Company and the Group for the “Reporting Year”.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and details of the principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements. There was no significant change in the Group’s principal activities during the Reporting Year.

## GROUP REORGANISATION

The Company was incorporated in the Cayman Islands on 15 July 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. In preparation of the Listing, the companies now comprising the Group underwent the corporate reorganisation (the “Reorganization”) pursuant to which the Company became the holding company of the Group on 5 December 2014. For details of the Reorganisation, please refer to the paragraph headed “Company History and Reorganisation” in the Prospectus.

The Company’s shares have been listed on the Stock Exchange since 29 December 2014.

## RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 32. No dividend was paid or proposed by the Company during the Reporting Year, nor has any dividend been proposed by the Directors since the end of the Reporting Year.

## PROPERTY, PLANT AND EQUIPMENT

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

## SHARE CAPITAL

Details of movements during the Reporting Year in the share capital of the Company are set out in note 24 to the consolidated financial statements.

## RESERVES

Details of movements in the reserves of the Group during the Reporting Year are set out in the consolidated statement of changes in equity on page 35.

As at 31 March 2015, the Company had reserves amounted to approximately HK\$142,106,000 available for distribution as calculated based on Company’s share premium and capital reserve and accumulated losses under applicable provisions of the Companies Law in the Cayman Islands.

## GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for last four financial years is set out on page 84 of this annual report.

## DONATIONS

Charitable and other donations made by the Group during the Reporting Year amounted to approximately HK\$1,120,000.

## SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company on 8 December 2014, the Company adopted a share option scheme (the “Scheme”) to attract and retain the best available personnel, to provide additional incentive to employees (full-time or part-time), directors, consultants or advisors, 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 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 or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholders, independent non-executive directors, or any of their respective associates) in any 12-month period 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.

The Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i.e. 8 December 2015) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders in general meeting.

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. A summary of the principal terms and conditions of the Scheme is set out in Appendix IV to the prospectus of the Company dated 15 December 2014.

### DIRECTORS

The Directors who held office during the Reporting Year and up to the date of this report were:

#### Executive Directors

Mr. Leung Kam Chuen (“Mr. Leung”) (*Chairman*) (Appointed on 15 July 2014)

Mr. Kwan Wai Ming (“Mr. Kwan”) (*Chief Executive Officer*) (Appointed on 15 July 2014)

Mr. Lo Ka Lung (Appointed on 20 August 2014)

#### Independent Non-Executive Directors

Mr. Cheung Kwok Yan, Wilfred (Appointed on 8 December 2014)

Prof. Lam Sing Kwong, Simon (Appointed on 8 December 2014)

Ms. Wong Fong (Appointed on 8 December 2014)

The Directors’ biographical details are set out in the section headed “Biographies of the Directors and Senior Management” in this report.

Information regarding directors’ emoluments is set out in note 11 to the consolidated financial statements. An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the INEDs.

### DIRECTORS’ SERVICE CONTRACT

All the independent non-executive Directors has respectively entered into a service contract with the Company for a term of three years commencing on 8 December 2014 unless terminated by not less than six months’ notice in writing served by either party on the other.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### DIRECTORS’/CONTROLLING SHAREHOLDERS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP’S BUSINESS

Save for transactions in connection with the Reorganisation in preparation for the Listing of the Shares on the Stock Exchange, as disclosed in the Prospectus and save for disclosed elsewhere in this annual report, no transactions, arrangements and contracts of significance in relation to the Group’s business to which the Company’s subsidiaries, fellow subsidiaries or its parent companies was a party and in which a director or controlling shareholders of the Company and the director’s connected party had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Year or at any time during the Reporting Year.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2015, interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules are as follows:

### (i) Long position in the Shares

Name of director	Capacity/Nature of interest	Number of Shares held	Approximate Shareholding Percentage
Mr. Leung	Interest in controlled corporation – Corporate Interest (Note 1)	772,500,000	75%
Mr. Kwan	Interest in controlled corporation – Corporate Interest (Note 2)	772,500,000	75%

#### Notes:

- The 772,500,000 Shares are held by Golden Roc Holdings Limited ("Golden Roc"). Mr. Leung beneficially owns 55% of the entire issued share capital of Golden Roc and is deemed, or taken to be, interested in all our Shares held by Golden Roc for the purposes of the SFO. Mr. Leung is an executive Director and a director of Golden Roc.
- The 772,500,000 Shares are held by Golden Roc. Mr. Kwan beneficially owns 45% of the entire issued share capital of Golden Roc and is deemed, or taken to be, interested in all our Shares held by Golden Roc for the purposes of the SFO. Mr. Kwan is an executive Director and a director of Golden Roc.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares held	Percentage of shareholding
Mr. Leung	Golden Roc	Beneficial owner (Note)	55	55%
Mr. Kwan	Golden Roc	Beneficial owner (Note)	45	45%

Note: Mr. Leung and Mr. Kwan beneficially owns 55% and 45% of the entire issued share capital of Golden Roc respectively, and both of them are deemed or taken to be interested in all the shares in Golden Roc for the purposes of the SFO. Each of Mr. Leung and Mr. Kwan is an executive Director and a director of Golden Roc.

So far as is known to our Directors and taking no account any Shares which may be issued upon exercise of any options which may be granted under the Scheme, the following persons (not being a Director or chief executive of our Company) have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name	Capacity/Nature of interest	Number of Shares held/ interested in	Percentage of shareholding
Golden Roc	Beneficial owner	772,500,000	75%
Ms. Ngai Luk Kan ("Ms. Ngai")	Interest of spouse (Note 1)	772,500,000	75%
Ms. Ho Suet Ha Rosanna ("Ms. Ho")	Interest of spouse (Note 2)	772,500,000	75%

Notes:

1. Ms. Ngai is the spouse of Mr. Leung. Accordingly, Ms. Ngai is deemed, or taken to be, interested in all our Shares in which Mr. Leung is interested for the purpose of the SFO.
2. Ms. Ho is the spouse of Mr. Kwan. Accordingly, Ms. Ho is deemed, or taken to be, interested in all our Shares in which Mr. Kwan is interested for the purpose of the SFO.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the Reporting Year or at any time during the Reporting Year.

## DEED OF NON-COMPETITION

The controlling shareholders have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under the deed of non-competition dated 8 December 2014.

## MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and turnover attributable to major suppliers and customers during the Reporting Year and 31 March 2014 are as follows:

	2015	2014
	%	%
Percentage of purchase		
From the largest supplier	23.2%	40.0%
From the five largest suppliers in aggregate	88.2%	88.4%
Percentage of turnover		
From the largest customer	50.5%	28.0%
From the five largest customers in aggregate	99.2%	96.0%

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors who owned more than 5% of the Company's share capital) had any interest in the five largest customers nor suppliers during the Reporting Year.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

## RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the year set out in note 31 to the consolidated financial statements included transactions that constitute connected/continuing connected transactions for which the disclosure requirements under the Listing Rules have been complied with.



## CONNECTED TRANSACTIONS

During the Reporting Year, the Group had the following connected transactions:

	HK\$'000
Sales of investment properties to	
– Mr. Leung and Mr. Kwan	15,000
– Mr. Leung Chun Sing and Ms. Leung Pui Lam	1,700
	<u>16,700</u>

Mr. Leung and Mr. Kwan are the shareholders and directors of the Group.

Mr. Leung Chun Sing is the son of Mr. Leung and Ms. Leung Pui Lam is daughter of Mr. Leung.

The transaction constitutes connected transactions and disclosure required by Chapter 14A of the Listing Rules.

## CONTINUING CONNECTED TRANSACTIONS

During the Reporting Year, the Group had the following continuing connected transactions:

### Lease agreements

Name of suppliers	Term of lease agreements	Monthly rent	Annual rent
		HK\$'000	HK\$'000
Fortune Famous Engineering (Transportation) Company Limited ("Fortune Famous")	1 September 2014 to 31 March 2015	43	425
Hongkong Gold Gate Enterprise Limited ("Hongkong Gold Gate")	1 September 2014 to 31 March 2015	38	388
			<u>813</u>

Fortune Famous and Hongkong Gold Gate are owned as to 50% by Mr. Kwan and 50% by Mr. Leung.

Mr. Kwan and Mr. Leung are both executive Directors and controlling shareholders of the Company. As such, Fortune Famous and Hongkong Gold Gate are our connected persons and the lease agreements constitute continuing connected transactions for the Company under Chapter 14A of the Rules Governing the listing of securities ("the Listing Rules").

The lease agreements entered between the Company and Fortune Famous and Hongkong Gold Gate were on normal commercial terms where each of the relevant percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules is less than 5% and total fees payable under lease agreements are less than HK\$3,000,000. Pursuant to Chapter 14A of the Listing Rules, the lease agreements are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## MARKET CAPITALISATION

As at 31 March 2015, the market capitalisation of the listed securities of the Company was approximately HK\$1,524,400,000 based on the total number of 1,030,000,000 issued shares of the Company and the closing price of HK\$1.48 per share.

## PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

## BUSINESS REVIEW

The business review of the Group for the year is included in the Management Discussion and Analysis in this annual report on pages 5 to 9.

## EVENTS AFTER THE REPORTING YEAR

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2015 and up to the date of this annual report.

## AUDITOR

The Company has nominated SHINEWING (HK) CPA Limited as the auditor of the Group with effect from 13 May 2015 until conclusion of the forthcoming general meeting.

The consolidated financial statements for the year ended 31 March 2015 have been audited by SHINEWING (HK) CPA Limited, who will retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company.

## CORPORATE GOVERNANCE CODE

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules from 29 December 2014 (the date of Listing) to 31 March 2015.

The details of Group's compliance with the Code is set out in the Corporate Governance Report from page 21 to page 29 of this annual report.

