SUNLEY HOLDINGS LIMITED
新利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1240

Annual Report 2014

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Dr. Du Bo *(Chairman)* (appointed on 11 April 2014)
Dr. Ho Kar Chung *(Chairman)* (resigned on 11 April 2014)
Mr. Cheng Wing On, Michael *(Chief Executive)*
Mr. Ho Chi Ling
Mr. Zhang Yuqiang (appointed on 11 April 2014)

Non-executive Directors

Mr. Leung Chee Hon (resigned on 11 April 2014)
Mr. Zhang Zhihua (appointed on 11 April 2014)
Dr. Ding Hongbin (appointed on 11 April 2014)

Independent Non-Executive Directors

Mr. Chuck Winston Calptor
Mr. Ching Kwok Hoo, Pedro
Mr. Tam Tak Kei, Raymond

COMPANY SECRETARY

Mr. Ng Yiu Fai *(FCPA)*

AUDIT COMMITTEE

Mr. Tam Tak Kei, Raymond *(Chairman)*
Mr. Chuck Winston Calptor
Mr. Ching Kwok Hoo, Pedro
Mr. Zhang Zhihua (appointed on 25 June 2014)

REMUNERATION COMMITTEE

Mr. Chuck Winston Calptor *(Chairman)*
Mr. Ching Kwok Hoo, Pedro
Mr. Ho Chi Ling (resigned as a member on 25 June 2014)
Mr. Cheng Wing On, Michael *(Chief Executive)*
(appointed on 25 June 2014)

NOMINATION COMMITTEE

Dr. Du Bo *(Chairman)* (appointed on 25 June 2014)
Mr. Tam Tak Kei, Raymond
Mr. Cheng Wing On, Michael *(Chief Executive)*
(resigned as a member on 25 June 2014)
Mr. Ching Kwok Hoo, Pedro
(resigned as the Chairman on 25 June 2014
but remains as a member)

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 201, 2/F, Marina House,
68 Hing Man Street, Shau Kei Wan,
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Loong & Yeung

COMPLIANCE ADVISER

Ample Capital Limited

AUDITOR

PricewaterhouseCoopers

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

DBS Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

STOCK CODE

1240

WEBSITE

www.sunley-fdn.com.hk

CHAIRMAN'S STATEMENT

I am very pleased to take this opportunity to report on the business review and prospects of Sunley Holdings Limited (the "Company", together with Its subsidiaries, the "Group") for the year ended 31 March 2014 (the "Reporting Period") to our shareholders and potential investors of the Company.

BACKGROUND OF THE NEW CONTROLLING SHAREHOLDER

On 17 March 2014, Guotsing Holding Group Co. Ltd. ("Guotsing Group"), through its wholly-owned subsidiary, CNQC Development Ltd. ("CNQC") completed the acquisition of controlling shareholding of the Company. Presently, CNQC is interested in 74.72% shareholding in the Company and became the controlling shareholder of the Company.

It has always been the objective of Guotsing Group to become a listed company to broaden financing channels and ensure its long term stability and healthy development. As such, Guotsing Group decided to acquire the controlling interest in the Company and also takes the first step towards the internationalization of capital market.

Upon completion of acquisition, Guotsing Group appointed several experienced executives to the board of the Company to give direction of strategic planning for the years ahead, as it placed due emphasis on the Company as the investment and capital operation platform of the Guotsing Group. It is anticipated that the Company will, apart from undertaking its existing core foundation construction business, take up some of the property construction and development projects so as to generate synergy by streamlining the foundation and superstructure construction.

Guotsing Group is a Beijing-based investment holding company engaged in businesses in China and other countries, and a financial and investment holding group that combines asset and capital operation to achieve "asset and capital driven" development model. Its principal activities include finance and investment, real estates and construction, as well as trading and logistics businesses. One of the subsidiaries of Guotsing Group, Qingjian Group Co. Ltd. "Qingjian Group", has been one of the "China Top 500 Enterprises" for consecutive years, with a ranking of 290 in 2013. Qingjian Group has also been named as one of the "Top 60 Chinese Contractor Corporations" for ten consecutive years from 2004 to 2013 with a ranking of 21 in 2013. Qingjian Group also participated in the construction of numerous domestic landmarks, including the roof drainage system of 2008 Beijing Olympics "Bird's Nest" Stadium and "Water Cube" Aquatics Centre, the Chile Pavilion at Shanghai World Expo, the 29th Olympic Sailing Centre, 2014 Qingdao International Horticulture Exposition and Qingdao Liu Ting International Airport, and was repeatedly commended numerous awards, including 14 "Luban" awards, which are among the most prestigious construction related awards in China, as well as the "National Comfortable Housing Demonstration Project" and the "China Habitat Environment Golden Construction Pilot Project" for its property projects.

CHAIRMAN'S STATEMENT

Qingjian Group, a subsidiary of Guotsing Group, extended its business overseas in 1983, reaching out to markets in more than 30 countries and areas, including Southeast Asia, Middle East, Africa and Oceania. Guotsing Group has set up 25 branch offices in 19 countries, employing over 6,000 oversea staff members, and was granted various major projects, including the Ministry of Defense Building Complex in Ghana, Medical School in Algeria, Sheraton 5-stars hotel, Aland Swimming Pool, Embassy of the PRC in Liberia, the Presidential Residence of Mali, Be'er Shew Municipal Government Office building in Israel, and the Yemen Airport. Guotsing Group has been developing in Singapore market for over 10 years. Qingjian International (South Pacific) Group Development Co., Pte. Ltd., a member of the Guotsing Group, has obtained the highest construction qualification in Singapore, namely, Grade A1 general building qualification, while Qingjian Realty (South Pacific) Group Pte. Ltd., which is principally engaged in real estate development, was recognized as one of the "Top Ten Developers 2013" in Singapore by BCI Asia. Qingjian International (South Pacific) Group Development Co., Pte. Ltd. has also participated in the construction of Chines Hertiage Centre and Bishan Natura Loft in Singapore. Guotsing Group was involved in contracts with a total contractual sum of over 1.9 billion Singapore dollars, its various projects ranges from public housing, high rise apartments to industrial facilities, including the Bishan "Design, Build and Sell Scheme" (DBSS) project in Singapore. It received awards such as "BCA Construction Excellence Award" and "BCA Construction Productivity Gold Award"; the "Luban Prize for Overseas Projects", one of the most prestige awards among the construction industry in China; and the "Singapore-BCA Green Mark Award (Gold Plus)", one of the most prestigious awards in respect of environment friendly construction in Singapore.

BUSINESS REVIEW

Final results

During the Reporting Period, the Group achieved outstanding performance and recorded a total revenue of approximately HK$1.22 billion, representing a year-on-year increase of 103.7%. Net profit attributable to owners of the Company amounted to approximately HK$155.8 million, a year-on-year increase of 138.9% when compared to HK$65.2 million last year. Basic and diluted earnings per share attributable to owners of the Company amounted to HK$0.519 per share, as compared to HK$0.252 per share last year. The Board did not recommend a final dividend in view of the substantial special dividend payment of HK$150.0 million declared during the Reporting Period and the need to reserve more financial resources to accelerate the growth of the Group in the coming years.

Operation review

During the Reporting Period, the Group completed 14 projects and secured 21 new projects with an aggregated contract sum of HK$786.6 million, of which 67.9% is attributable to Hong Kong projects whereas the remaining 32.1% is from Macau projects. As at 31 March 2014, the Group had 21 projects in progress with aggregate contract sum of approximately HK$1,605.9 million. The remaining contract sum of these projects in progress was HK$587.9 million.

Up to the date of this Statement but after the Reporting Period, the Group was awarded 2 contracts with an aggregated contract sum of approximately HK$609.3 million.

CHAIRMAN'S STATEMENT

PROSPECTS AND FUTURE STRATEGY

There has been wide optimism of the construction industry in both Hong Kong and Macau in respect of the increasing number of new construction projects, lower unemployment rate and raised profit forecast for projects in the region. The HKSAR government determines to provide an average of approximately 20,000 public rental housing units and 8,000 home ownership scheme units per year in order to achieve the new housing supply targets. Together with other large-scale domestic infrastructure, the public projects will amount to approximately HK$70 billion. The HKSAR government will also increase land supply for private residential units according to the new supply targets to ease housing pinch in Hong Kong. The increasing number of construction projects adds to the pressure on skilled labor supply. The rate at which labor and material cost increase is expected to grow faster than the general inflation rate, and will continue to be one of the major risks of the industry as the shortage of human resources is expected to aggravate.

After Guotsing Group becomes the new controlling shareholder of the Group, it is expected that the Group will commence a new journey under Guotsing Group's guidance. The management is currently contemplating diversified business model, new development strategy, new brand name and logo as it becomes the platform for international capital inflow and brand showcase of both Guotsing Group and Qingjian Group.

With the support of Guotsing Group, the Group tends to bid for projects of larger scale, higher quality and complexity, including but not limited to site formation in private sector for higher profit, especially projects in Macau. This is because of the allowable longer working hours per day in Macau which would shorten the time required for making a profit of each project.

APPRECIATION

On behalf of the board, I would like to take this opportunity to express my gratitude to the Board for its brilliant leadership, to the shareholders for their continual support and to our staff for their dedicated efforts. With our enthusiasm in the construction industry and the renowned reputation of the parent group, my colleagues and I will be dedicated and committed to add new color to the Group in order to achieve even better operating results and return for the shareholders of the Company in the coming years.

Sunley Holdings Limited
Du Bo
Chairman

25 June 2014

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF CONTROLLING SHAREHOLDER AND THE CASH OFFER

On 11 February 2014, Leading Win Management Limited ("Leading Win") entered into an agreement (the "Share Sale Agreement") with CNQC Development Limited ("CNQC", which is indirectly wholly-owned by Guotsing Holding Group Co., Ltd. ("Guotsing")) pursuant to which Leading Win conditionally agreed to sell and CNQC conditionally agreed to purchase 225,000,000 Shares (representing 75% of the entire issued capital of the Company) at a cash consideration of HK$2.40 per share.

Completion of the Share Sale Agreement took place on 17 March 2014. As a result, CNQC became the shareholder of 225,000,000 shares of the Company and was required to make an unconditional mandatory cash offer (the "Cash Offer") to acquire all the shares of the Company not already owned by it or parties acting in concert with it at a price of HK$2.40 per share. Upon the close of the Cash Offer on 11 April 2014, CNQC became interested in 265,790,000 shares of the Company, representing approximately 88.6% of the issued share capital of the Company.

On 20 June 2014, CNQC as the seller entered into a placing agreement with an independent placing agent pursuant to which 41,645,000 shares of the Company were placed to independent placees at a price of HK$2.40 per share (the "Placing"). Settlement of the Placing would take place on 26 June 2014. After the settlement of the Placing, CNQC would be holding 224,145,000 shares of the Company, representing approximately 74.7% of the issued share capital of the Company, and the public float of the Company would be restored. Please also refer to the announcement of the Company dated 23 June 2014 for the Placing.

OVERVIEW

During the Reporting Period, the major source of income for the Group is construction business.

Construction Business

The construction projects undertaken by the Group can be broadly divided into foundation works and ancillary services with particular specialisation in piling works. During the year, the Group undertakes foundation work related projects mainly in the private sector, including building and infrastructure related projects, both in Hong Kong and in Macau.

Revenue from the construction contracts for the Reporting Period was approximately HK$1,218.2 million (2013: approximately HK$593.7 million). The significant increase was mainly attributable to the increase in the number of and average contract sum of construction projects undertaken by the Group. During the Reporting Period, the Group has undertaken several new sizable foundation projects such as Oil Street in North Point (contract sum: approximately HK$53.8 million), Wing Shun Street in Tsuen Wan (contract sum: approximately HK$135.8 million), Kai Tak Development (contract sum: approximately HK$73.8 million) and Cotai, Macau (contract sum: approximately HK$252.8 million). Yuen Long Town Lot and Tan Kwai Tsuen Road continued to contribute approximately HK$460.5 million revenue which accounted for approximately 37.8% of the total revenue during the Reporting Period.

Machinery Leasing

In view of more foundation construction business undertaken, there was not much machinery which was idle during the Reporting Period for leasing. Revenue from the machinery leasing was only approximately HK$11,000 during the Reporting Period (2013: approximately HK$4,249,000).

