



# Ngai Shun Holdings Limited 毅信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1246



生產力及品質獎  
PRODUCTIVITY AND  
QUALITY AWARD



ANNUAL  
REPORT 2015



# CONTENTS

1. *Corporate Information* 2
2. *Highlights of the Year* 4
3. *Chairman's Statement* 10
4. *Management Discussion and Analysis* 12
5. *Biographical Details of Directors and Senior Management* 19
6. *Corporate Governance Report* 22
7. *Directors' Report* 31
8. *Independent Auditors' Report* 39
9. *Consolidated Statement of Profit or Loss and Other Comprehensive Income* 41
10. *Consolidated Statement of Financial Position* 42
11. *Statement of Financial Position* 44
12. *Consolidated Statement of Changes in Equity* 45
13. *Consolidated Statement of Cash Flows* 46
14. *Notes to the Consolidated Financial Statements* 47
15. *Financial Summary* 94

# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Dr. Wong Sai Chung, Albert (*Chairman*)  
Mr. Lam Wing Sum  
(*Chief Executive Officer & Vice Chairman*)  
Mr. Tao Chi Keung  
Mr. Lam Wing Tai (appointed on 6 March 2015)  
Mr. Chu Bai Qing (appointed on 23 June 2015)  
Mr. Zou Wei Dong (appointed on 23 June 2015)

### Non-executive Director

Mr. Wong Sai Yee (resigned on 25 February 2015)  
Mr. Chui Kwong Kau (appointed on 6 March 2015)

### Independent Non-executive Directors

Mr. Tam Tak Kei, Raymond  
Mr. Pai Hao  
Mr. Chiu Sai Chuen Nicholas  
Mr. Foo Tin Chung, Victor (appointed on 6 March 2015)

## COMPANY SECRETARY

Ms. Yim Sau Ping (resigned on 8 May 2015)  
Mr. Yeung Siu Keung (appointed on 8 May 2015)

## AUTHORIZED REPRESENTATIVES

Dr. Wong Sai Chung, Albert  
Mr. Lam Wing Sum

## AUDIT COMMITTEE

Mr. Tam Tak Kei, Raymond (*Chairman*)  
Mr. Pai Hao  
Mr. Chiu Sai Chuen Nicholas

## REMUNERATION COMMITTEE

Mr. Pai Hao (*Chairman*)  
Mr. Lam Wing Sum  
Mr. Chiu Sai Chuen Nicholas

## NOMINATION COMMITTEE

Dr. Wong Sai Chung, Albert (*Chairman*)  
Mr. Tam Tak Kei, Raymond  
Mr. Chiu Sai Chuen Nicholas

## REGISTERED OFFICE

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1303-4, 13/F.,  
AIA Financial Centre,  
712 Prince Edward Road East,  
San Po Kong,  
Kowloon, Hong Kong

## LEGAL ADVISERS AS TO HONG KONG LAWS

Loong & Yeung

## COMPLIANCE ADVISER

Ample Capital Limited

## AUDITORS

HLB Hodgson Impey Cheng Limited  
Certified Public Accountants  
31/F, Gloucester Tower  
The Landmark, 11 Pedder Street  
Central  
Hong Kong

## CORPORATE INFORMATION

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited  
The Hong Kong and Shanghai Banking Corporation Limited  
OCBC Wing Hang Bank, Limited  
DBS Bank (Hong Kong) Limited  
Dah Sing Bank, Limited

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### STOCK CODE

01246

### WEBSITE

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



# HIGHLIGHTS OF THE YEAR

## CONTRACTS AWARDED

MTRC Shatin Central Link Contract C1102 Hin Keng Station and Approach Structures  
Wan Chai Development Phase II Central — Wan Chai Bypass at Wan Chai West  
MTRC Shatin Central Link C1121 NSL Hung Hom to Wanchai Cross Harbour Tunnels  
Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road  
Kai Tak Children's Hospital  
Public Rental Housing Development at Tung Chung Area 39  
MTRC Shatin Central Link C1103 Hin Keng to Diamond Hill Tunnels