On behalf of the Board

**LEUNG Kam Chuen**  
*Chairman*

Hong Kong, 23 June 2015

# BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**LEUNG Kam Chuen (梁錦泉)**, aged 67, is our executive Director, the chairman of the Board and the chairperson of our nomination committee. Mr. Leung is primarily responsible for overall management and overseeing and monitoring of projects of our Group. He has over 20 years of experience in the construction industry. Mr. Leung was the founder of Chun Sing Engineering Company Limited (“CS Engineering”), which focusing on transportation services. Mr. Leung was also the founder of Chun Sing Machinery Company Limited (“CS Machinery”), primarily focusing on rental of machinery. Mr. Leung has been the director of CS Engineering and CS since July 1993 and December 1998 respectively.

**KWAN Wai Ming (關偉明)**, aged 57, is our executive Director and the chief executive officer of our Company and a member of our remuneration committee. Mr. Kwan is primarily responsible for overall management and business development of our Group. Mr. Kwan has over 30 years of experience in the construction industry. He joined CS Engineering in April 2001 and worked as the general manager. Mr. Kwan was appointed as director of CS Machinery in February 2002 and director of CS Engineering in December 2006. Prior to joining CS Engineering, Mr. Kwan worked as quantity surveyor in Henderson Real Estate Agency Limited from April 1984 to September 1988. He worked as project coordinator in Anwell Building Construction Company Limited from September 1988 to January 1998 and his last position was the chief quantity surveyor. He worked as an estimating manager in Chevalier International Holdings Limited, a listed company in Hong Kong (stock code: 25), from September 1998 to April 2001 and his last position was estimating & subletting manager. Mr. Kwan obtained certificate in civil engineering in November 1980, higher certificate in civil engineering in November 1983 and certificate in building law in November 1984, all awarded by Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic).

**LO Ka Lung (盧家龍) (“Mr. Lo”)**, aged 64, was appointed as our executive Director on 20 August 2014. He is primarily responsible for overall management and business development of our Group. Mr. Lo obtained a degree of master of science in civil engineering at the City University of London, United Kingdom, in March 1978. He is currently a registered professional engineer under Engineers Registration Board of Hong Kong, a fellow member of the Hong Kong Institution of Engineers, a member of the Institution of Structural Engineers and a member of the Institution of Civil Engineers. Prior to joining our Company, Mr. Lo was employed as a trainee structural engineer in The Rom River Company Limited in London from September 1973 to April 1975. Mr. Lo joined Freeman Fox & Partners in London as a member of design and development team from May 1975 to September 1976 and worked in Ove Arup & Partners in London as an assistant to project engineer from August 1977 to September 1978. From November 1978 to January 1980, Mr. Lo employed by Hopewell Construction Company Limited as a site engineer and his last position was assistant to project manager. Mr. Lo then joined the Buildings Department as a structural engineer from June 1980 to August 1989 and as a senior structural engineer from September 1989 to July 1998 and as the chief structural engineer from August 1998 to June 2004. Mr. Lo currently provides lectures in the University of Hong Kong as an adjunct professor in the Department of Civil Engineering.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**CHEUNG Kwok Yan Wilfred (張國仁) (“Mr. Cheung”)**, aged 35, was appointed as our independent non-executive Director, and the chairperson of our audit committee and a member of our nomination committees on 8 December 2014. Mr. Cheung graduated at the University of Buckingham in the United Kingdom with bachelor of science in accounting and financial management in February 2005. Mr. Cheung is a fellow of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Directors. Mr. Cheung joined Moores Rowland Mazars CPA Limited in September 2005 as associate and later transferred his employment under Mazars CPA Limited after the reorganization of Moores Rowland Mazars in June 2007. Mr. Cheung left Mazars CPA Limited in October 2007 and joined Grant Thornton as senior accountant in its China practice division until December 2008. Mr. Cheung then moved to the United Kingdom and worked for the Royal Bank of Canada Europe Limited as accounts preparer in its CEES UK Department from March 2009 to January 2010. Mr. Cheung then returned to Hong Kong and was employed by Harmonic Strait Financial Holdings Limited (formerly known as “Rainbow Brothers Holdings Limited”) (Stock code: 33), the issued shares of which is listed on the Main Board of the Stock Exchange, from February 2010 to August 2010 as senior associate in corporate finance. Mr. Cheung later joined Mega International Food Limited as its financial controller in September 2010 and was appointed as general manager of its fellow subsidiary, Poly Shining Limited, Mr. Cheung left the group in March 2013. From August 2013 onwards, Mr. Cheung sits at the head of finance and is the senior finance manager of The Gate Worldwide Limited, an international advertising agency.

**LAM Sing Kwong Simon (林誠光) (“Prof. Lam”)**, aged 56, was appointed as our independent non-executive Director, the chairperson of our remuneration committee, a member of our audit and nomination committees on 8 December 2014. Prof. Lam joined the University of Hong Kong as full-time teaching staff in September 1989 and is currently professor of management at the Faculty of Business and Economics of the University of Hong Kong. Prof. Lam obtained a doctorate degree in commerce from the Faculty of Economics and Commerce at the Australian National University. Prof. Lam is renowned for his research in corporate strategy, organisation development and operations management and has published a number of academic papers and case studies on those topics. Before joining the University of Hong Kong, Prof. Lam served as regional support manager for the Canadian Imperial Bank of Commerce from 1987 to June 1989.

Prof. Lam is currently an independent non-executive director of Jin Cai Holdings Company Limited (stock code: 1250), Sinomax Group Limited (stock code: 1418) and Overseas Chinese Town (Asia) Holdings Limited (stock code: 3366), the issued shares of all of which are listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of Glory Flame Holdings Limited (stock code: 8059) and King Force Security Holdings Limited (stock code: 8315), the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange.

## BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

**WONG Fong (王芳) (“Ms. Wong”)**, aged 36, was appointed as our independent non-executive Director, a member of our audit committee and our remuneration committee on 8 December 2014. Ms. Wong has been the director of Grant Thornton Hong Kong Limited since February 2014 and before that she was the chief operating officer of Jonten Hopkins CPA Limited from January 2010 to January 2014.

Ms Wong passed Licensing Examination for Securities and Futures Intermediaries and obtained HKSI practising certificate (securities) in January 2011. Ms Wong obtained a bachelor’s degree in Chinese language and literature from Harbin Normal University in June 2000.

### SENIOR MANAGEMENT

**HAU Kwok Leung (侯國良) (“Mr. Hau”)**, aged 47, is the project manager of our Group. Mr. Hau is principally responsible for overall management of site works, quality control and work safety supervision. Mr. Hau joined our Group as project manager in September 2012 and has over 20 years of experience in the construction industry. Mr. Hau obtained a higher diploma in building from the City Polytechnic of Hong Kong in November 1990 and obtained a bachelor’s degree in construction management from the University of Wolverhampton in September 2002.

**WONG Kwok Leung (黃國樑) (“Mr. Wong”)**, aged 37, is the project manager of our Group. Mr. Wong is principally responsible for overall management of site works, quality control and work safety supervision. Mr. Wong joined our Group in February 2013 and has over 10 years of experience in the construction industry. Mr. Wong obtained a bachelor of engineering degree in civil and structural engineering from the University of Hong Kong in December 1999. Mr. Wong was certified as a chartered civil engineer and chartered engineer of the Institution of Civil Engineers in March 2006 and May 2006 respectively. Mr. Wong is also a registered professional engineer under the Engineers Registration Board of Hong Kong.

**WOO Yuen Fai (胡遠輝) (“Mr. Woo”)**, aged 32, was employed as the financial controller of our Company in August 2014 and was appointed as our company secretary on 8 December 2014. Mr. Woo is primarily responsible for financial planning, financial risks management, financial reporting, treasury and company secretarial work of our Group. Prior to joining our Group, Mr. Woo worked in the assurance and business advisory department of SHINEWING (HK) CPA Limited, a certified public accounting firm, from September 2006 to August 2014. Mr. Woo obtained his bachelor’s degree of business administration (honors) in accountancy and law from the City University of Hong Kong in November 2006 and is a member of the Hong Kong Institute of Certified Public Accountants.

# CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance and has adopted the code provisions set out in the CG Code contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company has fully complied with the CG Code from the date of Listing on 29 December 2014 to 31 March 2015.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct of the Company regarding directors’ transactions of the listed securities of the Company.

The Company has made specific enquiry to all Directors, and all Directors have confirmed that they had complied with the Model Code and its code of conduct during the period from the date of Listing on 29 December 2014 to 31 March 2015.

The Group commits to continuously improving its corporate governance practices by periodic review to ensure that the Group continues to meet the requirements of the Code.

The key corporate governance practices of the Group are summarised as follows:

## BOARD OF DIRECTORS

### Composition

The Board currently comprises three executive Directors and three independent non-executive Directors.

### Executive Directors

Mr. Leung Kam Chuen (*Chairman*)

Mr. Kwan Wai Ming

Mr. Lo Ka Lung

### Independent non-executive Directors

Mr. Cheung Kwok Yan, Wilfred

Prof. Lam Sing Kwong, Simon

Ms. Wong Fong

The Company has complied with rules 3.10(1) and 3.10A of the Listing Rules. From the date of Listing on 29 December 2014 to 31 March 2015, there were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents more than one-third of the Board. As such, there exists a strong independent element in the Board, which can effectively exercise independent judgement. The Company has also complied with rule 3.10(2) of the Listing Rules which stipulates that one of the independent non-executive Directors must possess appropriate professional qualification or accounting or related financial management expertise. In compliance with the Code, the independent non-executive Directors are expressly identified as such in all corporate communications that disclose the names of the Directors.

All the independent non-executive Directors namely, Mr. Cheung Kwok Yan, Wilfred, Prof. Lam Sing Kwong, Simon and Ms. Wong Fong have respectively entered into a service contract with the Company for a term of three years commencing on 29 December 2014 unless terminated by not less than six months’ notice in writing served by either party on the other. The independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles.