FINANCIAL REVIEW

Turnover

The Group's total turnover for the Reporting Period was approximately HK$1,218.2 million (2013: approximately HK$598.0 million), representing an increase of approximately 103.7% compared to the corresponding period in 2013. The significant increase was mainly due to more revenue contributed from several sizable construction projects and more projects undertaken both in Hong Kong and in Macau.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 18.7% (2013: approximately 19.1%). Despite the continuing increase in labour cost, construction material cost and subcontractor charges during the Reporting Period as compared with last year, the Group had adjusted the tender price of the construction projects correspondingly in order to reflect the increase in costs and to maintain the gross profit margin.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK$39.1 million (2013: approximately HK$37.9 million), representing an increase of approximately 3.2% over the figure for 2013. This was mainly attributable to the increase in staff costs including Directors' emoluments incurred during the Reporting Period.

Net Profit

For the Reporting Period, the Group recorded a net profit of approximately HK$155.8 million, representing an increase of approximately 138.9% as compared to the net profit of approximately HK$65.2 million for the year ended 31 March 2013. The increase was mainly attributable to the significant increase in both revenue and gross profit contributed by the expansion of the Group's construction business.

BUSINESS REVIEW

Analysis by Source of Income

During the Reporting Period, the Group's principal source of income was derived from the foundation projects in its construction business, which accounted for approximately 100.0% (2013: 99.3%) of the total turnover of the Group. Machinery leasing accounted for the remaining total turnover of approximately 0.0% during the Reporting Period (2013: approximately 0.7%).

Geographical Analysis

Geographically, Hong Kong continues to be the Group's key market, representing approximately 72.7% of total revenue during the Reporting Period (2013: 87.2%). The Group considers Macau as a new emerging market for the construction business and representing approximately 27.3% of total turnover during the Reporting Period (2013: 12.8%).

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

After CNQC became the controlling shareholder of the Company, it is expected that CNQC will strengthen its effective management in the Group through an experienced management team overseeing the Group's operation in foundation construction and superstructure development and which will also give advice on long-term insight on the Group's strategic business planning.

The outlook of the Hong Kong economy is expected to remain stable in the year ending 31 March 2015 on the back of continued economic growth in the Mainland China. In view of this, the Group's foundation construction business both in Hong Kong and in Macau is expected to generate steady income stream to the Group. In May 2014, the Group was awarded a sizable foundation project in Tseung Kwan O with contract value of approximately HK$582.0 million.

With the support from CNQC and its related group members, the Group will seek for suitable opportunities to expand its business operations to construction of superstructure and property development in the region in order to enhance value and deliver sustainable returns to shareholders in the long run.

DEBTS AND CHARGE ON ASSETS

The total interest bearing bank borrowings of the Group, including bank loans and finance leases, increased from approximately HK$142.0 million as at 31 March 2013 to approximately HK$197.0 million as at 31 March 2014. All borrowings were denominated in Hong Kong dollar. Interests on bank borrowings are charged at floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

These banking facilities are secured by the Group's property, plant and equipment with an aggregate net book value of approximately HK$172.4 million and approximately HK$155.3 million as at 31 March 2014 and 2013 respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings and cash inflows from the operating activities.

As at 31 March 2014, the Group had cash and bank balances of approximately HK$188.9 million (31 March 2013: approximately HK$58.1 million) of which approximately 96.0% was held in Hong Kong dollar. The increase was mainly due to the more cash inflow from operating activities. The gearing ratio of the Group as at 31 March 2014 (defined as total interest-bearing debts divided by shareholder's equity) was approximately 77.0% (31 March 2013: approximately 52.4%).

During the Reporting Period, the Group did not employ any material financial instrument for hedging purposes.

FOREIGN EXCHANGE

Since the Group mainly operates in Hong Kong and Macau and most of the revenue and transactions arising from its operations were settled in Hong Kong dollar and some were settled in Macau Pataca during the Reporting Period, and the Group's assets and liabilities are primarily denominated in Hong Kong dollar, the Directors believe that the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments during the Reporting Period.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

CONTINGENT LIABILITIES

Save as disclosed in note 28 to the financial statements, the Group had no other contingent liabilities as at 31 March 2013 and 31 March 2014.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group had 285 full-time employees (31 March 2013: 241 full-time employees). Most of the Group's employees were based in Hong Kong.

The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and in-house training programmes, discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for Reporting Period was approximately HK$142.1 million (2013: approximately HK$91.8 million).

DIVIDEND

The Group declared a special dividend in cash of HK$0.50 per share with an aggregate amount of HK$150.0 million on 26 February 2014. The special dividend was conditional upon the completion of the Share Sale Agreement, which took place on 17 March 2014.

In order to preserve financial resources for future expansion and operation of the Group, the Board did not recommend the payment of final dividend for the year ended 31 March 2014 (2013: 7 Hong Kong cents per share with an aggregate amount of HK$21.0 million).

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 Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 17 to the financial statements. There was no significant change in the Group's principal activities during the Reporting Period.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of comprehensive income on page 38.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements during the Reporting Period in the share capital of the Company are set out in note 23 to the financial statements.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 42.

As at 31 March 2014, the Company had reserves amounted to HK$37,416,000 available for distribution as calculated based on Company's share premium less accumulated losses under applicable provisions of the Companies Law in the Cayman Islands (2013: HK$42,584,000).

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for last five financial years is set out on page 88 of this annual report.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors

Dr. Du Bo *(Chairman) (appointed on 11 April 2014)*
Dr. Ho Kar Chung *(resigned on 11 April 2014)*
Mr. Cheng Wing On, Michael *(Chief Executive)*
Mr. Ho Chi Ling
Mr. Zhang Yuqiang *(appointed on 11 April 2014)*

Non-executive Directors

Mr. Leung Chee Hon *(resigned on 11 April 2014)*
Mr. Zhang Zhihua *(appointed on 11 April 2014)*
Dr. Ding Hongbin *(appointed on 11 April 2014)*

Independent Non-Executive Directors

Mr. Chuck Winston Calptor
Mr. Ching Kwok Hoo, Pedro
Mr. Tam Tak Kei, Raymond

Each of Dr. Du Bo, Mr. Cheng Wing On, Michael, Mr. Ho Chi Ling, Mr. Zhang Yuqiang, Mr. Zhang Zhihua and Dr. Ding Hongbin 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 108(a) and Article 112 (as the case may be) of the Articles of Association of the Company (the "Articles").

DIRECTORS' SERVICE CONTRACT

Mr. Cheng Wing On, Michael and Mr. Ho Chi Ling, each an executive Director have respectively entered into a service contract (as supplemented) on 11 September 2012 with the Company for a term of three years unless terminated by not less than three months' notice in writing served by either party on the other.

Dr. Du Bo and Mr. Zhang Yuqiang, each an executive Director, have respectively entered into a service contract on 11 April 2014 with the Company for a term from 11 April 2014 until the 2014 annual general meeting of the Company which may be terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the director's service contract.

The non-executive Directors, namely, Mr. Zhang Zhihua and Dr. Ding Hongbin have respectively entered into a service contract with the Company for a term from 11 April 2014 until the 2014 annual general meeting of the Company which may be terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the director's service contract.

All the independent non-executive Directors namely, Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro and Mr. Tam Tak Kei, Raymond have respectively entered into a service contract with the Company for a term of two years commencing on 11 September 2012 unless terminated by not less than three 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.

MANAGEMENT CONTRACTS

No significant contracts concerning the management and administrative of the whole or any substantial part of the business of the Company has been entered into or existed during the year.

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

As at 31 March 2014, none of the Directors nor chief executive of the Company had any interests or 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")) 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2014, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares of the Company (the "Shares") or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long position in the Shares

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares held/ interested	Approximate Shareholding Percentage
Qingdao Qingjian Holding Co Staff Shareholding Union	Interest in controlled corporation *(Note)*	225,000,000	75.00
Qingdao Qingjian Holdings Co	Interest in controlled corporation *(Note)*	225,000,000	75.00
Guotsing Holding Group Co., Ltd.	Interest in controlled corporation *(Note)*	225,000,000	75.00
Guotsing Holdings (South Pacific) Investment Pte. Ltd.	Interest in controlled corporation *(Note)*	225,000,000	75.00
Hyday (South Pacific) Investment Pte Ltd	Interest in controlled corporation *(Note)*	225,000,000	75.00
Guotsing Group (HK) Limited	Interest in controlled corporation *(Note)*	225,000,000	75.00
CNQC Development Limited	Beneficial owner *(Note)*	225,000,000	75.00

Note: The 225,000,000 Shares were held by CNQC Development Limited ("CNQC") as at 31 March 2014. CNQC is indirectly wholly-owned by Guotsing Holding Group Co., Ltd. through Guotsing Holdings (South Pacific) Investment Pte. Ltd. (wholly-owned by Guotsing Holding Group Co. Ltd.), Hyday (South Pacific) Investment Pte Ltd. (wholly-owned by Guotsing Holdings (South Pacific) Investment Pte. Ltd.) and GUOTSING Group (HK) Limited (wholly-owned by Hyday (South Pacific) Investment Pte Ltd.

青島青建控股有限公司工會持股會(Qingdao Qingjian Holding Co Staff Shareholding Union*) ("Qingjian Staff Union") is interested in approximately 41.265% of the equity interest of Guotsing Holding Group Co., Ltd through its wholly-owned subsidiary, Qingdao Qingjian Holdings Co..

Save as disclosed above, as at 31 March 2014, to the best information, knowledge and belief of the Directors, no person (other than the Directors and chief executive of the Company), had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to section 336 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 Period or at any time during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" below, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and turnover attributable to major suppliers and customers are as follows:

	2014 **%**	2013 %
Percentage of construction material purchases:		
From the largest supplier	**14.7%**	6.6%
From the five largest suppliers	**39.0%**	24.6%
Percentage of turnover:		
From the largest customer	**31.2%**	23.1%
From the five largest customers	**68.6%**	56.9%

None of the Directors, their 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.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

As at 31 March 2014, the Directors were not aware of any business or interest of the Directors and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

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 during the year ended 31 March 2014.

However, upon the close of a mandatory general cash offer (the "Offer") on 11 April 2014, there were 34,210,000 Shares, representing approximately 11.4% of the issued share capital of the Company, held by the public (as defined in the Listing Rules). Accordingly, the Company cannot fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. A waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for the period of three months commencing from 11 April 2014 up to and including 10 July 2014 has been granted by the Stock Exchange. Following completion and settlement of the Placing scheduled to take place on 26 June 2014, the public float would be restored. Please also refer to the announcement of the Company dated 23 June 2014. Save as the above and based on information that is publicly available to the Company and with the knowledge of the Directors, at least 25% of the total issued share capital of the Company is held by the public during the Reporting Period and up to the date of this annual report.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 11 September 2012 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme. Pursuant to the Scheme, the Board is authorised, at its absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to any employees (full-time or part-time), directors, consultants or advisor of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. The Scheme shall be valid and effective for a period of ten years commencing on 11 September 2012, subject to early termination provisions contained in the Scheme.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not exceed 10% of the shares in issue on 18 October 2012, the date of listing of the Company (the "Listing"). The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue unless approved by the shareholders of the Company and issue of a circular in compliance with the Listing Rules.

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

As at the date of this report, the total number of securities available for issue under the Scheme was 30,000,000 Shares, which represented 10% of the issued share capital of the Company as at the Listing.

From the adoption date of the Scheme on 11 September 2012 to 31 March 2014, no share option was granted, exercised, cancelled or lapsed and there was no outstanding share option under the Scheme as at 11 September 2012 and as at 31 March 2014.

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.

CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions

Since each of the applicable percentage ratios (other than the profits ratio) for the below transactions is less than 5% with annual aggregate values of below HK$1,000,000, the below transactions constitute de minimus continuing connected transactions, which are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with the Listing Rules.

Super Ease Lease Agreement

On 20 May 2014, the Group's subsidiary, Sunnic Engineering Limited ("Sunnic") and Super Ease Holdings Limited ("Super Ease") entered into a property lease agreement pursuant to which Sunnic agreed to lease from Super Ease an office in Hong Kong for a term commencing on 1 June 2014 and ending on 31 October 2014 at the monthly rental of HK$23,770 (the "Super Ease Lease Agreement").