At the forthcoming annual general meeting, all Directors will retire from office and are eligible for re-election. At each following annual general meeting, one-third of the Directors are required to retire from office. Each Director shall retire from office once every three years. The Directors to retire in every year shall be those appointed by the Board during the year and those who have been longest in office since their last election or re-election. New Directors appointed by the Board during the year shall retire and submit themselves for re-election at the annual general meeting immediately following their appointments.

Each of the Directors will retire from office as Directors at the forthcoming annual general meeting of the Company, being eligible, offer themselves for re-election pursuant to Article 112 of the Articles. No Director proposed for re-election at the annual general meeting has a service contract with the Company, which is not determinable by the Company within one year other than statutory compensation.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Group considers all independent non-executive Directors to be independent under the Listing Rules.

Save as disclosed in the section headed “Biographies of the Directors and Senior Management” in this annual report, there is no financial, business, family or other material/relevant relationship among the members of the Board, in particular, between the Chairman of the Board and the chief executive of the Company.

## BOARD AND GENERAL MEETINGS

The Board meets regularly and, in addition to regular meetings, it meets as and when warranted by particular circumstances. From the date of Listing to the date of this report, the Directors’ attendance of the Board meetings is set out as follows:

	Attendance/ Number of meetings from the date of Listing to the date of this report
<b>Executive Directors</b>	
Mr. Leung Kam Chuen ( <i>Chairman</i> )	1/1
Mr. Kwan Wai Ming	1/1
Mr. Lo Ka Lung	1/1
<b>Independent non-executive Directors</b>	
Mr. Cheung Kwok Yan, Wilfred	1/1
Prof. Lam Sing Kwong, Simon	1/1
Ms. Wong Fong	1/1

The forthcoming annual general meeting to be held on 16 September 2015 will be the first general meeting of the Company from the date of Listing.

## BOARD RESPONSIBILITIES AND DELEGATION

The Board is responsible to the shareholders for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, approving the annual development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system and supervising and managing management's performance.

Regarding the Group's corporate governance, from the date of Listing to 31 March 2015, the Board has in accordance with the terms of reference performed the following duties:

- determined and reviewed the policies and practices on corporate governance of the Group and make recommendations;
- reviewed and monitored the training and continuous professional development of Directors and senior management;
- reviewed and monitored the Group's policies and practices on compliance with legal and regulatory requirements;
- developed, reviewed and monitored the code of conduct applicable to Directors and employees; and
- reviewed the Company's compliance with the Code and disclosure in this Corporate Governance report.

The Board delegates the day-to-day management, administration and operation of the Group to the management. The delegated functions are reviewed by the Board periodically to ensure they remain appropriate to the needs of the Group. The Board gives clear directions to the management as to the matters that must be approved by the Board before decisions are made on behalf of the Group by the management.

All Board members have separate and independent access to the Company's management to fulfill their duties, and upon reasonable request, to seek independent professional advice under appropriate circumstances and at the Company's expenses. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors in meetings. The Company provides the Board with such information and explanations as are necessary to enable Directors to make an informed assessment of the financial and other information put before the Board. Queries raised by Directors are answered fully and promptly. Meeting agenda accompanied by relevant Board/committee papers are distributed to the Directors/committee members with reasonable notice in advance of a Board meeting. Minutes of board meetings and meetings of board committees, which recorded in sufficient detail the matters considered by the Board and decisions reached thereat, including any concerns raised or dissenting views expressed by any Director, are kept by the company secretary and open for inspection by the Directors.



## CHAIRMAN AND CHIEF EXECUTIVE

Under code provision A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. In compliance with the Code, the Group has appointed a separate chairman and chief executive of the Company since 11 September 2012. In order to ensure that there is clear division of responsibilities between the chairman of the Board and the chief executive of the Company, the two positions are assumed by different individuals, Mr. Leung Kam Chuen, the Chairman of the Board, is responsible for the operation of the Board and the formulation of the Group's strategies and policies. Mr. Kwan Wai Ming, the chief executive of the Company, with the assistance of other members of the Board and senior management, is responsible for the management of the Group's business, the implementation of significant policies, the daily operational decisions as well as the coordination of the overall operation. The Chairman of the Board ensures that all Directors are properly briefed on issues arising at the Board meetings and receive adequate, complete and reliable information in a timely manner.

## DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

All Directors confirmed that they had complied with code provision A.6.5 of the Code during the period from the date of listing to 31 March 2015, that all Directors had participated in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged an in-house training on the Listing Rules in the form of a seminar during the Reporting Year conducted by the Legal Adviser as to Hong Kong Laws and relevant training material has been distributed to all the Directors. All Directors had attended the in-house training. The training covered topics including the Code, listed company regulations and disclosure obligations in Hong Kong, discloseable transactions and connected transactions etc.

## BOARD COMMITTEES

The Board has established (i) Audit Committee, (ii) Remuneration Committee, and (iii) Nomination Committee with defined terms of reference. The terms of reference of each of the board committees, which explain their respective roles and the authority delegated to them by the Board, are available on the websites of the Company and the Stock Exchange. The board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance under appropriate circumstances, at the Company's expenses.

## AUDIT COMMITTEE

The Company has established the Audit Committee on 8 December 2014 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. Cheung Kwok Yan, Wilfred (as Chairman), professor Lam Sing Kwong, Simon and Ms. Wong Fong. The primary duties of the Audit Committee are, inter alia, to assist the Board in providing an independent view of the effectiveness of the financial reporting system, internal control procedures and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

From the Listing Date to 31 March 2015, the Audit Committee mainly has (i) reviewed the reports from the Auditor, accounting principles and practices adopted by the Group, management representation letters, and management's response in relation to the annual results for the year ended 31 March 2015; (ii) reviewed the financial reports for the year ended 31 March 2015 and recommended the same to the Board for approval.

From the Listing Date to 31 March 2015, one meeting was held by the Audit Committee. The attendance record of each member of the Audit Committee is set out below:

Name of Director	Attendance/ Number of Audit Committee meeting(s) held
Cheung Kwok Yan, Wilfred (Chairman)	1/1
Lam Sing Kwong, Simon	1/1
Wong Fong	1/1

There had been no disagreement between the Board and the Audit Committee from the Listing Date to 31 March 2015.

## REMUNERATION COMMITTEE

The Company established a remuneration committee (the “Remuneration Committee”) on 8 December 2014. As at the date of this report, the Remuneration Committee comprises an executive Director, namely Mr. Kwan Wai Ming, and two independent non-executive directors, namely Prof. Lam Sing Kwong, Simon and Ms. Wong Fong. Prof. Lam Sing Kwong, Simon is the chairman of the Remuneration Committee.

The written terms of reference of the Remuneration Committee adopted by the Board are in line with the Code and are available on the website of the Company and the Stock Exchange.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group’s policy and structure for the remuneration of all Directors and senior management, reviewing and approving the management’s remuneration proposals with reference to the corporate goals and objectives of the Board from time to time. The Board as a whole has determined the remuneration policy and packages of the Directors. No individual Director was allowed to involve in deciding his own remuneration.

## DIRECTORS’ REMUNERATION

The Directors’ fees are subject to shareholders’ approval at general meetings. Other emoluments are determined by the Board with reference to Directors’ duties, responsibilities and performance and the results of the Group. In addition, the Directors’ remuneration is reviewed by the Remuneration Committee of the Company annually. Details of the Directors’ remuneration are set out in note 11 of the consolidated financial statements.

## REMUNERATION OF THE SENIOR MANAGEMENT

For the Reporting Year, the remuneration of senior management is listed as below by band:

	No. of person
HK\$1,000,000 and below	3
HK\$1,000,001 to HK\$1,500,000	3

## CORPORATE GOVERNANCE REPORT

Further details of the remuneration of the Directors and the 5 highest paid employees required to be disclosed under Appendix 16 of the Listing Rules have been set out in note 11 to the consolidated financial statements.

As the Company was newly listed on 29 December 2014, the Remuneration Committee has held one meeting as at the date of this report and all the members have attended to review the Group's remuneration policy and approved the terms of executive Directors' service contracts. The committee members' attendance of the Remuneration Committee is set out as follows:

	Attendance/ Number of meetings from the date of Listing to 31 March 2015	Attendance/ Number of meetings from 1 April 2015 to the date of this report
Prof. Lam Sing Kwong, Simon ( <i>Chairman</i> )	-/-	1/1
Mr. Kwan Wai Ming	-/-	1/1
Ms. Wong Fong	-/-	1/1

Under the terms of reference, members of the Remuneration Committee had performed the following duties:

- assessed the performance of executive Directors and consulted the Chairman of the Board and the chief executive about their remuneration proposals for other executive Directors;
- made recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration;
- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- made recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- made recommendations to the Board on the remuneration of non-executive Directors;
- considered salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries; and
- ensured that no Director or any of his/her associates is involved in deciding his/her own remuneration.

## NOMINATION COMMITTEE

The Company has established the Nomination Committee on 8 December 2014 with written terms of reference in compliance with paragraph A.5 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of two independent non-executive Directors, namely Mr. Cheung Kwok Yan, Wilfred and Professor Lam Sing Kwong, Simon, and an executive Director, namely Mr. Leung Kam Chuen (as Chairman of the Committee). The primary functions of the nomination committee are, inter alia, to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, to assess the independence of independent non-executive Directors, and to make recommendations to the Board on the appointment or re-appointment of Directors in particular the chairman and the chief executive officer and succession planning for Directors.

Since the Listing Date, the members of Nomination Committee did not hold any meeting during the year under review.

## BOARD DIVERSITY POLICY

The nomination committee of the Company has adopted a board diversity policy (the "Board Diversity Policy") setting out the approach to diversity of members of the Board, which is summarised below:

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The nomination committee works to ensure a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and objectives. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group, in accordance with accounting principles generally accepted in Hong Kong. The statement by the auditors of the Company about their responsibilities for the financial statements is set out in the independent auditors' report contained in this annual report.

## EXTERNAL AUDITOR'S REMUNERATION

The Company engaged SHINEWING (HK) CPA Limited as its external auditor for the year ended 31 March 2015. The Audit Committee has been notified of the nature and the service charges of non-audit services for the agreed upon procedures in connection with preliminary results announcement for the year ended 31 March 2015 and considered that these non-audit services have no adverse effect on the independence of the auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. Details of the fees paid/payable to SHINEWING (HK) CPA Limited during the year are as follows:

	HK\$
Audit services	780,000
Non-audit services: other disbursement	20,000
	<hr/>
	800,000
	<hr/> <hr/>

## INTERNAL CONTROLS

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed to ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, ensure compliance of applicable laws, rules and regulations.

Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management of the Group maintains and monitors the internal control systems on an ongoing basis. The Board has conducted a review of the effectiveness of the internal control system of the Group and is satisfied that the Group has fully complied with the Code in respect of internal controls from the Listing Date to 31 March 2015.

## COMPANY SECRETARY

The company secretary of the Company is Mr. Woo Yuen Fai whose biographical details are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

Mr. Woo has been informed of the requirement of the Rule 3.29 of the Listing Rules, and he confirmed that he had attained no less than 15 hours of relevant professional training during the year.

## PROCEDURES BY WHICH ENQUIRIES MAY BE PUT TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the company secretary of the Company by post to the principal place of business set out in the section headed "Corporate Information", by fax at 2710 9681 or by email at csengltd@netvigator.com. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the chief executive officer of the Company.

## PROCEDURES FOR CONVENING GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to Article 64 of the Articles of Association, the Board may whenever it thinks fit call extraordinary general meetings.

Extraordinary general meetings shall also be convened on the requisition of 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 by mail at Unit 2307-08, 23/F, Elite Centre, 22 Hung To Road, Kwun Tong, Kowloon, Hong Kong 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. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

## PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

Shareholders are requested to follow Article 64 of the Articles of Association for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Procedures for convening general meetings by shareholders".

Pursuant to Article 113 of the Articles of Association, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office no earlier than the day after the dispatch 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 and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

# INDEPENDENT AUDITOR'S REPORT



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

## TO THE MEMBERS OF CHUN SING ENGINEERING HOLDINGS LIMITED

震昇工程控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Chun Sing Engineering Holdings Limited (the "Company") and its subsidiaries set out on pages 32 to 83, which comprise the consolidated statement of financial position as at 31 March 2015, 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 the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## OTHER MATTERS

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2014 were audited by another auditor who expressed an unqualified opinion on those statements on 15 December 2014.

SHINEWING (HK) CPA Limited  
*Certified Public Accountants*  
**Pang Wai Hang**  
Practising Certificate Number: P05044

Hong Kong  
23 June 2015



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 HK\$' 000	2014 HK\$' 000
Revenue	5	808,083	581,431
Cost of services		<u>(682,160)</u>	<u>(497,048)</u>
Gross profit		125,923	84,383
Other income	7	1,425	3,133
Administrative expenses		(44,200)	(17,960)
Finance costs	8	<u>(1,218)</u>	<u>(1,306)</u>
Profit before taxation		81,930	68,250
Income tax expense	9	<u>(16,159)</u>	<u>(11,429)</u>
Profit and total comprehensive income for the year attributable to owners of the Company	10	<u><u>65,771</u></u>	<u><u>56,821</u></u>
Earnings per share (HK cents)			
– Basic and diluted	14	<u><u>7.0</u></u>	<u><u>6.3</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	2015 HK\$' 000	2014 HK\$' 000
<b>Non-current assets</b>			
Plant and equipment	15	82,678	62,880
Investment properties	16	—	16,493
Deposits paid for plant and equipment		—	351
		<u>82,678</u>	<u>79,724</u>
<b>Current assets</b>			
Amounts due from customers for contract work	17	26,071	51,130
Trade and other receivables	18	141,941	125,754
Amounts due from related parties	31(c)	293	22,487
Bank balances and cash	19	117,941	9,091
		<u>286,246</u>	<u>208,462</u>
<b>Current liabilities</b>			
Amounts due to customers for contract work	17	29,038	9,676
Trade and other payables	20	123,475	102,470
Amounts due to related parties	31(c)	793	14,900
Tax payables		4,810	8,305
Bank borrowings	21	—	12,364
Obligations under finance leases	22	10,313	7,054
Bank overdrafts	21	—	5,923
		<u>168,429</u>	<u>160,692</u>
<b>Net current assets</b>		<u>117,817</u>	<u>47,770</u>
<b>Total assets less current liabilities</b>		<u>200,495</u>	<u>127,494</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	2015 HK\$' 000	2014 HK\$' 000
<b>Non-current liabilities</b>			
Obligations under finance leases	22	11,162	10,198
Deferred tax liabilities	23	6,745	4,559
		<u>17,907</u>	<u>14,757</u>
<b>Net assets</b>		<u>182,588</u>	<u>112,737</u>
<b>Capital and reserves</b>			
Share capital	24	10,300	70
Reserves		<u>172,288</u>	<u>112,667</u>
<b>Total equity</b>		<u>182,588</u>	<u>112,737</u>

The consolidated financial statements on pages 32 to 83 were approved and authorised for issue by the board of directors on 23 June 2015 and are signed on its behalf by:

Leung Kam Chuen  
*Director*

Kwan Wai Ming  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Share capital HK\$' 000	Share premium HK\$' 000 (Note a)	Capital reserve HK\$' 000 (Note b)	Merger reserve HK\$' 000 (Note c)	Retained earnings HK\$' 000	Total HK\$' 000
At 1 April 2013	70	—	—	—	55,846	55,916
Profit and total comprehensive income for the year	—	—	—	—	56,821	56,821
At 31 March 2014 and 1 April 2014	70	—	—	—	112,667	112,737
Profit and total comprehensive income for the year	—	—	—	—	65,771	65,771
Special dividend recognised as distribution (note 13)	—	—	—	—	(76,000)	(76,000)
Elimination of share capital on group reorganisation (note 24)	(70)	—	—	—	—	(70)
Shares issued on group reorganisation	9,013	78,825	—	(87,838)	—	—
Shares issued under share offer	1,287	75,963	—	—	—	77,250
Shares issue expenses	—	(4,264)	—	—	—	(4,264)
Deemed capital contribution (note b)	—	—	7,164	—	—	7,164
At 31 March 2015	<u>10,300</u>	<u>150,524</u>	<u>7,164</u>	<u>(87,838)</u>	<u>102,438</u>	<u>182,588</u>

## Notes:

- Under the Companies Law (as 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 paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.
- The capital reserve represents the deemed capital contribution from its shareholder, Golden Roc Holdings Limited ("Golden Roc"), in relation to listing expenses reimbursed to the Company during the year ended 31 March 2015.
- The merger reserve represents the difference between the total equity of those subsidiaries (which were transferred from Golden Roc to the Company) and the aggregated share capital of the relevant subsidiaries pursuant to the group reorganisation where the transfer of the relevant subsidiaries to the Company are satisfied by issue of new shares from the Company to Golden Roc.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	2015 HK\$' 000	2014 HK\$' 000 (Restated)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	81,930	68,250
Adjustments for:		
Depreciation	23,688	17,524
Gain on disposal of plant and equipment	(986)	(2,612)
Gain on disposal of investment properties	(291)	—
Loss on write-off of plant and equipment	388	—
Finance costs	1,218	1,306
	<hr/>	<hr/>
Operating cash flows before movements in working capital	105,947	84,468
Decrease (increase) in amounts due from customers for contract work	25,059	(3,517)
Increase in trade and other receivables	(16,187)	(37,516)
Decrease (increase) in amounts due from related parties	8,085	(5,768)
Increase in amounts due to customers for contract work	19,362	9,457
Increase (decrease) in trade and other payables	24,377	(869)
(Decrease) increase in amounts due to related parties	(191)	62
	<hr/>	<hr/>
Cash generated from operations	166,452	46,317
Income tax paid	(17,468)	(7,462)
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>148,984</b>	<b>38,855</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	2015 HK\$' 000	2014 HK\$' 000 (Restated)
<b>INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(39,518)	(39,317)
Acquisition of subsidiaries upon reorganisation (note 24)	(70)	—
Proceeds from disposal of plant and equipment	2,110	5,962
Repayment from (advance to) related parties	14,109	(13,074)
Proceeds from disposal of investment properties	16,700	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(6,669)</u>	<u>(46,429)</u>
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(76,000)	—
Repayments of bank borrowings	(24,364)	(31,304)
Capital element of finance lease rentals paid	(23,714)	(12,209)
Repayment to related parties	(13,916)	(439)
Expenses on issue of shares	(4,264)	—
Interest element of finance lease rentals paid	(1,013)	(866)
Interest paid	(205)	(440)
Proceeds from deemed capital contribution	7,164	—
New bank borrowings raised	12,000	33,462
Net proceeds from sale and lease back transactions	19,520	15,954
Proceeds from issue of shares	77,250	—
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<u>(27,542)</u>	<u>4,158</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>114,773</b>	<b>(3,416)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (note 19)</b>	<u><b>3,168</b></u>	<u><b>6,584</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (note 19)</b>	<u><u><b>117,941</b></u></u>	<u><u><b>3,168</b></u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

## 1. GENERAL AND BASIS OF PREPARATION

Chun Sing Engineering Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 15 July 2014 as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 29 December 2014. Its immediate parent company is Golden Roc Holdings Limited (“Golden Roc”), a company incorporated in the British Virgin Islands (the “BVI”) which is beneficially owned by Mr. Leung Kam Chuen (“Mr. Leung”), the chairman of the board of directors of the Company, and Mr. Kwan Wai Ming (“Mr. Kwan”), the director and chief executive officer of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company and the principal activities of its subsidiaries (together with the Company, referred to as the “Group”) are set out in note 33.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

### Group restructuring and basis of presentation of consolidated financial statements

Prior to a group reorganisation (the “Reorganisation”), the Group’s businesses were conducted principally through Chun Sing Engineering Company Limited (“CS Engineering”) and Chun Sing Machinery Company Limited (“CS Machinery”). CS Engineering and CS Machinery were owned as to 55% by Mr. Leung and 45% by Mr. Kwan before the Reorganisation. As detailed in the section headed “Company History and Reorganisation” in the prospectus of the Company dated 15 December 2014, the Group underwent the Reorganisation to rationalise its corporate structure in preparation for the listing of the Company’s shares on the Stock Exchange.