Super Ease is wholly-owned by Sunnic Holdings Limited ("Sunnic Holdings"), which is an associate of Mr. Cheng Wing On, Michael, an executive Director and the chief executive of the Company. Therefore, Super Ease is a connected person of the Company for the purpose of the Listing Rules. The transaction contemplated under the Super Ease Lease Agreement constituted a fully-exempt continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Sunnic Holdings Lease Agreement

On 20 May 2014, Sunnic and Sunnic Holdings entered into a property lease agreement pursuant to which Sunnic agreed to lease from Sunnic Holdings an office in Hong Kong for a term commencing on 1 June 2014 and ending on 31 October 2014 at the monthly rental of HK$23,770 (the "Sunnic Holdings Lease Agreement").

Sunnic Holdings is an associate of Mr. Cheng Wing On, Michael, an executive Director and the chief executive of the Company. Therefore, Sunnic Holdings is a connected person of the Company for the purpose of the Listing Rules. The transaction contemplated under the Sunnic Holdings Lease Agreement constituted a fully-exempt continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have confirmed that the terms of the Super Ease Lease Agreement and the Sunnic Holdings Lease Agreement are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

The Directors consider that those material related party transactions disclosed in note 27 to the financial statements fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules but are exempt from any of the reporting, annual review, announcement or independent shareholders' approval requirements under the Listing Rules. In particular, the transactions under category (b) in note 27 were conducted on normal commercial terms where all of the percentages ratios (other than the profit ratio) were less than 5% and the total annual consideration was less than HK$1,000,000, while those under category (c) in note 27 were provided under the service contracts of the Directors.

CORPORATE GOVERNANCE CODE

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Reporting Period.

The details of Group's compliance with the Code is set out in the Corporate Governance Report from page 25 to page 35 of this annual report.

AUDITOR

PricewaterhouseCoopers ("PwC") shall retire in the forthcoming annual general meeting and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of PwC as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Du Bo
Chairman

Hong Kong, 25 June 2014

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Dr. Du Bo (杜波), aged 55, is an executive Director and the Chairman of the board of the Company. He was appointed as an executive Director and the Chairman of the board by the Company on 11 April 2014. Dr. du is also a director of certain subsidiaries of the Company.

Prior to joining the Group, he was appointed as the general manager of 青建集團股份公司 (Qingjian Group Co., Ltd.*) ("Qingjian") in July 2001. He served as the chairman of the board of directors of Qingjian (from September 2007 to January 2013) and the chief executive officer of Qingjian (from September 2007 to December 2011). Dr. Du has become the chairman of the board of directors of the Guotsing Holding Group Limited since November 2012, during which he also acted as the chief executive officer of the Guotsing Holding Group Limited from November 2012 to December 2013. Dr. Du also performed the following roles: vice chairman of 中國建築業協會建造師分會 (Branch of Constructors of the China Construction Industry Association*), vice-chairman of 山東省建築業協會 (Shandong Construction Industry Association*), vice-chairman of 山東省企業聯合會 (Shandong Enterprise Confederation*), 山東省企業家協會 (Shandong Enterprise Director Association*), 山東省工業經濟聯合會 (Shandong Federation of Industrial Economics*) and 山東省質量協會 (Shandong Quality Association*), vice-chairman of 青島市工商聯 (Qingdao General Chamber of Commerce*), and vice chairman of 青島市企業聯合會 (Qingdao Enterprise Federation*).

Dr. Du qualified as a research associate in engineering application in 2000, and was awarded a special subsidy by the State Council of the PRC for his contribution in engineering technology in 2001. Dr. Du graduated from 山東建築工程學院 (Shandong Construction Engineering Institute*), now known as Shandong Jianzhu University (山東建築大學) with a bachelor's degree in Engineering in 1982, and he obtained a doctorate in Management Science, specialized in Management Science and Engineering, from Tongji University (同濟大學), the PRC, in 2004. Dr. Du is also a tutor or part-time professor of various tertiary educational institutions, among others, the doctoral tutor of Tongji University (同濟大學), the postgraduate tutor of Qingdao Technological University (青島理工大學) and Qingdao University (青島大學), and part time professor of Shandong Jianzhu University (山東建築大學) and Qingdao University (青島大學). Dr. Du was appointed as the chairman of the nomination committee of the Company on 25 June 2014.

Save as disclosed above, Dr. Du has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. As at the date of this annual report, Dr. Du is a beneficial shareholder of 99.5% of Shanghai Heliyuan Investment Ltd, which in turn owns 30% interest in Guotsing Holding Group Limited, a controlling shareholder of the Company holding in 224,145,000 Shares,representing 74.72% of the issued share capital of the Company.

* *For identification purpose only*

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheng Wing On Michael (鄭永安), aged 58, is an executive Director and the chief executive of the Company. He joined the Group in June 2010 and was appointed as a Director on 15 April 2011 and re-designated as the executive Director and appointed as the chief executive by the Company on 11 September 2012. He is responsible for the overall administration, strategic planning, tendering, finance and site supervision of the Group. Mr. Cheng is also the director of certain subsidiaries of the Company. He has over 30 years' experience in the engineering and construction industry. Prior to establishing Sunnic Engineering Limited in 1993, he had worked as a structural engineer for Sun Hung Kai Engineering Company Limited from 1980 to 1982 and had worked for Leung Kee Construction Company Limited (now known as Up Energy Development Group Limited (stock code 307, the shares of which are listed on the Main Board of the Stock Exchange), a construction company specialised in substructure and site formation works for approximately 10 years with his last position held as a managing director. He holds a Bachelor of Applied Science from the University of Toronto awarded in June 1980. Mr. Cheng resigned as a member of the nomination committee on 25 June 2014, and was appointed as a member of the remuneration committee of the Company on the same day. Save as disclosed above, Mr. Cheng has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Mr. Cheng did not have any involvement in the management of the Group prior to its acquisitions of Sunnic and Full Gain Engineering Limited in June 2010.

Mr. Zhang Yuqiang (張玉強), aged 52, is an executive Director of the Company. He was appointed as an executive Director on 11 April 2014 and he was appointed as a general manager of the Company on 22 April 2014. Mr. Zhang is also a director of certain subsidiaries of the Company.

Prior to joining the Group, Mr. Zhang acted as the deputy general manager of international business division of Qingjian from 2001 to 2007. During 2007 to 2012, he consecutively acted as the assistant to president of Qingjian, vice president and general manager of 青建集團股份公司阿爾及利亞分公司 (Algeria Branch Company of Qingjian*), deputy president of the international business department and property department of Qingjian. Mr. Zhang is now the vice-president of the Guotsing Holding Group Limited. Mr. Zhang has more than 30 years' experience in the property construction industry.

Mr. Zhang graduated from 山東建築工程學院 (Shandong Construction Engineering Institute*), the PRC, with a Bachelor's degree in Engineering in 1984. He obtained a Master's degree in Business Administration from Nankai University (南開大學), the PRC, in June 2010.

Save as disclosed above, Mr. Zhang has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Ho Chi Ling (何智凌), aged 49, is an executive Director. He joined the Group in July 1997 and was appointed as an executive Director on 11 September 2012. He is responsible for execution of the foundation projects of the Group. He has 26 years' experience in the engineering and construction industry. Mr. Ho is also the director of certain subsidiaries of the Company. Prior to joining the Group in 1997, he had worked for major contractors and engineering consultants in Hong Kong for 12 years, involving in civil engineering and building projects including drainage, foundation, water mains, and site formation. He holds a Bachelor's degree in Engineering in Civil and Environmental Engineering from the University of Newcastle upon Tyne (now known as Newcastle University) in the United Kingdom awarded in July 1992, a Master of Science in Project Management from the Hong Kong Polytechnic University which was completed largely via online course modules with degree awarded in December 2005 and a Master of Arts in Arbitration and Dispute Resolution from The City University of Hong Kong awarded in February 2009. He is a member of the Hong Kong Institution of Engineers and a Registered Professional Engineer (Civil discipline) in Hong Kong. Save as disclosed above, Mr. Ho has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Non-executive Directors

Mr. Zhang Zhihua (張志華), aged 57, is a non-executive Director of the Company. He was appointed as a non-executive Director by the Company on 11 April 2014.

Prior to joining the Group. Mr. Zhang served as the financial director stationed in corporate of Qingdao Municipal State-owned Assets Administration during 1999 to 2005. Mr. Zhang was the deputy general manager of Qingjian from 2005, and he served in Qingjian consecutively as the vice president(from September 2007), executive vice-president (from March 2009), executive president and general accountants (from December 2010), and president of Qingjian (from Director 2011), and the chairman of the board of directors of Qingjian (from January 2013) and the president of the Guotsing Holding Group Limited (from November 2012 to December 2013). Mr. Zhang is now the chief executive officer of the Guotsing Holding Group Limited since December 2013. He is the director of CNQC Development Limited and Guotsing Holding Group Limited, respectively. Mr. Zhang was appointed as a member of the audit committee of the Company on 25 June 2014.

Mr. Zhang obtained a master degree in Business Administration from Nankai University (南開大學), the PRC, in 2009, and is a qualified auditor in the PRC.

Save as disclosed above, Mr. Zhang has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Dr. Ding Hongbin (丁洪斌), aged 47,is a non-executive Director of the Company. He was appointed as a non-executive Director by the Company on 11 April 2014.

Prior to joining the Group, Dr. Ding consecutively served as the assistant to the general manager, deputy general manager and executive deputy general manager of Qingjian from 2002 to 2007. He acted consecutively as the president of Qingjian, the president of information technology of Qingjian and the vice-chairman of the board of directors of Qingjian from 2007 to 2013. He was the chairman of the supervisory committee of the Offeror Parent from November 2012 to December 2013. Dr. Ding is currently the president (from December 2013) and the chief information officer (from March 2014). He is the director of CNQC Development Limited and Guotsing Holding Group Limited, respectively.

Dr. Ding is qualified as a research associate in engineering application in 2008 and was awarded with special subsidy by the State Council of the PRC for his contribution in engineering technology in 2011. Dr. Ding graduated from Tongji University (同濟大學), PRC, specializing in Management Theory and Industrial Engineering, as a doctor graduate in 2011.

He is also the honorary chairman of Shandong Branch (山東分會) of Masters of Business Administration of Beijing Institute of Technology (北京理工大學), the PRC, a council member of the Construction Economics Branch (建築經濟分會) of the Fifth Session of the Architectural Society of China (中國建築學會) and a council member of the Eighth Session of 中國質量協會 (China Quality Association*).

Save as disclosed above, Dr. Ding has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Independent non-executive Directors

Mr. Chuck Winston Calptor (卓育賢), aged 58, joined the Group and appointed as an independent non-executive Director on 11 September 2012. Mr. Chuck graduated from University of Western Ontario in Canada with a Bachelor of Arts degree in economics in June 1978. He was admitted as a solicitor of Hong Kong in 1982. Mr. Chuck acted as consultant in a law firm since 2000.Mr. Chuck is the chairman of the remuneration committee and a member of the audit committee of the Company. Mr. Chuck also acts as an independent non-executive director of ITC Corporation Limited (stock code: 372, the shares of which are listed on the Main Board of the Stock Exchange) since November 2001 and Starlight International Holdings Limited (stock code: 485, the shares of which are listed on the Main Board of the Stock Exchange) since September 2004. Save as disclosed above, Mr. Chuck has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Ching Kwok Hoo, Pedro (程國灝), MBE, aged 71, joined the Group and appointed as an independent non-executive Director on 11 September 2012. Mr. Ching was awarded the MBE in 1997. He has worked in the Hong Kong Police Force for over 35 years up to 1998 with his last position being director of management services. After his retirement from the Hong Kong Police Force, Mr. Ching has taken senior management role in the commercial field. Mr. Ching is a member of the nomination committee and the audit committee and the remuneration committee of the Company. Save as disclosed above, Mr. Ching has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Tam Tak Kei, Raymond (譚德機), aged 51, joined the Group and appointed as an independent non-executive Director on 11 September 2012. Mr. Tam graduated from University of Kent at Canterbury in the United Kingdom with a Bachelor of Arts degree in accounting with computing in July 1985. He has been a member of The Institute of Chartered Accountants in England and Wales since 1990 and a member of the Hong Kong Institute of Certified Public Accountants since 1995. Mr. Tam acted as the financial controller at international law firms for nine years and has over 28 years of professional accounting experience and is currently the finance director of a Hong Kong-based auction company and the company secretary of Branding China Group Limited (stock code: 8219). Mr. Tam is the chairman of the audit committee and a member of the nomination committee of our Company. Mr. Tam also acts as an independent non-executive director of Ngai Shun Holdings Limited (stock code: 1246) since September 2013, Jin Cai Holdings Company Limited (stock code: 1250) since June 2013, Zebra Strategic Holdings Limited (stock code: 8260) since June 2012, Vision Fame International Holding Limited (stock code: 1315) since December 2011, Tianjin Jinran Public Utilities Company Limited (stock code: 1265, formerly 8290) since February 2011 and Sun Innovation Holdings Limited (stock code: 547) since September 2009. Save as disclosed above, Mr. Tam has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

SENIOR MANAGEMENT

Mr. Ho Wing Hong, Oswald (何永康), aged 46, joined the Group in January 1995 and is a design manager of Sunley Engineering & Construction Company Limited. He is responsible for the design of construction works for the projects undertaken by Sunley Engineering & Construction Company Limited. He has been involved intensively in the design of various foundation systems including bored pile, socketed H-pile, steel sheet pile wall, and diaphragm wall. He holds a Bachelor of Engineering in Civil Engineering from The Hong Kong Polytechnic University awarded in November 2001. Mr. Ho has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Fung Tze Fan (馮子勳), aged 43, joined the Group in December 2010 and is a senior project manager and quality control manager of Sunley Engineering & Construction Company Limited. He is responsible for the overall quality control for materials, contract documents and construction works, and construction and safety management for the projects undertaken by Sunley Engineering & Construction Company Limited. Prior to joining the Group, he has worked for major contractors and engineering design offices in Hong Kong for 13 years, involving in construction works and engineering design works of various nature. He holds a Bachelor of Engineering in Engineering (Civil) from the University of London awarded in August 1995. Mr. Fung has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Tsui Kwok Kin (崔國健), aged 65, joined the Group in June 2010 and is a director of Sunley Engineering & Construction Company Limited, Sunnic Engineering Limited and Full Gain Engineering Limited. He is responsible for coordinating the design of foundation works for various design-and-build projects and the management of in house design team. He has over 40 years of experience in the engineering and construction industry. Prior to joining Sunnic Engineering Limited in 1993, he has worked for Chau Lam Architect & Associates Limited for over 20 years, for which, he was a director from 1986 to 1992, involving in structural design and supervision of various types of projects. He was an executive director of Leung Kee Holdings Company Limited (now known as Up Energy Development Group Limited (stock code 307, the shares of which are listed on the Main Board of the Stock Exchange), a construction company specialised in substructure and site formation works at the material time, from 1992 to 1993. Mr. Tsui has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. He holds a diploma in civil engineering from the Hong Kong Baptist College (now known as the Hong Kong Baptist University) awarded in July 1969 and an associateship in civil and structural engineering from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) awarded in November 1985. He is an Authorised Person and a Registered Structural Engineer under the Buildings Ordinance, a Chartered Engineer registered under the Institution of Structural Engineers in the United Kingdom, and a registered Architect in Hong Kong under the Architects Registration Board. He is also a member of the Hong Kong Institution of Engineers, a member of the Institution of Structural Engineers in the United Kingdom, and a member of the Institution of Civil Engineers in the United Kingdom.

Mr. Wong Ling, Eddie (黃靈), aged 68, joined the Group in June 2010 and is a director of Sunnic Engineering Limited and Full Gain Engineering Limited responsible for all cost control, site management and supervision. He has over 40 years of experience in the construction industry. Prior to joining Sunnic in August 1993, he was a project director of Leung Kee Construction Company Limited from 1969 to 1993 and has intensive experience in tendering, estimating, cost control, site management and supervising subcontractors. Mr. Wong has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Ng Yiu Fai (吳耀輝), aged 39, joined the Group in May 2014. Mr. Ng holds a Bachelor's degree of business administration with a major in accounting from the Hong Kong University of Science and Technology. Mr. Ng has more than 16 years of experience in financial management and corporate finance. Prior to joining the Group, he worked at KPMG and several Hong Kong-listed companies serving in several positions during 1997 to 2013, culminating in the position of chief financial officer. Mr. Ng is a qualified accountant and a fellow member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

The Group's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules.

The Company had complied with all the applicable code provisions as set out in the Code during the Reporting Period.

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

As at the date of this report, the Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors.

Executive Directors

Dr. Du Bo *(Chairman)* (appointed on 11 April 2014)
Dr. Ho Kar Chung *(Chairman)* (resigned on 11 April 2014)
Mr. Cheng Wing On, Michael *(Chief Executive)*
Mr. Ho Chi Ling
Mr. Zhang Yuqiang (appointed on 11 April 2 014)

Non-executive Directors

Mr. Leung Chee Hon (resigned on 11 April 2014)
Mr. Zhang Zhihua (appointed on 11 April 2014)
Dr. Ding Hongbin (appointed on 11 April 2014)

Independent Non-executive Directors

Mr. Chuck Winston Calptor
Mr. Ching Kwok Hoo, Pedro
Mr. Tam Tak Kei, Raymond

The Company has complied with rules 3.10(1) and 3.10A of the Listing Rules. During the Reporting Period, there were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents 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. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro and Mr. Tam Tak Kei, Raymond have respectively entered into a service contract with the Company for a term of two years commencing on 11 September 2012 unless terminated by not less than three months' notice in writing served by either party on the other. The non-executive Directors, namely, Mr. Zhang Zhihua and Dr. Ding Hongbin have respectively entered into a service contract with the Company for a term from 11 April 2014 until the 2014 annual general meeting of the Company which may be terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the director's service contract. The independent non-executive Directors and the non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles.

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 Dr. Du Bo, Mr. Cheng Wing On, Michael, Mr. Ho Chi Ling, Mr. Zhang Yuqiang, Mr. Zhang Zhihua and Dr. Ding Hongbin 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 108(a) and Article 112 (as the case may be) 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. Under code provision A.1.1 of the Code, the Board shall meet regularly and at least four times a year at approximately quarterly intervals. During the Reporting Period, 7 Board meetings were held up to the date of this report.

The Directors' attendance of the Board meetings during the Reporting Period is set out as follows:

	Attendance/ Number of meetings during the Reporting Period
Executive Directors	
Dr. Ho Kar Chung *(Chairman)* (resigned on 11 April 2014)	6/7
Mr. Cheng Wing On, Michael *(Chief Executive)*	6/7
Mr. Ho Chi Ling	7/7
Non-executive Directors	
Mr. Leung Chee Hon (resigned on 11 April 2014)	6/7
Independent Non-executive Directors	
Mr. Chuck Winston Calptor	7/7
Mr. Ching Kwok Hoo, Pedro	7/7
Mr. Tam Tak Kei, Raymond	7/7

* Each of Dr. Du Bo, Mr. Zhang Yuqiang, Mr. Zhang Zhihua and Dr. Ding Hongbin was appointed after the Reporting Period.

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, during the Reporting Period, 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.

CHAIRMAN AND CHIEF EXECUTIVE

Under the code provision A.2.1 of the Code, 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 during the Reporting Period. 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, the Chairman of the Board (Dr. Ho Kar Chung during the year ended 31 March 2014 and Dr. Du Bo since 11 April 2014), is responsible for the operation of the Board and the formulation of the Group's strategies and policies. Mr. Cheng Wing On, Michael, 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.

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 Reporting Period.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

All Directors confirmed that they had complied with code provision A.6.5 of the Code during the Reporting Period, 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 Period conducted by the Legal Adviser as to Hong Kong Laws and relevant training material has been distributed to all the Directors. The training covered topics including the Code, listed company regulations and disclosure obligations in Hong Kong, discloseable transactions and connected transactions etc..

Name of Directors	Reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements	Attending in-house training
Dr. Ho Kar Chung *(Chairman)* (resigned on 11 April 2014)	✓	✓
Mr. Cheng Wing On, Michael *(Chief Executive)*	✓	✓
Mr. Ho Chi Ling	✓	✓
Mr. Leung Chee Hon (resigned on 11 April 2014)	✓	✓
Mr. Chuck Winston Calptor	✓	✓
Mr. Ching Kwok Hoo, Pedro	✓	✓
Mr. Tam Tak Kei, Raymond	✓	✓

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 11 September 2012. As at the date of this report, the Remuneration Committee comprises an executive director, namely Mr. Cheng Wing On, Michael, and two independent non-executive directors, namely Mr. Chuck Winston Calptor and Mr. Ching Kwok Hoo, Pedro. Mr. Chuck Winston Calptor 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.

The Remuneration Committee has held 1 meeting during the Reporting Period 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 during the Reporting Period is set out as follows:

	Attendance/ Number of meetings during the Reporting Period
Mr. Chuck Winston Calptor *(Chairman)*	1/1
Mr. Ching Kwok Hoo, Pedro	1/1
Mr. Ho Chi Ling*	1/1

* Mr. Ho Chi Ling resigned as member of the Remuneration committee on 25 June 2014. Mr. Cheng Wing On, Michael was appointed on the same date.

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;
- ensured that no Director or any of his/her associates is involved in deciding his/her 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 8 of the financial statements.

REMUNERATION OF THE SENIOR MANAGEMENT

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

Band of remuneration (HK$)	No. of person
HK$1,000,000 and below	3
HK$1,000,001 to HK$1,500,000	2

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 8 to the financial statements.

AUDITOR'S REMUNERATION

During the Reporting Period, the fees incurred for audit service and non-audit services provided by the auditor of the Group was approximately HK$1,949,000 and HK$630,000 respectively.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 11 September 2012. As at the date of this report, the Audit Committee comprises a non-executive Director, namely, Mr. Zhang Zhihua and three independent non-executive Directors, namely Mr. Tam Tak Kei, Raymond, Mr. Chuck Winston Calptor and Mr. Ching Kwok Hoo, Pedro. Mr. Tam Tak Kei, Raymond is the chairman of the Audit Committee.

The written terms of reference of the Audit 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 Audit Committee is primarily responsible for reviewing and supervising the financial reporting process and internal control system of the Group as well as external auditor of the Group. Policies in relation to financial controls, internal controls, risk management systems of the Group, and the reappointment of the external auditor were reviewed by the Audit Committee at the meetings. During the Reporting Period, the Audit Committee has reviewed with the management of the Group's unaudited quarterly and interim results and annual audited results for the financial year ended 31 March 2014. The Audit Committee also reviewed this report and confirmed that this report is complete, accurate and complies with all applicable rules and regulations, including but not limited to the Listing Rules and the Code. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditor.

The committee members' attendance of the Audit Committee during the Reporting Period is set out as follows:

	Attendance/ Number of meetings during the Reporting Period
Mr. Tam Tak Kei, Raymond *(Chairman)*	2/2
Mr. Chuck Winston Calptor	2/2
Mr. Ching Kwok Hoo, Pedro	2/2

* Mr. Zhang Zhihua was appointed after the Reporting Period.

Under the terms of reference, members of the Audit Committee have performed the following duties:

- made recommendations to the Board on the appointment and re-appointment of the Company's external auditor, and approved the audit and terms of engagement of the Company's external auditor;
- reviewed the Company's external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- reviewed the integrity of the Company's financial statements and annual report and accounts, half-year report and reviewed significant financial reporting judgements;
- discussed with the Company's external auditors questions and doubts arising in audit of annual accounts;
- reviewed the Group's internal control system and the statement about the Company's internal control system which included in this report prior to submission for the Board's approval;
- reviewed the Company's financial reporting, financial controls, internal control and risk management systems;
- discussed the internal control system with the Company's management to ensure that management has performed its duty to have an effective internal control system. The discussion included the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- reviewed the financial and accounting policies and practices of the Group; and
- reviewed material queries raised by the auditor to management about accounting records, financial accounts and management's response.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

All Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 March 2014. The statement by the auditor of the Company about their responsibilities for the financial statements is set out in the independent auditor's report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the financial statements.