Following the Reorganisation which was completed on 5 December 2014, the Company became the holding company of the Group and was owned by Mr. Leung and Mr. Kwan as to 55% and 45% respectively. As the Group’s businesses were beneficially owned by Mr. Leung and Mr. Kwan in the same proportionate ownership interests before and after the Reorganisation, there was a continuation of risks and benefits to the ultimate beneficial owners and the Group resulting from the Reorganisation is regarded as a continuing entity.

Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as if the group structure under the Reorganisation had been in existence throughout the two years ended 31 March 2015 or since their respective dates of incorporation whichever is the shorter period.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND NEW HONG KONG COMPANIES ORDINANCE

The Group has applied all the HKFRSs, Hong Kong Accounting Standards (“HKASs”), amendments and interpretations (“Int(s)”) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2014.

In addition, certain information in the consolidated financial statements are presented and disclosed in accordance with the annual report requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) which come into operation during the financial year.

### New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments <sup>4</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle <sup>2</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>2</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>2</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>2</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2018.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND NEW HONG KONG COMPANIES ORDINANCE – *continued*

#### HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an “expected credit loss” model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9 (2014), 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 designed as at fair value through profit or loss (“FVTPL”), HKFRS 9 (2014) 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 FVTPL was presented in profit or loss.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND NEW HONG KONG COMPANIES ORDINANCE – *continued*

### HKFRS 9 (2014) Financial Instruments – *continued*

Key requirements of HKFRS 9 (2014) are described as follows: – *continued*

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity’s expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.
- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities.

Regarding the Group’s financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND NEW HONG KONG COMPANIES ORDINANCE – *continued*

#### HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

- i) Identify the contract with the customer;
- ii) Identify the performance obligations in the contract;
- iii) Determine the transaction price;
- iv) Allocate the transaction price to the performance obligations; and
- v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

#### Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND NEW HONG KONG COMPANIES ORDINANCE – *continued*

### Amendments to HKAS 1 Disclosure Initiative – *continued*

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity’s financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

- (i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and
- (ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group’s consolidated financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis.

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries 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 component of other comprehensive income of subsidiaries 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.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### **Merger accounting for business combination involving entities under common control**

The consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

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

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

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

#### **Revenue recognition**

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

The Group's policy for the recognition of revenue from construction services is described in the accounting policy for construction contracts below.

Revenue recognition for rental income is set out in the accounting policy for leasing below.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design.

Where the outcome of a construction contract can be estimated reliably,

- revenue from a fixed price contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established according to the progress certificate (by reference to the amount of completed works confirmed by surveyor) issued by the customers.
- revenue from a cost plus contract work is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

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 an expense by reference to the stage of completion of the contract at the end of the reporting period.

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

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, under trade and other payables. 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.

### 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*

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

##### *The Group as lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

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, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

#### Retirement benefit costs and termination benefits

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

#### 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 it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases 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 deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition 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, 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 are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Current and deferred tax 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each 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 plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

#### Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

#### Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

#### *Financial assets*

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

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a 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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties 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).

### 3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Financial instruments – *continued*

##### *Financial assets – continued*

##### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each 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.

Objective evidence of impairment could include:

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Financial instruments – *continued*

##### *Financial liabilities and equity instruments*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities are classified as other financial liabilities.

##### Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies, bank borrowings, obligations under finance leases and bank overdrafts 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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

##### 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Financial instruments – *continued*

##### *Derecognition*

A financial asset is derecognised 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.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### **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 unit, 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 the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the 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 the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### Fair value measurement

When measuring fair value for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

#### 4. 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 amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. 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.

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 resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Construction contracts*

As explained in accounting policy in note 3, revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts, with reference to the progress certificate issued by the customer. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs by comparing the budgeted amounts to the actual costs incurred.

Significant assumptions are required in estimating the contract revenue, contract costs and variation work which may have an impact on percentage of completion of the construction contracts and the corresponding profit taken.

Management base their estimations of contract costs and revenues on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of payments and the age and recoverability of any unagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

#### *Estimated useful life of plant and equipment*

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Group reviews the estimated useful lives of the plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

#### *Estimated impairment of plant and equipment*

The Group assesses annually whether plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations if there is indication of impairment. The calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. At the end of the reporting period, the directors of the Company consider that there is no impairment indication and the carrying values of plant and equipment is approximately HK\$82,678,000 (2014: HK\$62,880,000).

#### *Estimated impairment of trade and other receivables*

The Group evaluates whether there is any objective evidence that trade and other receivables are impaired, and estimates allowances for doubtful debts as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade and other receivables balance, credit-worthiness of the customer and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated. At the end of the reporting period, the carrying value of trade and other receivables is approximately HK\$141,941,000 (2014: HK\$125,754,000).

### 5. REVENUE

Revenue represents revenue from construction contracts and rental income from lease of machinery and is analysed as follows:

	2015 HK\$'000	2014 HK\$'000
Revenue from construction contracts	807,631	578,476
Rental income from lease of machinery	452	2,955
	<u>808,083</u>	<u>581,431</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 6. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors of the Company regards the Group's business as a single operating segment and reviews financial information accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

#### Information about major customers

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

	2015 HK\$' 000	2014 HK\$' 000
Customer A	408,033	162,826
Customer B	207,305	155,137
Customer C	98,360	113,839
Customer D	N/A <sup>1</sup>	109,302

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

### 7. OTHER INCOME

	2015 HK\$' 000	2014 HK\$' 000
Gain on disposal of plant and equipment	986	2,612
Gain on disposal of investment properties	291	—
Rental income from investment properties	128	456
Sundry income	20	65
	<u>1,425</u>	<u>3,133</u>
Gross rental income from investment properties	128	456
Less: Direct operating expenses incurred	(19)	(72)
	<u>109</u>	<u>384</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 8. FINANCE COSTS

	2015 HK\$' 000	2014 HK\$' 000
Interest on:		
– Bank borrowings and overdrafts	205	440
– Finance leases	1,013	866
	<u>1,218</u>	<u>1,306</u>

### 9. INCOME TAX EXPENSE

	2015 HK\$' 000	2014 HK\$' 000
Current tax – Hong Kong:		
Provision for the year	14,006	9,092
Over-provision in prior years	(33)	—
	<u>13,973</u>	<u>9,092</u>
Deferred tax (note 23)	2,186	2,337
	<u>16,159</u>	<u>11,429</u>

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

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

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

	2015 HK\$' 000	2014 HK\$' 000
Profit before taxation	<u>81,930</u>	<u>68,250</u>
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	13,518	11,261
Tax effect on non-deductible expenses	2,608	57
75% tax deduction, capped at \$20,000	(20)	—
Over-provision in prior years	(33)	—
Tax effect of other deductible temporary differences not recognised	86	—
Others	—	111
Tax charge for the year	<u>16,159</u>	<u>11,429</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2015 HK\$' 000	2014 HK\$' 000
Staff costs (including directors' emoluments)		
– salaries, allowances and benefits in kind	87,413	57,825
– retirement benefits scheme contributions	2,933	1,920
Total staff costs	90,346	59,745
(Less)/Add: Amount included in construction contracts in progress	(11,202)	19,968
	79,144	79,713
Depreciation in respect of investment properties	84	317
Depreciation in respect of plant and equipment		
– assets held under finance leases	7,865	5,099
– owned assets	15,739	12,108
	23,688	17,524
Minimum lease payments under operating leases in respect of:		
– machinery	820	588
– land and buildings	3,072	2,381
Auditor's remuneration		
– current year	1,020	—
– under-provision in prior years	210	—
Listing expenses (included in administrative expenses)	14,328	—
Loss on write-off of plant and equipment	388	—

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the six (2014: two) directors and chief executive were as follows:

	Directors' fees HK\$' 000	Salaries and other benefits HK\$' 000	Contributions to retirement benefits schemes HK\$' 000	Total HK\$' 000
<b>For the year ended 31 March 2015</b>				
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries' undertaking				
<i>Executive directors</i>				
Mr. Leung ( <i>Chairman</i> ) (note i)	—	1,300	—	1,300
Mr. Kwan ( <i>Chief Executive</i> ) (note i)	—	1,320	18	1,338
Mr. Lo Ka Lung (note ii)	—	450	10	460
<i>Independent non-executive directors</i>				
Mr. Cheung Kwok Yan Wilfred (note iii)	39	—	—	39
Prof. Lam Sing Kwong Simon (note iii)	39	—	—	39
Ms. Wong Fong (note iii)	39	—	—	39
	<b>117</b>	<b>3,070</b>	<b>28</b>	<b>3,215</b>

#### For the year ended 31 March 2014

Emoluments paid or receivable  
in respect of a person's services as  
a director, whether of the Company  
or its subsidiaries' undertaking

#### *Executive directors*

Mr. Leung ( <i>Chairman</i> ) (note i)	—	1,240	—	1,240
Mr. Kwan ( <i>Chief Executive</i> ) (note i)	—	1,000	15	1,015
	<b>—</b>	<b>2,240</b>	<b>15</b>	<b>2,255</b>

Notes:

- (i) Appointed as executive directors of the Company on 15 July 2014.
- (ii) Appointed as executive directors of the Company on 20 August 2014.
- (iii) Appointed as independent non-executive directors of the Company on 8 December 2014.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 31 March 2015 and 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2014: two) were directors and chief executive of the Company whose emoluments are included in the disclosures in note 11. The emoluments of the remaining three (2014: three) individuals were as follows:

	2015 HK\$' 000	2014 HK\$' 000
Salaries and other benefits	2,099	2,301
Discretionary bonus	1,278	449
Contributions to retirement benefits scheme	53	45
	<u>3,430</u>	<u>2,795</u>

Their emoluments were within the following bands:

	2015 No. of employees	2014 No. of employees
HK\$ nil to HK\$1,000,000	—	3
HK\$1,000,001 to HK\$1,500,000	3	—
	<u>3</u>	<u>—</u>

During the year ended 31 March 2015, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) or other directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

### 13. DIVIDEND

No dividend was paid or proposed by the Company during the year ended 31 March 2015, nor has any dividend been proposed since the end of the reporting period (2014: nil).