INTERNAL CONTROL

The Board is committed to manage business risks and to maintain a proper and effective system of internal control to safeguard the shareholders' investment and the Group's assets. The Board, through the Audit Committee of the Company, has conducted annual review of the effectiveness of the Group's system of internal control covering all controls, including financial, operational and compliance controls, and risk management processes.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 11 September 2012. As at the date of this report, the Nomination Committee comprises an executive Director, namely Dr. Du Bo and two independent non-executive Directors, namely Mr. Ching Kwok Hoo, Pedro and Mr. Tam Tak Kei, Raymond. Dr. Du Bo is the chairman of the Nomination Committee.

The written terms of reference of the Nomination 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 committee members' attendance of the Nomination Committee during the Reporting Period is set out as follows:

	Attendance/ Number of meetings during the Reporting Period
Mr. Ching Kwok Hoo, Pedro (resigned as Chairman on 25 June 2014 but remains as a member)	1/1
Mr. Tam Tak Kei, Raymond	1/1
Mr. Cheng Wing On, Michael*	1/1

* Mr. Cheng Wing On, Michael resigned as member of the Nomination Committee on 25 June 2014. Dr. Du Bo was appointed Chairman of the Nomination Committee on the same date.

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

- reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board and made recommendations on proposed changes if any to the Board to complement the Company's corporate strategy;

- reviewed the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

- determined the policy for the nomination of Directors;

- assessed the independence of independent non-executive Directors; and

- made recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

COMPLIANCE OF DEED OF NON-COMPETITION

The independent non-executive Directors were delegated with the authority to review, on an annual basis, the compliance with the deed of non-competition dated 11 September 2012 executed by each of Mr. Leung Chee Hon, Dr. Ho Kar Chung, Join Together Management Limited and Leading Win (the "Covenantors") in favour of the Company (for itself and for the benefit of each member of the Group) (the "Deed of Non-competition"). Each of the Covenantors has confirmed that he/it had complied with the Deed of Non-competition from the date of the Deed of Non-competition and up to 17 March 2014. Following the completion of the transfer of 225,000,000 Shares by Leading Win to CNQC on 17 March 2014, Mr. Leung Chee Hon, Dr. Ho Kar Chung, Join Together Management Limited and Leading Win ceased to have any interest in Shares and the Deed of Non-competition lapsed as a result of the Covenantors ceasing to be controlling shareholders of the Company according to its terms.

The independent non-executive Directors were not aware of any non-compliance of the Deed of Non-competition given by the Covenantors since the date of the Deed of Non-competition and up to 17 March 2014. Details of the Deed of Non-competition have been set out in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company dated 27 September 2012.

COMMUNICATION WITH SHAREHOLDERS

The Board and senior management recognise the responsibility of safeguarding the interest of shareholders of the Company and provide transparent and real-time information on the Company so as to keep the shareholders and investors abreast of the Company's position and help them to make the best investment decision. The Company believes that maintaining good and effective communication with shareholders can facilitate the shareholders' understanding of the business performance and strategies of the Group. The Board and senior management also recognise the responsibility of safeguarding the interest of shareholders of the Company. In order to safeguard the shareholders' interest, information of the Company and the Group are delivered to the shareholders through a number of channels, which includes annual report, interim report, announcements and circulars. The latest information of the Company and the Group together with the published documents are also available on the Company's website.

The Company will hold annual general meeting every year as an appropriate media for direct communication between the Board and shareholders. Shareholders can raise questions directly to the Board in respect of the business performance and future development of the Group at such annual general meetings.

During the Reporting Period, there had been no significant change in the Company's constitutional documents.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Attention: Mr. Ng Yiu Fai
Sunley Holdings Limited
Room 201, 2/F, Marina House, 68 Hing Man Street, Shau Kei Wan, Hong Kong

Shareholders' enquiries and concerns are forwarded to the Board and/or relevant Board committees of the Company, where appropriate, to answer the shareholders' enquiries.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to Article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. 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 secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. 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.

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless 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. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting 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

羅兵咸永道

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF SUNLEY HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sunley Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 38 to 87, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS’ RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

INDEPENDENT AUDITOR’S REPORT

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
Revenue	5	**1,218,198**	597,991
Cost of sales	6	**(989,861)**	(483,830)
Gross profit		**228,337**	114,161
Other income and net (losses)/gains	5	**(2,437)**	5,828
General and administrative expenses	6	**(39,117)**	(37,919)
Operating profit		**186,783**	82,070
Finance income		**190**	–
Finance costs		**(5,066)**	(3,921)
Finance costs, net	9	**(4,876)**	(3,921)
Profit before income tax		**181,907**	78,149
Income tax expense	10	**(26,111)**	(12,968)
Profit and total comprehensive income for the year attributable to owners of the Company		**155,796**	65,181
Basic and diluted earnings per share (HK cents)	11	**51.9**	25.2

The notes on pages 44 to 87 are an integral part of these financial statements.

Dividend	12	**150,000**	41,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**315,959**	246,585
Deferred taxation	*21*	**43**	71
Goodwill	*14*	**13,022**	13,022
		329,024	259,678
Current assets			
Trade and other receivables	*15*	**177,392**	163,836
Amounts due from customers for contract work	*16*	**40,672**	21,301
Cash and cash equivalents	*18*	**188,885**	58,095
Tax recoverable		**480**	–
		407,429	243,232
Total assets		**736,453**	502,910
EQUITY			
Capital and reserves			
Share capital	*23*	**3,000**	3,000
Share premium	*23*	**57,320**	57,320
Other reserves	*24*	**97,897**	97,897
Retained earnings		**97,521**	112,725
Total equity		**255,738**	270,942

The notes on pages 44 to 87 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	**2014 HK$'000**	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*19*	**78,445**	88,305
Deferred taxation	*21*	**30,098**	23,880
		108,543	112,185
Current liabilities			
Trade and other payables	*20*	**89,374**	63,080
Borrowings	*19*	**118,570**	53,665
Tax payable		**14,228**	3,038
Dividend payable	*12*	**150,000**	–
		372,172	119,783
Total liabilities		**480,715**	231,968
Total equity and liabilities		**736,453**	502,910
Net current assets		**35,257**	123,449
Total assets less current liabilities		**364,281**	383,127

The financial statements on pages 38 to 87 were approved by the Board of Directors on 25 June 2014 and were signed on its behalf.

Du Bo	**Cheng Wing On, Michael**
Director	*Director*

The notes on pages 44 to 87 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Investment in a subsidiary	17	**10**	10
Loan to a subsidiary	17	**49,110**	28,000
		49,120	28,010
Current assets			
Other receivables	15	**150,000**	–
Amounts due from subsidiaries	17	**10,000**	11,446
Cash and cash equivalents	18	**2,584**	6,912
		162,584	18,358
Total assets		**211,704**	46,368
EQUITY			
Capital and reserves			
Share capital	23	**3,000**	3,000
Share premium	23	**57,320**	57,320
Accumulated losses		**(19,904)**	(14,736)
Total equity		**40,416**	45,584
LIABILITIES			
Non-current liability			
Amount due to a subsidiary	17	**20,000**	–
Current liabilities			
Other payables	20	**1,288**	784
Dividend payable	12	**150,000**	–
		151,288	784
Total liabilities		**171,288**	784
Total equity and liabilities		**211,704**	46,368
Net current assets		**11,296**	17,574
Total assets less current liabilities		**60,416**	45,584

The financial statements on pages 38 to 87 were approved by the Board of Directors on 25 June 2014 and were signed on its behalf

Du Bo	**Cheng Wing On, Michael**
Director	*Director*

The notes on pages 44 to 87 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 March 2014

	Share capital HK$'000 *(Note 23)*	Share premium HK$'000 *(Note 23)*	Merger reserve HK$'000 *(Note 24)*	Capital reserve HK$'000 *(Note 24)*	Retained earnings HK$'000	Total HK$'000
Balance at 1 April 2012	–	–	39,193	58,714	67,544	165,451
Profit and total comprehensive income for the year	–	–	–	–	65,181	65,181
Transaction with owners						
Issuance of shares upon group reorganisaton	10	–	(10)	–	–	–
Shares issued pursuant to the capitalisation issue	2,240	(2,240)	–	–	–	–
Gross proceeds from public offering of shares	750	65,250	–	–	–	66,000
Share issuance costs	–	(5,690)	–	–	–	(5,690)
Dividend	–	–	–	–	(20,000)	(20,000)
Total transactions with owners	3,000	57,320	(10)	–	(20,000)	40,310
Balance at 31 March 2013	3,000	57,320	39,183	58,714	112,725	270,942
Balance at 1 April 2013	**3,000**	**57,320**	**39,183**	**58,714**	**112,725**	**270,942**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**155,796**	**155,796**
Transaction with owners						
Dividend relating to the year ended 31 March 2013	**–**	**–**	**–**	**–**	**(21,000)**	**(21,000)**
Dividend relating to the year ended 31 March 2014					**(150,000)**	**(150,000)**
Total transactions with owners	**–**	**–**	**–**	**–**	**(171,000)**	**(171,000)**
Balance at 31 March 2014	**3,000**	**57,320**	**39,183**	**58,714**	**97,521**	**255,738**

The notes on pages 44 to 87 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Net cash generated from operations	*25(a)*	**232,309**	57,579
Tax paid		**(9,155)**	(5,996)
Interest paid		**(5,066)**	(3,921)
Net cash generated from operating activities		**218,088**	47,662
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**6,854**	9,202
Purchases of property, plant and equipment		**(128,387)**	(73,769)
Interest received		**190**	–
Net cash used in investing activities		**(121,343)**	(64,567)
Cash flows from financing activities			
Issuance of shares		**–**	60,310
Inception of finance leases		**39,568**	6,610
Drawdown of bank borrowings		**109,799**	10,000
Repayment of finance leases		**(40,432)**	(16,216)
Repayment of bank borrowings		**(53,890)**	(12,313)
Dividends paid		**(21,000)**	(20,000)
Net cash generated from financing activities		**34,045**	28,391
Net increase in cash and cash equivalents		**130,790**	11,486
Cash and cash equivalents at 1 April		**58,095**	46,609
Cash and cash equivalents at 31 March		**188,885**	58,095

The notes on pages 44 to 87 are an integral part of these financial statements.

1 GENERAL INFORMATION AND GROUP REORGANISATION

(a) General information

Sunley Holdings Limited (the "Company") is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in the foundation business and machinery rental business in Hong Kong and Macau.

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in thousands of Hong Kong Dollar ("HK$'000"), unless otherwise stated, and have been approved for issue by the Board of Directors on 25 June 2014.

(b) Group reorganisation

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Company underwent a group reorganisation (the "Reorganisation") on 11 September 2012, pursuant to which the Company allotted and issued 999,999 ordinary shares of HK$0.01 each to Leading Win Management Limited ("Leading Win"), credited as fully paid, to acquire the entire equity interest in One Million International Limited, the intermediate holding company of the Group. Thereafter, the Company became the holding company of the companies now comprising the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation are mandatory for accounting periods beginning on or after 1 April 2013. The adoption of these new standards, amendments to standards and interpretation does not have any significant impact to the results and financial position of the Group.

HKFRSs (amendment)	Annual improvements to HKFRSs 2009–2011 cycle
HKFRS 1 (amendment)	Government loans
HKFRS 7 (amendment)	Disclosures — offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 10, HKFRS 11 and HKFRS 12 (amendment)	Consolidated financial statements, joint arrangement and disclosure of interests in other entities: Transition guidance
HKFRS 13	Fair value measurements
Hong Kong Accounting Standards ("HKAS") 1 (amendment)	Presentation of financial statements
HKAS 19 (amendment)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) New standard, amendments to standards and interpretation that have been issued but are not effective

The following new standard, amendments to standards and interpretation have been published but are not yet effective for the year and which the Group has not early adopted:

		Effective for annual periods beginning on or after
HKFRS (amendment)	Annual improvement to HKFRSs 2010–2012 cycle	1 July 2014
HKFRS (amendment)	Annual improvement to HKFRSs 2011–2013 cycle	1 July 2014
HKFRS 7 (amendment)	Mandatory effect date of HKFRS 9 and transition disclosures	1 April 2015
HKFRS 9 (amendment)	Financial instruments	Effective date to be determined
Additions to HKFRS 9	Financial instruments — financial liabilities	Effective date to be determined
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendment)	Investment entities	1 January 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKAS 19 (amendment)	Defined benefit plans: employee contributions	1 July 2014
HKAS 32 (amendment)	Financial instruments: presentation — offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKAS 39 (amendment)	Novation of derivatives and continuation of hedge accounting	1 January 2014
HK(IFRIC)-Int 21	Levies	1 January 2014

The Group will adopt these new standard, amendments to standards and interpretation in the period of initial application. It is not expected to have a significant impact on the Group's result of operations and its financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in the consolidated statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation *(Continued)*

(i) Business combinations *(Continued)*

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of comprehensive income.