During the year ended 31 March 2015, the Company's subsidiaries declared and paid special dividends in aggregate of HK\$76,000,000 to its then shareholders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 14. EARNINGS PER SHARE

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

	2015 HK\$' 000	2014 HK\$' 000
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share	<u>65,771</u>	<u>56,821</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>934,055</u>	<u>901,250</u>

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during the years ended 31 March 2015 and 2014.

The weighted average number of ordinary share in issue during the year ended 31 March 2015 represents 901,250,000 ordinary shares (notes 24 (a) and (c)) issued as part of common control combination as if such shares were issued on 1 April 2013, and the weighted average of 128,750,000 ordinary shares (note 24(d)) issued under share offer during the year.

The weighted average number of shares in issue during the year ended 31 March 2014 represents the 901,250,000 ordinary shares (notes 24(a) and (c)) issued as part of common control combination, as if such shares had been outstanding during the entire year of 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 15. PLANT AND EQUIPMENT

	Machinery HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>					
At 1 April 2013	80,101	—	1,180	9,609	90,890
Additions	38,716	—	193	1,596	40,505
Disposals	(15,960)	—	(215)	(674)	(16,849)
At 31 March 2014 and 1 April 2014	102,857	—	1,158	10,531	114,546
Additions	41,850	822	355	3,087	46,114
Write-off	(721)	—	(735)	—	(1,456)
Disposals	(4,401)	—	—	(2,361)	(6,762)
At 31 March 2015	139,585	822	778	11,257	152,442
<b>ACCUMULATED DEPRECIATION</b>					
At 1 April 2013	42,291	—	791	4,876	47,958
Charge for the year	14,957	—	198	2,052	17,207
Eliminated on disposals	(12,934)	—	(215)	(350)	(13,499)
At 31 March 2014 and 1 April 2014	44,314	—	774	6,578	51,666
Charge for the year	20,991	411	114	2,088	23,604
Eliminated on write-off	(564)	—	(504)	—	(1,068)
Eliminated on disposals	(2,384)	—	—	(2,054)	(4,438)
At 31 March 2015	62,357	411	384	6,612	69,764
<b>CARRYING VALUES</b>					
At 31 March 2015	77,228	411	394	4,645	82,678
At 31 March 2014	58,543	—	384	3,953	62,880

The above items of plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery	4 – 5 years
Leasehold improvements	Over the term of the lease
Furniture and fixtures	4 years
Motor vehicles	4 years

As at 31 March 2015, the carrying value of machinery includes an amount of HK\$30,242,000 (2014: HK\$21,004,000) in respect of assets held under finance leases.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 16. INVESTMENT PROPERTIES

	HK\$' 000
<b>COST</b>	
At 1 April 2013	15,699
Additions	1,739
	<hr/>
At 31 March 2014 and 1 April 2014	17,438
Disposals	(17,438)
	<hr/>
At 31 March 2015	—
	<hr/> <hr/>
<b>ACCUMULATED DEPRECIATION</b>	
At 1 April 2013	628
Charge for the year	317
	<hr/>
At 31 March 2014 and 1 April 2014	945
Charge for the year	84
Eliminated on disposals	(1,029)
	<hr/>
At 31 March 2015	—
	<hr/> <hr/>
<b>CARRYING VALUES</b>	
At 31 March 2015	—
	<hr/> <hr/>
At 31 March 2014	16,493
	<hr/> <hr/>

All of the Group's investment properties were situated in Hong Kong and held under medium-term leases. The Group's investment properties in carrying value of approximately HK\$14,757,000 at 31 March 2014 were pledged against bank borrowings, details of which are set out in note 21.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the cost model and are classified and accounted for as investment properties.

The above investment properties were depreciated on a straight-line basis over the shorter of the unexpired term of lease and their estimated lives, being no more than 50 years after date of completion.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 16. INVESTMENT PROPERTIES – *continued*

#### Fair value measurements

An analysis of the Group's investment properties that are measured subsequent to initial recognition at fair value, grouped into fair value hierarchy Levels 1 to 3 based on the degree to which the inputs to fair value measurements are observable is as follows:

	Level 1	Level 2	Level 3	Fair value as at 31 March 2014
	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
Investment properties	<u>—</u>	<u>17,410</u>	<u>—</u>	<u>17,410</u>

There are no transfers between levels of fair value hierarchy during the year.

The fair value of the Group's investment properties as at 31 March 2014 was determined by management using market comparison approach by reference to recent sales prices for comparable properties on a price per square feet basis using market data which is publicly available. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

### 17. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2015 HK\$' 000	2014 HK\$' 000
<b>Contracts in progress at the end of the reporting period</b>		
Contract costs incurred plus recognised profits less recognised losses	1,232,836	1,114,874
Less: progress billings	<u>(1,235,803)</u>	<u>(1,073,420)</u>
	<u>(2,967)</u>	<u>41,454</u>
<b>Analysed for reporting purposes as:</b>		
Amounts due from customers for contract work	26,071	51,130
Amounts due to customers for contract work	<u>(29,038)</u>	<u>(9,676)</u>
	<u>(2,967)</u>	<u>41,454</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 18. TRADE AND OTHER RECEIVABLES

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

	2015 HK\$' 000	2014 HK\$' 000
Trade receivables	72,568	72,972
Deposits, prepayments and other receivables (note a)	2,336	1,959
Retention money receivables (note b)	67,037	50,823
Trade and other receivables	<u>141,941</u>	<u>125,754</u>

Notes:

- (a) As at 31 March 2015, rental deposits of approximately HK\$245,000 (2014: HK\$693,000) was expected to be recovered or settled in more than twelve months from the end of the reporting period but within its normal operating cycle.
- (b) As at 31 March 2015, retention money receivables of approximately HK\$65,289,000 (2014: HK\$26,578,000) was expected to be recovered in more than twelve months from the end of the reporting period but within its normal operating cycle.

Trade receivables are normally due within 42 days from the date of billing. The following is an aged analysis of trade receivables, presented based on the invoice date (or date of revenue recognition, if earlier) at the end of the reporting period.

	2015 HK\$' 000	2014 HK\$' 000
Within 1 month	57,569	64,357
1 to 2 months	14,946	8,562
Over 3 months	53	53
	<u>72,568</u>	<u>72,972</u>

At 31 March 2015 and 2014, none of the trade receivables was individually determined to be impaired.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 18. TRADE AND OTHER RECEIVABLES – *continued*

The aged analysis of trade receivables which were past due but not impaired is set out below:

	2015 HK\$' 000	2014 HK\$' 000
Less than 1 month past due	14,946	16,285
1 to 3 months past due	—	1
Over 3 months past due	53	53
	<u>14,999</u>	<u>16,339</u>

Receivables which were neither past due nor impaired related to a range of customers for whom there was no recent history of default.

Receivables which were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral over these balances.

### 19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2015 HK\$' 000	2014 HK\$' 000
Cash at bank and in hand	87,941	9,091
Short-term bank deposits	30,000	—
Bank balances and cash	117,941	9,091
Bank overdraft (note 21)	—	(5,923)
Cash and cash equivalents	<u>117,941</u>	<u>3,168</u>

Bank balances carry interest at market rates which range from 0.001% to 1.00% (2014: 0.001% to 0.01%) per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 20. TRADE AND OTHER PAYABLES

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

	2015 HK\$' 000	2014 HK\$' 000
Trade payables	95,754	81,950
Retention money payables	17,481	11,662
Plant and equipment payables	—	3,372
Other payables and accruals	10,240	5,486
	<u>123,475</u>	<u>102,470</u>

As at 31 March 2015, retention money payables of approximately HK\$14,029,000 (2014: HK\$7,805,000) was expected to be paid or settled in more than twelve months from the end of the reporting period but within its normal operating cycle.

As at 31 March 2015, included in other payables and accruals was amount of approximately HK\$308,000 (2014: HK\$170,000) representing accrued directors' emoluments.

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

	2015 HK\$' 000	2014 HK\$' 000
Within 1 months	66,716	57,985
1 to 3 months	25,266	16,877
3 to 6 months	1,500	—
Over 6 months	2,272	7,088
	<u>95,754</u>	<u>81,950</u>

The average credit period granted to the Group is 0 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 21. BANK BORROWINGS AND OVERDRAFTS

	2015 HK\$' 000	2014 HK\$' 000
Bank overdrafts – unsecured	—	5,923
Bank borrowings		
– secured	—	6,146
– unsecured	—	6,218
	—	12,364
Carrying amount of bank borrowings repayable (based on scheduled repayment dates set out in the loan agreement)		
– within one year	—	6,921
– after one year but within two years	—	720
– after two years but within five years	—	3,069
– after five years	—	1,654
	—	12,364
Carrying amount of bank borrowings that are not repayable on demand or within one year from the end of the reporting period but contain a repayment on demand clause	—	5,443
Carrying amount of bank borrowings that are repayable within one year based on scheduled repayment dates set out in the loan agreement	—	6,921
Bank borrowings shown under current liabilities	—	12,364

As at 31 March 2014, the bank borrowings and overdrafts bore interest ranging from 2.50% to 6.75% per annum.