(c) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting reported to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance costs, net'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'Other income and net (losses)/gains'.

(iii) Group companies

The results and financial position of all companies now comprising the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Foreign currency translation *(Continued)*

(iii) Group companies *(Continued)*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the consolidated statement of comprehensive income.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of comprehensive income. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to the consolidated statement of comprehensive income.

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Machinery	10%–20%
Office equipment	20%
Motor vehicles	20%–30%
Furniture and fixtures	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Property, plant and equipment *(Continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other income and net (losses)/gains" in the consolidated statement of comprehensive income.

(g) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(h) Impairment of non-financial assets

Assets that have indefinite useful life, for example, goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leases and hire purchase contracts

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

The Group as lessee

Assets held under hire purchase contracts are recognised as assets of the Group at their fair values 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 an obligation under finance lease. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the consolidated statement of comprehensive income, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs as stated in the policy below.

When a sale and leaseback results in a finance lease, any gain on sale is deferred and recognised as an income over the lease term. Any loss on sale is immediately recognised as an impairment loss when the sale occurs.

Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease. Benefits received and receivables as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(j) Construction contracts in progress

Contracting work-in-progress is valued at cost incurred plus an appropriate proportion of profits after deducting progress payments and allowances for foreseeable losses. Cost comprises construction material costs, labour and overheads expenses incurred in bringing the work-in-progress to its present condition.

The Group presents as an asset the gross amounts due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and retention receivables. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(k) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "amounts due from customers for contract work", "trade and other receivables" and "cash and cash equivalents" in the consolidated statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

— Significant financial difficulty of the issuer or obligor;

— A breach of contract, such as a default or delinquency in interest or principal payments;

— The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

— It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

— The disappearance of an active market for that financial asset because of financial difficulties; or

— Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(o) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowings costs are recognised in the consolidated statements of comprehensive income in the period which they are incurred.

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period during the year in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Current and deferred income tax *(Continued)*

(ii) Deferred income tax *(Continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

The Group operates defined contribution plans and pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Employee benefits *(Continued)*

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

(u) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

(v) Contingent liabilities and contingent assets

Financial guarantee

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but perform a liability adequacy test at each reporting date by comparing its carrying amount of the net liability regarding the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised as an expense immediately.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Contingent liabilities and contingent assets *(Continued)*

Financial guarantee *(Continued)*

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the note to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(w) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. Revenue is shown after eliminating sales within the Group.

(a) Construction contracts income

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

Revenue from 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 by reference to the construction works certified by an independent surveyor.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Revenue recognition *(Continued)*

(b) Rental income on machinery

Operating lease rental income is recognised on a straight-line basis over the term of the lease.

(c) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(x) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are declared by the directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments, if necessary, to reduce certain risk exposures.

(i) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group has not hedged its cash flow interest rate risks.

As at 31 March 2014, if the interest rate on all borrowings had been 100 basis points (2013: 100 basis points) higher/lower with all other variables held constant, the Group's profit after tax for the year would have been decreased/increased by approximately HK$1,970,000 (2013: HK$1,416,000) respectively, mainly as a result of higher/lower interest expense on borrowings with floating interest rates.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(ii) Credit risk

Credit risk arises mainly from trade and other receivables, amounts due from customers for contract work and cash at bank. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

In respect of trade and other receivables and amounts due from customers for contract work, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 March 2014, there were 3 (2013: 3) customers which individually contributed over 10% of the Group's trade and other receivables each year end date. The aggregate amount of trade and other receivables from these customers amounted to 46% (2013: 46%) of the Group's total trade and other receivables.

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Liquidity risk *(Continued)*

The following table details the remaining contractual maturities at the year end date 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 the year end date) and the earliest date the Group may be required to pay:

Group

	Within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
At 31 March 2014				
Trade and other payables	**87,240**	**–**	**–**	**87,240**
Borrowings	**122,269**	**47,676**	**33,272**	**203,217**
Dividend payable	**150,000**	**–**	**–**	**150,000**
	359,509	**47,676**	**33,272**	**440,457**
At 31 March 2013				
Trade and other payables	61,739	–	–	61,739
Borrowings	58,040	35,555	56,611	150,206
	119,779	35,555	56,611	211,945

Company

	Within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
At 31 March 2014				
Other payables	**1,288**	**–**	**–**	**1,288**
Dividend payable	**150,000**	**–**	**–**	**150,000**
Amount due to a subsidiary	**–**	**20,000**	**–**	**20,000**
	151,288	**20,000**	**–**	**171,288**
At 31 March 2013				
Other payables	784	–	–	784

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operation and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities as at each year end divided by the total equity as at each year end.

The gearing ratios at the year end dates are as follows:

	2014 **HK$'000**	2013 HK$'000
Total borrowings *(Note 19)*	**197,015**	141,970
Total equity	**255,738**	270,942
Gearing ratio	**77.0%**	52.4%

(c) Fair value estimation

The carrying values less impairment provision of trade and other receivables, trade and other payables, amounts due from customers for contract work and bank balances are a reasonable approximation of their fair values due to the short-term maturities of these assets and liabilities.

The carrying values of borrowings are a reasonable approximation of their fair values as the interest rates of these borrowings are at market rates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives and impairment of property, plant and equipment

The Group has significant investments in property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each reporting period.

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including decline in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

Impairment of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgment is required in the area of asset impairment particularly in assessing; (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

(b) Impairment of receivables

Management determines the provision for impairment of trade and other receivables and amounts due from customers for contract work. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at each statement of financial position date.

Significant judgment is exercised on the assessment of the collectability of receivables from each customer. In making the judgment, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. For the purpose of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on five-year financial budgets approved by management and estimated terminal value at the end of the five-year period. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budgets. Key assumptions include the growth rates and selection of discount rates to reflect the risks involved. Management prepares the financial budgets reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions could affect these cash flow projections and therefore the results of the impairment reviews. As at 31 March 2013 and 2014, management was not aware of any impairment on goodwill based on the assessment.

(d) Construction contracts

Revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts, with reference to the construction works certified by an independent surveyor. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and provision for claims, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the management conducts periodic reviews of the management budgets by comparing the budgeted amounts to the actual amounts incurred. The provision for claims is determined on the basis of the delay in the number of workdays of the completion of the construction works which is highly subjective and is subject to negotiation with the customers. Management conducts periodic review of the provision amount.

Significant judgment is required in estimating the contract revenue, contract costs, variation works and provision for claims which may have an impact in terms of percentage of completion and profit taken.

Management base their judgements 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(e) Provision for litigation

When accounting for provisions for litigation and other items, the Group has taken internal and external advice in considering known legal claims and actions made by or against the Group. It carefully assesses the likelihood of success of a claim or action. Appropriate provisions are made for legal claims or actions against the Group on the basis of likely outcome, but no provisions are made for those which in the view of management are unlikely to succeed.

5 REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents gross contract receipts on construction contracts and rental income on machinery in the ordinary course of business. Revenue and other income and net (losses)/gains recognised during the respective years are as follows:

	2014 **HK$'000**	2013 HK$'000
Revenue		
Construction contracts income	**1,218,187**	593,742
Rental income on machinery	**11**	4,249
	1,218,198	597,991

	2014 **HK$'000**	2013 HK$'000
Other income and net (losses)/gains		
Impairment of property, plant and equipment	**(4,151)**	–
Gain on disposal of property, plant and equipment	**1,320**	112
Reimbursement of legal fees	**–**	5,203
Others	**394**	513
	(2,437)	5,828

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker being the Board. As the Group is principally engaged in foundation business and machinery leasing business in Hong Kong and Macau, which are subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole rather than any specific unit, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the profit before income tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group primarily operates in Hong Kong and Macau, and its revenue is derived from the following regions:

	2014 **HK$'000**	2013 HK$'000
Hong Kong	**885,437**	521,272
Macau	**332,761**	76,719
	1,218,198	597,991

Reimbursement of legal fees represents the compensation received from a customer in respect of legal fees incurred by the Group on a previous litigation which was settled during the year ended 31 March 2012.

There were 3 (2013: 2) customers which individually contributed over 10% of the Group's revenue for the year ended 31 March 2014. The aggregate amount of revenue from these customers amounted to approximately 57% (2013: approximately 37%) of the Group's total revenue for the year ended 31 March 2014.

6 EXPENSES BY NATURE

	2014 **HK$'000**	2013 HK$'000
Cost of sales		
Construction material costs	**480,459**	226,878
Subcontracting charges	**337,369**	144,992
Staff costs *(Note 7)*	**123,701**	77,305
Depreciation of owned assets *(Note 13)*	**21,042**	15,999
Depreciation of assets under finance leases *(Note 13)*	**27,290**	18,656
	989,861	483,830
General and administrative expenses		
Auditors' remuneration	**1,949**	1,720
Building management fee	**332**	318
Staff costs, including directors' emoluments *(Note 7)*	**18,392**	14,524
Depreciation *(Note 13)*	**996**	1,111
Operating lease rental on land and buildings	**2,175**	1,943
Transportation	**2,733**	2,134
Legal and professional fees	**3,186**	9,103
Insurance	**1,834**	1,998
Repair and maintenance	**4,450**	2,816
Other expenses	**3,070**	2,252
	39,117	37,919
Total cost of sales and general and administrative expenses	**1,028,978**	521,749

7 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2014 HK$'000	2013 HK$'000
Salaries, wages and allowances	**138,456**	89,207
Retirement benefit expenses		
— defined contribution plan	**3,637**	2,622
	142,093	91,829

The Group operates a defined contribution scheme in Hong Kong which complies with the requirements under the Mandatory Provident Fund ("MPF") Schemes Ordinance. All assets under the scheme are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

Under the MPF scheme, each of the Group (the employer) and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' relevant income, as defined in the MPF Schemes Ordinance. Both the Group's and the employees' monthly contributions are subject to a cap of HK$1,000 prior to 1 June 2012 and HK$1,250 thereafter and contributions beyond these amounts are voluntary. The contributions are fully and immediately vested upon payment.

As 31 March 2014, there were no forfeited contributions (2013: Nil).

8 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

The emoluments of the directors for the year are set out below:

	Fee	Salaries, wages and allowances	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2014					
Executive directors					
Dr. Ho Kar Chung *(note (i))*	**1,000**	**–**	**–**	**–**	**1,000**
Mr. Ho Chi Ling	**–**	**1,044**	**261**	**15**	**1,320**
Mr. Cheng Wing On, Michael	**–**	**960**	**200**	**15**	**1,175**
Independent non-executive directors					
Mr. Chuck Winston Calptor	**240**	**–**	**–**	**–**	**240**
Mr. Ching Kwok Hoo, Pedro	**240**	**–**	**–**	**–**	**240**
Mr. Tam Tak Kei, Raymond	**240**	**–**	**–**	**–**	**240**
Non-executive director					
Mr. Leung Chee Hon *(note (i))*	**240**	**–**	**–**	**–**	**240**
	1,960	**2,004**	**461**	**30**	**4,455**
Year ended 31 March 2013					
Executive directors					
Dr. Ho Kar Chung *(note (i))*	1,000	–	–	–	1,000
Mr. Ho Chi Ling	–	911	228	15	1,154
Mr. Cheng Wing On, Michael	–	960	–	15	975
Independent non-executive directors					
Mr. Chuck Winston Calptor	132	–	–	–	132
Mr. Ching Kwok Hoo, Pedro	132	–	–	–	132
Mr. Tam Tak Kei, Raymond	132	–	–	–	132
Non-executive director					
Mr. Leung Chee Hon *(note (i))*	158	–	–	–	158
	1,554	1,871	228	30	3,683

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the year.

Note:

(i) These directors resigned on 11 April 2014.

8 DIRECTORS' EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, three (2013: three) of them are directors whose emoluments are disclosed above. The emoluments of the remaining two (2013: two) highest paid individuals for the year ended 31 March 2014 are as follows:

	2014 HK$'000	2013 HK$'000
Salaries, wages and allowances	**1,920**	1,920
Discretionary bonuses	**400**	–
Retirement benefit expenses	**6**	15
	2,326	1,935

The emoluments of the highest paid individuals fell within the following bands:

	2014	2013
HK$Nil–HK$1,000,000	**–**	2
HK$1,000,001–HK$1,500,000	**2**	–
	2	2

During the year, no emoluments were paid by the Group to the above highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director or management of any members of the Group. No such emoluments were agreed to be waived by the relevant individuals.

9 FINANCE COSTS, NET

	2014 HK$'000	2013 HK$'000
Interest on finance leases	**4,156**	3,504
Interest on bank borrowings wholly repayable within 5 years	**910**	417
Interest income	**(190)**	–
	4,876	3,921

No interest (2013: Nil) was capitalised during the year ended 31 March 2014.

10 INCOME TAX EXPENSE

Hong Kong and Macau profits tax have been provided at the rate of 16.5% and 12% respectively for the years ended 31 March 2013 and 2014 on the estimated assessable profit for the respective years.

	2014 **HK$'000**	2013 HK$'000
Current income tax		
— Hong Kong profits tax	**5,099**	5,578
— Macau profits tax	**14,776**	1,394
Over-provision in prior years		
— Hong Kong profits tax	**(10)**	(20)
Deferred income tax *(Note 21)*	**6,246**	6,016
Income tax expense	**26,111**	12,968

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2014 **HK$'000**	2013 HK$'000
Profit before income tax	**181,907**	78,149
Calculated at a tax rate of 16.5% (2013: 16.5%)	**30,015**	12,895
Effect of different tax rate in other jurisdiction	**(5,541)**	(559)
Income not subject to tax	**(32)**	(43)
Expenses not deductible for tax purposes	**1,571**	1,650
Temporary difference not recognised	**108**	(957)
Tax losses for which no deferred income tax asset was recognised	**–**	2
Over-provision in prior year	**(10)**	(20)
Income tax expense	**26,111**	12,968

11 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation on 11 September 2012 and the capitalisation issue of the ordinary shares which took place on 18 October 2012, details of which are set out in Note 23.

	2014	2013
Profit attributable to owners of the Company (HK$'000)	**155,796**	65,181
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	**300,000**	258,699
Basic earnings per share (HK cents)	**51.9**	25.2

Diluted

Diluted earnings per share is the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year ended 31 March 2014 (2013: Nil).

12 DIVIDEND

	2014 HK$'000	2013 HK$'000
Special, declared/paid *(note i)*	**150,000**	20,000
Final, proposed, of HK 7 cents per ordinary share *(note ii)*	**–**	21,000
	150,000	41,000

Notes:

(i) For the year ended 31 March 2014, pursuant to the board resolution passed on 26 February 2014, subject to completion of the acquisition of 225,000,000 shares of the Company by CNQC Development Limited from Leading Win, the Group declared a special dividend amounting to HK$150,000,000 relating to the year ended 31 March 2014. Completion of the said acquisition took place on 17 March 2014. The amount was not yet settled as at 31 March 2014 and was reflected as dividend payable in the financial statements.

For the year ended 31 March 2013, pursuant to the respective resolution passed on 28 May 2012, certain subsidiaries comprising the Group declared a special dividend relating to the year ended 31 March 2013 amounting to HK$20,000,000 prior to the Company's public offering of shares, which was paid in May 2012.

(ii) At a meeting held on 27 June 2013, the directors recommended the payment of a final dividend for the year ended 31 March 2013 of HK 7 cents per ordinary share, totalling HK$21,000,000. This proposed dividend is not reflected as a dividend payable in these financial statements for the year ended 31 March 2013, but is reflected as an appropriation of retained earnings for the year ended 31 March 2014. The final dividend was approved at the annual general meeting held on 5 September 2013 and paid to the shareholders of the Company on 7 October 2013.

13 PROPERTY, PLANT AND EQUIPMENT

	Machinery	Office equipment	Motor vehicles	Furniture and fixtures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
At 1 April 2012	230,177	435	2,503	257	233,372
Additions	117,593	630	791	–	119,014
Disposals	(11,986)	–	(108)	–	(12,094)
At 31 March 2013	335,784	1,065	3,186	257	340,292
Accumulated deprecation					
At 1 April 2012	59,274	216	1,198	257	60,945
Charge for the year *(Note 6)*	34,656	293	817	–	35,766
Disposals	(2,896)	–	(108)	–	(3,004)
At 31 March 2013	91,034	509	1,907	257	93,707
Net book value					
At 31 March 2013	244,750	556	1,279	–	246,585
Cost					
At 1 April 2013	**335,784**	**1,065**	**3,186**	**257**	**340,292**
Additions	**126,832**	**247**	**1,308**	**–**	**128,387**
Disposals	**(5,660)**	**–**	**(138)**	**–**	**(5,798)**
Impairment	**(6,073)**	**–**	**–**	**–**	**(6,073)**
At 31 March 2014	**450,883**	**1,312**	**4,356**	**257**	**456,808**
Accumulated deprecation					
At 1 April 2013	**91,034**	**509**	**1,907**	**257**	**93,707**
Charge for the year *(Note 6)*	**48,332**	**167**	**829**	**–**	**49,328**
Disposals	**(126)**	**–**	**(138)**	**–**	**(264)**
Impairment	**(1,922)**	**–**	**–**	**–**	**(1,922)**
At 31 March 2014	**137,318**	**676**	**2,598**	**257**	**140,849**
Net book value					
At 31 March 2014	**313,565**	**636**	**1,758**	**–**	**315,959**

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Certain machinery was under finance leases in the form of sale and leaseback arrangements. There was no disposal gain or loss recognised for the transactions as the fair value was not significantly different to the carrying value of the relevant machinery.

(b) The net book amount of property, plant and equipment where the Group was a lessee under finance leases as at 31 March 2014 is analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Cost — Capitalised finance leases	**233,803**	194,235
Accumulated amortisation	**(82,309)**	(51,301)
Net book amount	**151,494**	142,934

As at 31 March 2014, the Group's machinery with an aggregate net book value of HK$20,864,000 (2013: HK$12,390,000) was pledged for bank borrowings.

(c) Rental income amounting to HK$11,000 (2013:HK$4,249,000) for the year ended 31 March 2014 relating to the lease of machinery is included in the consolidated statement of comprehensive income (Note 5).

14 GOODWILL

	HK$'000
At 31 March 2013 and 2014	13,022

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating unit ("CGU") identified which is the foundation business.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. Management estimates the pre-tax discount rate that reflects market assessment of the time value of money and specific risk relating to the industry.

14 GOODWILL *(Continued)*

Impairment tests for goodwill *(Continued)*

Key assumptions of the financial budgets covering the five-year period and other key assumptions used for value-in-use calculations are as follows:

	2014	2013
Average growth rate *(note a)*	**5%**	5%
Terminal growth rate	**2%**	2%
Discount rate *(note b)*	**15%**	14%

(a) Average growth rate used in the budget is for the five-year period ending 31 March 2019.

(b) The discount rate used is pre-tax and reflects specific risks relating to the relevant business.

(c) Assuming the growth rate decreases by 50 basis points and the discount rate increases by 50 basis points, there is still sufficient headroom and no impairment charge is required for the goodwill as at 31 March 2014.

15 TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contract receivables	**87,011**	111,220	**–**	–
Retention receivables	**84,630**	41,272	**–**	–
Total trade receivables	**171,641**	152,492	**–**	–
Other receivables, deposits and prepayments *(note d)*	**5,751**	11,344	**–**	–
Dividend receivable	**–**	–	**150,000**	–
	177,392	163,836	**150,000**	–

15 TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(a) The credit periods granted to customers were 14 to 60 days.

(b) The aging analysis of the Group's contract receivables based on invoice date is as follows:

	2014 **HK$'000**	2013 HK$'000
0–30 days	**86,991**	105,533
31–60 days	**–**	561
61–90 days	**–**	537
Over 90 days	**20**	4,589
	87,011	111,220

Contract receivables of approximately HK$86,991,000 as at 31 March 2014 (2013: approximately HK$105,533,000) were not yet past due and approximately HK$20,000 as at 31 March 2014 (2013: approximately HK$5,687,000) were past due but not impaired. These relate to contract receivables from a number of independent customers for whom there is no recent history of default and no provision has therefore been made. As at 31 March 2014, no trade receivables (2013: Nil) were impaired. Retention receivables were not yet past due as at 31 March 2014 and will be settled in accordance with the terms of the respective contracts.

(c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

(d) The amount as at 31 March 2014 mainly represents construction site deposits and prepayments for purchase of materials. The amount as at 31 March 2013 mainly represented prepayments for purchases of materials.

(e) The carrying amounts of trade and other receivables approximate their fair values and are denominated in the following currencies:

	Group		**Company**	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Hong Kong dollar	**160,351**	163,568	**150,000**	–
Macau Pataca	**17,041**	268	**–**	–
	177,392	163,836	**150,000**	–

16 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2014 **HK$'000**	2013 HK$'000
Costs plus attributable profits less foreseeable losses	**822,515**	168,368
Less: progress billings to date	**(781,843)**	(147,067)
Amounts due from customers for contract work	**40,672**	21,301

There were no advances received from customers for contract work as at 31 March 2013 and 2014. Progress billings to date include retention receivables of HK$52,875,000 (2013: HK$14,349,000) as at 31 March 2014.

17 INTERESTS IN SUBSIDIARIES — COMPANY

	2014 **HK$'000**	2013 HK$'000
Non-current		
Investment in a subsidiary	**10**	10
Loan to a subsidiary *(note (a))*	**49,110**	28,000
Amount due to a subsidiary *(note(b))*	**(20,000)**	–
	29,120	28,010
Current		
Amounts due from subsidiaries *(note (b))*	**10,000**	11,446

Notes:

(a) Loan to a subsidiary is unsecured, non-interest bearing and denominated in Hong Kong dollar. The loan shall not be repayable on demand by the Company on or before 31 March 2015; and the Company shall not demand repayment of the loan unless and until all the other liabilities and commitments of the subsidiary to other creditors are fully settled and satisfied.

(b) Amounts due from subsidiaries and amount due to a subsidiary are unsecured and non-interest bearing. The amount due to a subsidiary is repayable on or after 31 March 2015 while amount due from subsidiaries is repayable on demand. The carrying amounts of these balances are mainly denominated in Hong Kong Dollars and approximate their fair values.

17 INTERESTS IN SUBSIDIARIES — COMPANY *(Continued)*

The following is a list of the principal subsidiaries at 31 March 2014:

Name	Place of incorporation	Principal activities and place of operation	Particulars of share capital	Effective interest held as at 2014	2013
Directly held by the Company:					
One Million International Limited	The British Virgin Islands	Investment holding	US$3, 3 shares of US$1 each	**100%**	100%
Indirectly held by the Company:					
Sunley Engineering & Construction Company Limited	Hong Kong	General contracting, building and civil engineering and rental of machinery in Hong Kong	Share capital of HK$39,193,000	**100%**	100%
Sunnic Engineering Limited	Hong Kong	General contracting, building and civil engineering and rental of machinery in Hong Kong	Share capital of HK$9,300,000	**100%**	100%
Full Gain Engineering Limited	Hong Kong	General contracting, building and civil engineering in Hong Kong	Share capital of HK$100	**100%**	100%
Sunley Foundation Engineering (Macau) Company Limited	Macau	General contracting, building and civil engineering in Macau	MOP$100,000, 1 share of MOP$99,000 and 1 share of MOP$1,000	**100%**	100%

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks	**188,747**	57,957	**2,584**	6,912
Cash on hand	**138**	138	**–**	–
Cash and cash equivalents	**188,885**	58,095	**2,584**	6,912

Notes:

(a) The cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**181,395**	57,622	**2,584**	6,912
Macau Pataca	**7,416**	388	**–**	–
Euro	**35**	44	**–**	–
United States dollar	**23**	23	**–**	–
Australian dollar	**16**	18	**–**	–
	188,885	58,095	**2,584**	6,912

(b) Cash at bank earned interest at floating rates based on daily bank deposit rates.