As at 31 March 2014, bank borrowings of approximately HK\$6,146,000 were secured by investment properties of the Group of which carrying value was approximately HK\$14,757,000.

As at 31 March 2014, bank borrowings and overdrafts of approximately HK\$4,800,000 were guaranteed by the Government of the Hong Kong Special Administrative Region (the “Hong Kong Government”) under the Special Loan Guarantee Scheme.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 22. OBLIGATIONS UNDER FINANCE LEASES

	2015 HK\$' 000	2014 HK\$' 000
Analysed for reporting purposes as:		
Current liabilities	10,313	7,054
Non-current liabilities	11,162	10,198
	<u>21,475</u>	<u>17,252</u>

It is the Group's policy to lease certain of its machinery and motor vehicles under finance leases. The lease term ranges from 3 to 5 (2014: 2.7 to 5) years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 2.8% to 8.7% (2014: 3.5% to 8.7%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000
Analysed for reporting purposes as:				
Within one year	10,879	7,650	10,313	7,054
After one year but within two years	7,993	7,221	7,827	7,080
After two years but within five years	3,510	3,185	3,335	3,118
	<u>22,382</u>	18,056	<u>21,475</u>	17,252
Less: future finance charges	(907)	(804)	N/A	N/A
Present value of lease obligations	<u>21,475</u>	<u>17,252</u>	<u>21,475</u>	<u>17,252</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(10,313)</u>	<u>(7,054)</u>
Amount due for settlement after 12 months			<u>11,162</u>	<u>10,198</u>

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

As at 31 March 2015, finance leases of HK\$21,475,000 (2014: HK\$17,252,000) were secured by the corporate guarantee issued by the Company (2014: guaranteed by the Hong Kong Government under the Small and Medium Enterprises Loan Guarantee Scheme, directors or related companies).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 23. DEFERRED TAX LIABILITIES

The followings are the major deferred tax (liabilities) assets recognised and movements thereof during the years ended 31 March 2015 and 2014:

	Depreciation allowances in excess of the related depreciation HK\$' 000	Tax losses HK\$' 000	Others HK\$' 000	Total HK\$' 000
At 1 April 2013	(4,608)	1,389	997	(2,222)
Credited (charged) to profit or loss	<u>(2,468)</u>	<u>925</u>	<u>(794)</u>	<u>(2,337)</u>
At 31 March 2014 and 1 April 2014	(7,076)	2,314	203	(4,559)
Credited (charged) to profit or loss	<u>(2,534)</u>	<u>1,089</u>	<u>(741)</u>	<u>(2,186)</u>
At 31 March 2015	<u><u>(9,610)</u></u>	<u><u>3,403</u></u>	<u><u>(538)</u></u>	<u><u>(6,745)</u></u>

As at 31 March 2015, the Group has deductible temporary differences of approximately HK\$521,000 (2014: nil). No deferred tax asset is recognised in relation to such deductible temporary difference due to the unpredictability of future profits streams.

As at 31 March 2015, the Group has unused estimated tax losses of approximately HK\$20,623,000 (2014: HK\$14,023,000) available for offset against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of such tax losses of approximately HK\$3,403,000 (2014: HK\$2,314,000).

### 24. SHARE CAPITAL

As the Company was not incorporated prior to 15 July 2014 and the Reorganisation was not completed as at 31 March 2014, the share capital of the Group in the consolidated statements of financial position as at 1 April 2013 and 31 March 2014 represented the aggregate share capital of CS Engineering and CS Machinery of HK\$70,000 at the respective date.

During the year ended 31 March 2015 and as part of the Reorganisation, the Group acquired the share capital of CS Engineering and CS Machinery from Mr. Leung and Mr. Kwan in aggregate cash consideration of HK\$70,000.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 24. SHARE CAPITAL – *continued*

Movements of the authorised and issued share capital of the Company for the period from 15 July 2014 (date of incorporation of the Company) to 31 March 2015 are as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Ordinary shares of HK\$0.01 each			
<i>Authorised:</i>			
At 15 July 2014 (date of incorporation)	(a)	38,000,000	380
Increase in the year	(b)	<u>1,962,000,000</u>	<u>19,620</u>
At 31 March 2015		<u><u>2,000,000,000</u></u>	<u><u>20,000</u></u>
<i>Issued and fully paid:</i>			
Shares issued upon incorporation	(a)	1	—
Shares issued on Reorganisation	(c)	901,249,999	9,013
Shares issued under share offer	(d)	<u>128,750,000</u>	<u>1,287</u>
At 31 March 2015		<u><u>1,030,000,000</u></u>	<u><u>10,300</u></u>

Notes:

- Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil-paid to the subscriber on 15 July 2014, which was then transferred to Golden Roc on the same date.
- On 5 December 2014, the then sole shareholder resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.
- Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Bojin International Limited and Eternity Sail Limited from Golden Roc, on 5 December 2014, (i) the one nil-paid share then held by Golden Roc was credited as fully paid at par, and (ii) 901,249,999 shares, all credited as fully paid at par, were allotted and issued to Golden Roc.
- On 24 December 2014, 128,750,000 ordinary shares of HK\$0.01 each were issued to the public at a price of HK\$0.60 per share for cash totalling approximately HK\$77,250,000 by way of share offer. The excess of the issue price over the par value of the shares, net of share issued expenses of approximately HK\$4,264,000, were credited to the share premium account of the Company.

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

## 25. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its construction business and provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of borrowings and bank overdrafts disclosed in note 21, obligations under finance leases disclosed in note 22 and bank balances and cash disclosed in note 19, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

## 26. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2015 HK\$' 000	2014 HK\$' 000
Financial assets		
Loans and receivables (including bank balances and cash)	<u>259,971</u>	<u>157,196</u>
Other financial liabilities		
At amortised cost	<u>145,143</u>	<u>152,909</u>

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

The Group's major financial instruments include trade and other receivables, amounts due from/to related parties, bank balances and cash, trade and other payables, bank borrowings, obligations under finance leases and bank overdrafts. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### (c) Financial risk management

#### *Interest rate risk*

As at 31 March 2015 and 2014, the Group is exposed to fair value interest rate risk in relation to fixed-rate obligations under finance leases (note 22).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 26. FINANCIAL INSTRUMENTS – *continued*

#### (c) Financial risk management – *continued*

##### *Interest rate risk – continued*

As at 31 March 2015, the Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 19) (2014: bank balances (note 19) and bank borrowings and overdrafts (note 21)). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of best lending rate and Hong Kong Inter-Bank Offered Rate arising from the Group's Hong Kong dollar denominated borrowings.

##### Sensitivity analysis

The Group's bank balances are short-term in nature and the exposure of interest rate is minimal and no sensitivity analysis to interest rate risk on this is presented. The sensitivity to interest rate risk has been determined based on the exposure to interest rates for bank borrowings and overdrafts as at 31 March 2014.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit after taxation would decrease/increase by approximately HK\$153,000 for the year ended 31 March 2014. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings and overdrafts.

##### *Credit risk*

The Group's credit risk is primarily attributable to bank deposits and trade and other receivables. The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions and counterparties will fail to meet their obligations.

In respect of trade and other receivables, individual credit evaluations are performed as part of the acceptance procedures for new construction contracts. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 42 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has significant concentration of credit risk in a few customers. In view of their credit standing, good payment record and long established relationships with the Group, management does not consider the Group's credit risk to be significant. As at 31 March 2015, 68% (2014: 47%) of the total trade receivables was due from the Group's largest customer and 100% (2014: 100%) of the total trade receivables was due from the Group's five largest customers.

26. FINANCIAL INSTRUMENTS – *continued*

(c) Financial risk management – *continued*

*Liquidity risk*

Individual subsidiaries within the Group are responsible for their own cash management, including the raising of loans to cover the expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities as at 31 March 2015 and 2014 of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at 31 March 2015 and 2014) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash flow				Total contractual undiscounted cashflow HK\$' 000	Carrying amount HK\$' 000
	Weighted average interest rate	Within 1 year or on demand HK\$' 000	Between 1 and 2 years HK\$' 000	Between 2 and 5 years HK\$' 000		
<b>As at 31 March 2015</b>						
Trade and other payables	—	105,394	—	—	105,394	105,394
Retention money payables	—	3,452	11,882	2,147	17,481	17,481
Obligations under finance leases	3.36%	10,879	7,993	3,510	22,382	21,475
Amounts due to related parties	—	793	—	—	793	793
		<u>120,518</u>	<u>19,875</u>	<u>5,657</u>	<u>146,050</u>	<u>145,143</u>
<b>As at 31 March 2014</b>						
Bank borrowings and overdrafts	4.26%	19,110	—	—	19,110	18,287
Trade and other payables	—	90,808	—	—	90,808	90,808
Retention money payables	—	3,857	4,697	3,108	11,662	11,662
Obligations under finance leases	4.22%	7,650	7,221	3,185	18,056	17,252
Amounts due to related parties	—	14,900	—	—	14,900	14,900
		<u>136,325</u>	<u>11,918</u>	<u>6,293</u>	<u>154,536</u>	<u>152,909</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 26. FINANCIAL INSTRUMENTS – *continued*

#### (d) Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of current portion of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements not materially different from their fair values due to their immediate or short-term maturities. The fair value of non-current portion of finance lease equals its carrying amount, as it is carried at amortised cost using the effective interest method.

### 27. OPERATING LEASE COMMITMENT

#### The Group as lessor

At the end of the reporting period, the Group leased out its investment properties under an operating lease. The lease runs for an initial period of four years and is cancellable after two years. The lease does not include contingent rentals. The Group's total future minimum lease receipts under non-cancellable operating lease are receivable as follows:

	2015 HK\$'000	2014 HK\$'000
Within one year	—	38

#### The Group as lessee

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

	2015 HK\$'000	2014 HK\$'000
Within one year	2,895	2,854
In the second to fifth year inclusive	414	3,337
	<u>3,309</u>	<u>6,191</u>

Operating lease payments represent rentals payable by the Group for certain of its storage, office premises and car parking spaces. Leases are negotiated and rentals are fixed for an average term of one to five years (2014: one to five years).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 28. COMMITMENT

	2015 HK\$' 000	2014 HK\$' 000
Capital expenditure in respect of the acquisition of plant and equipment contract for but not provided in the consolidated financial statements	—	1,415

### 29. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the written resolutions of the sole shareholder of the Company on 8 December 2014, the Company adopted a share option scheme (the "Scheme") to attract and retain the best available personnel, to provide additional incentive to employees (full-time or part-time), directors, consultants or advisors, 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 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 or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholders, independent non-executive directors, or any of their respective associates) in any 12-month period 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.

The Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i.e. 8 December 2015) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders in general meeting.

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. A summary of the principal terms and conditions of the Scheme is set out in Appendix IV to the prospectus of the Company dated 15 December 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 30. RETIREMENT BENEFITS PLANS

The Group operates a 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% (2014: 5%) of relevant payroll costs, capped at HK\$1,500 (HK\$1,250 prior to June 2014) per month, to the MPF Scheme, in which contribution is matched by employees.

### 31. RELATED PARTY TRANSACTIONS

- (a) During the year, the directors of the Company are of the view that the following are related parties of the Group:

Name of party	Relationships
Mr. Leung	Shareholder and director
Mr. Kwan	Shareholder and director
Mr. Leung Chun Sing	Son of Mr. Leung
Ms. Leung Pui Lam	Daughter of Mr. Leung
Chun Sing Holding Limited	55% and 45% owned by Mr. Leung and Mr. Kwan respectively
Chun Sing Civil Engineering Company Limited	55% and 45% owned by Mr. Leung and Mr. Kwan respectively
Fortune Famous Engineering (Transportation) Company Limited	55% and 45% owned by Mr. Leung and Mr. Kwan respectively
Hongkong Gold Gate Enterprise Limited	55% and 45% owned by Mr. Leung and Mr. Kwan respectively
Group Team Limited	55% and 45% owned by Mr. Leung and Mr. Kwan respectively
Chi Fu Engineering Limited	15% and 15% owned by Mr. Leung and Mr. Kwan respectively before 5 June 2013 and 55% and 45% owned by Mr. Leung and Mr. Kwan respectively after 5 June 2013
Able Joy Limited	100% owned by spouse of Mr. Kwan

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 31. RELATED PARTY TRANSACTIONS – *continued*

(b) During the year, the Group entered into the following transactions with related parties:

	Notes	2015 HK\$' 000	2014 HK\$' 000
Construction revenue received from			
– Chi Fu Engineering Limited		—	17,088
Subcontracting fee paid to			
– Chi Fu Engineering Limited		—	(201)
Purchase of machinery from			
– Chi Fu Engineering Limited		—	(200)
Sales of investment properties to			
– Mr. Leung Chun Sing and Ms. Leung Pui Lam	(i)	1,700	—
– Mr. Leung and Mr. Kwan	(i)	15,000	—
Sales of motor vehicle to			
– Chi Fu Engineering Limited		—	130
Recharge of office rent, rates and management fee from			
– Chun Sing Civil Engineering Company Limited	(ii)	(68)	(717)
Lease of motor vehicles from			
– Fortune Famous Engineering (Transportation) Company Limited	(ii)	(425)	(288)
– Hongkong Gold Gate Enterprise Limited	(ii)	(388)	(300)
Lease of director's quarter from			
– Able Joy Limited	(ii)	(30)	(360)

The related party transactions in respect of (i) above constitute connected transactions and the disclosures required by Chapter 14A of the Listing Rules are provided in the “Report of the Directors” section to the annual report.

The related party transactions in respect of (ii) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 31. RELATED PARTY TRANSACTIONS – *continued*

- (c) The information about loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company, where applicable, in favour of a controlled body corporate of Mr. Leung and Mr. Kwan are as follow:

	Maximum amount outstanding during the year		Amounts due from related parties		Amounts due to related parties	
	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000
Chi Fu Engineering Limited	7,642	7,923	—	7,923	—	—
Chun Sing Civil Engineering Company Limited	195	195	—	195	—	415
Fortune Famous Engineering (Transportation) Company Limited	N/A	N/A	—	—	552	177
Group Team Limited	65	65	—	65	—	—
Hongkong Gold Gate Enterprise Limited	320	495	293	195	241	265
Chun Sing Holding Limited	N/A	N/A	—	—	—	127
Mr. Leung	7,698	11,608	—	7,429	—	7,654
Mr. Kwan	6,990	10,990	—	6,680	—	6,262
			<u>293</u>	<u>22,487</u>	<u>793</u>	<u>14,900</u>

The amounts due from/to related parties are unsecured, interest free and repayable on demand.

#### (d) Guarantee from related parties

At 31 March 2014, bank borrowings and overdrafts in aggregate of approximately HK\$18,287,000 was jointly guaranteed by Mr. Leung and Mr. Kwan. The guarantee was released during the year ended 31 March 2015.

At 31 March 2014, obligations under finance leases of approximately HK\$17,252,000 was jointly guaranteed by Mr. Leung and Mr. Kwan. The guarantee was released during the year ended 31 March 2015.

#### (e) Compensation of key management personnel

The remunerations of the directors of the Company and other members of key management during both years were as follows:

	2015 HK\$' 000	2014 HK\$' 000
Short-term employee benefits	5,558	3,773
Post-employment benefits	82	45
	<u>5,640</u>	<u>3,818</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2015 HK\$' 000
Non-current asset		
Investments in subsidiaries		87,838
Current assets		
Amount due from a subsidiary	(b)	46,335
Bank balances and cash		18,411
		64,746
Current liability		
Accrued expenses		178
Net current assets		64,568
Net assets		152,406
Capital and reserves		
Share capital		10,300
Reserves	(c)	142,106
Total equity		152,406

Notes:

- (a) No comparative figure for 2014 was shown as the Company was incorporated on 15 July 2014.
- (b) Amount due from a subsidiary is unsecured, non-interest bearing and repayable on demand.
- (c) Movements in reserves

	Share premium HK\$' 000	Capital reserve HK\$' 000	Accumulated losses HK\$' 000	Total HK\$' 000
At 15 July 2014 (Date of incorporation)	—	—	—	—
Shares issued on group reorganisation	78,825	—	—	78,825
Shares issued under share offer	75,963	—	—	75,963
Share issue expenses	(4,264)	—	—	(4,264)
Deemed capital contribution	—	7,164	—	7,164
Loss and total comprehensive expense for the period	—	—	(15,582)	(15,582)
At 31 March 2015	150,524	7,164	(15,582)	142,106

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

### 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 March 2015 and 2014 are as follow:

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
				2015	2014	
<b>Directly held</b>						
Eternity Sail Limited	BVI	Ordinary	US\$1	100%	—	Investment holding (note 1)
Bojin International Limited	BVI	Ordinary	US\$1	100%	—	Investment holding (note 2)
<b>Indirectly held</b>						
CS Engineering	Hong Kong	Ordinary	HK\$10,000	100%	100%	Construction and engineering
CS Machinery	Hong Kong	Ordinary	HK\$60,000	100%	100%	Machinery leasing

Notes:

- (1) Eternity Sail Limited was incorporated on 2 January 2014.
- (2) Bojin International Limited was incorporated on 5 June 2014.

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

### 34. MAJOR NON-CASH TRANSACTIONS

- (i) During the year ended 31 March 2015, the Group entered into finance lease agreements in respect of plant and equipment with a total capital value at the inception of the leases of approximately HK\$8,417,000 (2014: HK\$5,695,000).
- (ii) During the year ended 31 March 2015, the Group acquired a machinery with cost of approximately HK\$2,750,000 (2014: nil) which was settled by cash of approximately HK\$1,550,000 (2014: nil) and trade-in-value of a machinery disposed of at approximately HK\$1,200,000 (2014: nil).

### 35. COMPARATIVE FIGURES

The following comparative figures had been reclassified to conform to current year's presentation as the directors of the Company consider the reclassifications are more meaningful.

- (i) Accrued subcontracting fee of approximately HK\$18,152,000 was reclassified from other payables and accruals to trade payables in note 20.
- (ii) Advance to related parties of approximately HK\$13,074,000 was reclassified from financing activities to investing activities in the consolidated statement of cash flows.
- (iii) Net proceeds from sales and lease back transactions of approximately HK\$15,954,000 was reclassified from investing activities to financing activities in the consolidated statement of cash flows.

As the reclassifications do not affect the consolidated statement of financial position, it is not necessary to disclosure comparative information as at 1 April 2013.

## FOUR YEAR FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published audited financial statements and as appropriate, is set out below.

<b>Consolidated Results</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
For the year ended 31 March	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
Revenue	808,083	581,431	452,267	199,756
Cost of services	(682,160)	(497,048)	(384,023)	(188,923)
Gross profit	125,923	84,383	68,244	10,833
Other income	1,425	3,133	2,166	1,321
Administrative expenses	(44,200)	(17,960)	(15,113)	(12,101)
Finance costs	(1,218)	(1,306)	(1,643)	(562)
Profit before taxation	81,930	68,250	53,654	(509)
Income tax expense	(16,159)	(11,429)	(9,234)	54
Profit and total comprehensive income for the year attributable to owners of the Company	<u>65,771</u>	<u>56,821</u>	<u>44,420</u>	<u>(455)</u>
<b>Consolidated Assets and liabilities</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
As at 31 March	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
Total Assets	368,924	288,186	204,086	82,813
Total Liabilities	(186,336)	(175,449)	(148,170)	(71,317)
Net assets	<u>182,588</u>	<u>112,737</u>	<u>55,916</u>	<u>11,496</u>