19 BORROWINGS

	2014 **HK$'000**	2013 HK$'000
Non-current		
Finance lease liabilities *(note b)*	**78,445**	88,305
	78,445	88,305
Current		
Bank borrowings *(note a)*	**64,159**	8,250
Finance lease liabilities *(note b)*	**54,411**	45,415
	118,570	53,665
Total borrowings	**197,015**	141,970

Notes:

(a) Bank borrowings

As at 31 March 2014, the Group had bank borrowings which bore interest at the current prime rate per annum or 2%–3.5% above one-month or 3-month Hong Kong Interbank Offered Rate ("HIBOR") per annum, respectively.

The bank borrowings were denominated in Hong Kong dollars.

The bank borrowings are classified as current liabilities according to Interpretation-5, Presentation of Financial statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. According to the repayment schedule the bank borrowings, without considering the repayable on demand clause, are repayable as follows:

	2014 **HK$'000**	2013 HK$'000
Within 1 year	**56,919**	6,440
Between 1 and 2 years	**2,543**	1,810
Between 2 and 5 years	**4,697**	–
	64,159	8,250

The carrying amounts of the borrowings approximate their fair value.

19 BORROWINGS *(Continued)*

Notes: (Continued)

(b) Finance lease liabilities

Lease liabilities are secured as the rights to the leased assets revert to the lessors in the event of default.

	2014 HK$'000	2013 HK$'000
Gross finance lease liabilities — minimum lease payments		
Within 1 year	**58,110**	39,232
Later than 1 year and no later than 5 years	**80,948**	102,604
	139,058	141,836
Future finance charges on finance leases	**(6,202)**	(8,116)
Present value of finance lease liabilities	**132,856**	133,720

The present value of finance lease liabilities is as follows:

	2014 HK$'000	2013 HK$'000
Within 1 year	**54,411**	45,415
Later than 1 year and no later than 5 years	**78,445**	88,305
	132,856	133,720

All finance leases liabilities were denominated in Hong Kong dollars.

(c) As at 31 March 2014, the Group had committed banking facilities (including the finance lease facilities) of HK$25,467,000 which bore interest at 2.5% below the current prime rate per annum, HK$5,800,000 which bore interest at the current prime rate per annum, HK$972,000 which bore interest at a fixed rate of 2.25% to 2.5% per annum and HK$305,150,000 which bore interest at 2% to 3.5% per annum above HIBOR, respectively.

As at 31 March 2013, the Group had committed banking facilities (including the finance lease facilities) of HK$800,000 which bore interest at the current prime rate per annum, HK$370,000 which bore interest at a fixed rate of 2.5% per annum and HK$232,182,000 which bore interest at 2% to 3.5% per annum above HIBOR, respectively.

These committed banking facilities were subject to annual review. As at 31 March 2014, the undrawn banking facilities amounted to HK$140,374,000 (2013: HK$82,953,000).

These banking facilities are secured by the Group's property, plant and equipment with an aggregate net book value of HK$155,324,000 and HK$172,357,000 as at 31 March 2013 and 2014 respectively (Note 13).

20 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**82,674**	55,221	**–**	–
Accruals for construction costs	**–**	4,854	**–**	–
Other accruals *(note (c))*	**6,700**	3,005	**1,288**	784
	89,374	63,080	**1,288**	784

Notes:

(a) The carrying amounts of trade and other payables approximate their fair values and are mainly denominated in Hong Kong dollars.

(b) Payment terms granted by suppliers were 14 to 60 days from the invoice date of the relevant purchases.

The aging analysis of the Group's trade payables based on the invoice date is as follows:

	2014	2013
	HK$'000	HK$'000
0–30 days	**74,778**	36,432
31–60 days	**7,748**	6,974
61–90 days	**2**	9,847
Over 90 days	**146**	1,968
	82,674	55,221

(c) Other accruals mainly relate to the accrued staff benefits and accrued legal and professional expenses.

21 DEFERRED TAXATION

The analysis of deferred taxation assets is as follows:

	2014 **HK$'000**	2013 HK$'000
— Deferred tax assets to be settled after more than 12 months	**43**	71
— Deferred tax assets to be settled within 12 months	**–**	–
	43	71

The analysis of deferred taxation liabilities is as follows:

	2014 **HK$'000**	2013 HK$'000
— Deferred tax liabilities to be settled after more than 12 months	**(29,585)**	(23,344)
— Deferred tax liabilities to be settled within 12 months	**(513)**	(536)
	(30,098)	(23,880)

The movements in deferred tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	Accelerated tax depreciation HK$'000	**Tax losses** HK$'000	**Total** HK$'000
Deferred tax assets/(liabilities)			
At 1 April 2012	(17,877)	84	(17,793)
(Charged)/credited to consolidated statement of comprehensive income *(Note 10)*	(8,652)	2,636	(6,016)
At 31 March 2013	(26,529)	2,720	(23,809)
At 1 April 2013	(26,529)	2,720	(23,809)
(Charged)/credited to consolidated statement of comprehensive income *(Note 10)*	(11,267)	5,021	(6,246)
At 31 March 2014	(37,796)	7,741	(30,055)

22 FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY

(a) Group

	Loans and receivables	
	2014	2013
	HK$'000	HK$'000
Assets as per balance sheet		
Trade and other receivables excluding prepayments	**175,291**	156,555
Amounts due from customers for contract work	**40,672**	21,301
Cash and cash equivalents	**188,885**	58,095
Total	**404,848**	235,951

	Financial liabilities at amortised cost	
	2014	2013
	HK$'000	HK$'000
Liabilities as per balance sheet		
Trade and other payables excluding non-financial liabilities	**87,240**	61,739
Borrowings (excluding finance lease liabilities)	**64,159**	8,250
Finance lease liabilities	**132,856**	133,720
Dividend payable	**150,000**	–
Total	**434,255**	203,709

(b) Company

	Loans and receivables	
	2014	2013
	HK$'000	HK$'000
Assets as per balance sheet		
Loan due from a subsidiary	**49,110**	28,000
Other receivables	**150,000**	–
Amounts due from subsidiaries	**10,000**	11,446
Cash and cash equivalents	**2,584**	6,912
Total	**211,694**	46,358

22 FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY *(Continued)*

(b) Company *(Continued)*

	Financial liabilities at amortised cost	
	2014	2013
	HK$'000	HK$'000
Liabilities as per balance sheet		
Other payables	**1,288**	784
Amount due to a subsidiary	**20,000**	–
Dividend payable	**150,000**	–
Total	**171,288**	784

23 SHARE CAPITAL AND SHARE PREMIUM

	Ordinary shares of HK$0.01 each Number of shares	Nominal amount HK$'000
Authorised:		
Ordinary shares as at 31 March 2013 and 2014	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares as at 31 March 2013 and 2014	300,000,000	3,000

On 11 September 2012, pursuant to a shareholder resolution the authorised share capital of the Company was increased to HK$20,000,000 divided into 2,000,000,000 ordinary shares of HK$0.01 each. On the same date, the Company allotted and issued 999,999 ordinary shares of HK$0.01 each to Leading Win in connection with the Reorganisation, credited as fully paid.

On 18 October 2012, the Company issued 75,000,000 ordinary shares of HK$0.01 each during its public offering at an offer price of HK$0.88 per ordinary share. Net proceeds of approximately HK$60,310,000 were received and a credit of HK$59,560,000 to the share premium account was recorded. On the same date, the Company allotted and issued a total of 224,000,000 ordinary shares of HK$0.01 each, credited as fully paid, to the holders of the Company's shares on the register of members at the close of business on 11 September 2012 by way of capitalisation of a sum of HK$2,240,000 standing to the credit of the share premium account of the Company, pursuant to a resolution passed on 11 September 2012.

24 OTHER RESERVES

(a) Merger reserve

Merger reserve represents the difference between the nominal value of the ordinary shares issued by the Company to acquire the entire equity interest in One Million and its subsidiaries during the Reorganisation and the issued share capital of Sunley.

(b) Capital reserve

Capital reserve represents the difference between the nominal value of the share issued by One Million to acquire the entire equity interests in Sunnic and Full Gain and the fair value of shares issued by Leading Win to the then shareholders of Sunnic and Full Gain. The latter was regarded as a capital contribution by Leading Win to One Million.

(c) The profit/(loss) attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of a profit of approximately HK$144,832,000 (2013: a loss of approximately HK$14,736,000). For the year ended 31 March 2014, the Company declared a special dividend amounting to HK$150,000,000, the distribution of dividend is financed by dividend income from the Company's subsidiaries.

25 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash generated from operations

	2014 **HK$'000**	2013 HK$'000
Profit before income tax	**181,907**	78,149
Adjustments for:		
Depreciation	**49,328**	35,766
Gain on disposal of property, plant and equipment	**(1,320)**	(112)
Impairment of property, plant and equipment	**4,151**	–
Finance costs, net	**4,876**	3,921
Operating profit before working capital changes	**238,942**	117,724
Increase in trade and other receivables	**(13,556)**	(75,802)
Increase in amounts due from customers for contract work	**(19,371)**	(18,539)
Increase in trade and other payables	**26,294**	34,196
Net cash generated from operations	**232,309**	57,579

(b) Non-cash transactions

There were no machineries purchased under borrowing arrangements for the year ended 31 March 2014 (2013: HK$45,245,000).

26 COMMITMENTS

Operating lease commitments — Group as lessee

At consolidated statement of financial position date, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2014	2013
	HK$'000	HK$'000
Not later than 1 year	**2,929**	2,270
1–5 years	**208**	137
	3,137	2,407

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

27 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities. On 17 March 2014, CNQC Development Limited purchased 225,000,000 shares of the Company from Leading Win, representing 75% of the issued share capital of the Company at a price of HK$2.4 per ordinary share. The immediate holding company of the Company changed from Leading Win Management Limited to CNQC Development Limited and the ultimate holding company of the Company changed from Joint Together Management Limited to Guotsing Holding Group Company Limited.

(a) During the years ended 31 March 2013 and 2014, the related parties that had transactions with the Group were as follows:

Name of related parties	Relationship with the Group
Super Ease Holdings Limited ("Super Ease")	A related company in which a director of the Company has an interest
Sunnic Holdings Limited ("Sunnic Holdings")	A related company in which a director of the Company has an interest

27 RELATED PARTY TRANSACTIONS *(Continued)*

(b) The following is a summary of significant related party transactions, in addition to those disclosed elsewhere in the financial statements, which were carried out in accordance with the terms agreed between the Group and the related parties and in the ordinary and usual course of business:

	2014 HK$'000	2013 HK$'000
Rent paid to		
— Super Ease	**285**	285
— Sunnic Holdings	**285**	285
	570	570

(c) The emoluments of the directors and senior executives (representing the key management personnel) during the year are disclosed in Note 8.

28 CONTINGENT LIABILITIES

(a) At each statement of financial position date, the Group had the following contingent liabilities:

	2014 HK$'000	2013 HK$'000
Guarantees on performance bonds in respect of construction contracts	**27,231**	14,122

(b) Pending litigation

In the ordinary course of the Group's contract works business, the Group has been subject to a number of claims due to personal injuries or casualty suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group. No provision has been made in respect of these claims in the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
RESULTS					
Revenue	**1,218,198**	597,991	313,122	257,505	51,306
Profit before income tax	**181,907**	78,149	31,882	43,020	13,182
Income tax expense	**(26,111)**	(12,968)	(6,126)	(7,656)	(2,351)
Profit and total comprehensive income for the year	**155,796**	65,181	25,756	35,364	10,831
Profit and total comprehensive income for the year attributable to owners of the Company	**155,796**	65,181	25,756	35,364	10,831
ASSETS AND LIABILITIES					
Total assets	**736,453**	502,910	322,938	297,201	108,195
Total liabilities	**(480,715)**	(231,968)	(157,487)	(148,206)	(53,278)
Net assets	**255,738**	270,942	165,451	148,995	54,917
Equity attributable to owners of the Company	**255,738**	270,942	165,451	148,995	54,917