MTRC Shatin Central Link  
Contract C1102 Hin Keng  
Station and  
Approach Structures



Wan Chai Development  
Phase II Central — Wan  
Chai Bypass at Wan Chai  
West

HIGHLIGHTS OF  
THE YEAR

CONTRACTS AWARDED

Office complex developments at Taikoo Place, Island East  
Western Kowloon Cultural District M+ Museum  
Office complex developments at Wong Chuk Hang Road  
Private residential projects at Stubbs Road Ex-Lingnan site  
North Point Estate Hotel Development  
Ma On Shan White Head residential project  
Residential & commercial development at Tseung Kwan O Area 65C1  
Office complex developments at Kowloon Bay  
Residential development at So Kwun Wat  
Kwun Tong Town Centre Redevelopment

Western  
Kowloon Cultural  
District M+  
Museum



Office complex  
developments at  
Taikoo Place, Island  
East



Office complex  
developments at  
Wong Chuk Hang  
Road

## HIGHLIGHTS OF THE YEAR

### HONG KONG AWARDS FOR INDUSTRIES AWARDS PRESENTATION CEREMONY-CUM-GALA DINNER 2014

- Ngai Shun Construction & Drilling Co Ltd (“Ngai Shun Construction”) has been awarded the Hong Kong Awards for Industries 2014 — Productivity and Quality, which result is a testimony of the success of the quality control and piling works of Ngai Shun Construction. The award is an affirmation reflecting the exceptional efforts of Ngai Shun in providing quality services.



Directors and staffs



Mr. Lam Wing Sum, CEO and Dr. Wong Sai Chung, Albert, Chairman



Dr. Wong Sai Chung, Albert, Chairman and Dr. Clement Chen Cheng Jen, Chairman of Hong Kong Productivity Council

HIGHLIGHTS OF  
THE YEAR

## PARTNER EMPLOYER AWARD 2014/15

- Ngai Shun Construction received the "Partner Employer Award" and qualified as an Outstanding Corporate, for its continuous contribution in offering internships and job opportunities to students and graduates of local technical institutes and universities in the past year to enhance talent development. The Award aims to encourage local enterprises to demonstrate their corporate responsibility by hiring graduates of local technical institutes and universities, giving such graduates training opportunities and practical work experience to nurture them on professionalism and positive working attitudes.



Partner Employer Award 2014/15



Dr. Wong Sai Chung, Albert

NOBEL LAUREATE FELLOWSHIP & HONORARY AWARD  
PRESENTATION CEREMONY 2014/15

Nobel Laureates Fellowship & Honorary Award Presentation Ceremony 2014/15 was held on 14/04/2015. Dr. Wong Sai Chung, Albert, Chairman was awarded Honorary Doctorate of Engineering by Lincoln University and Fellowship by Asian College of Knowledge Management.



HIGHLIGHTS OF THE YEAR

AWARDS



**Organizer:** Development Bureau and Construction Industry Council

**Award:** Model Subcontractor Award — Silver

**Site:** TMTL 423 So Kwun Wat



Dr. Wong Sai Chung, Albert, Chairman and staffs  
(Taken in the award presentation ceremony)



Dr. Wong Sai Chung, Albert and Julien LANDROT  
(Managing Director of Bachy Soletanche Group Limited) and staffs (Awarding the certificate of safety award in M+ Museum Project)



**Organizer:** Bachy Soletanche Group Limited

**Award:** Certificate of Safety Award

**Site:** Western Kowloon Cultural District M+ Museum



**Organizer:** Vinci Construction Grands Projets

**Award:** Best Subcontractor Environmental Award

**Site:** MTRC Shatin Central Link C1103 (Hin Keng to Diamond Hill Tunnels)

## HIGHLIGHTS OF THE YEAR

### SAFETY AND OPERATION

○ We believe a safe and healthy working environment is essential for the sustainable growth of our company. We have implemented safety plan to promote occupational health and safety at our construction sites.



Morning meeting

- Stretching exercise before work
- Personal protective equipment and dressing inspection
- Drawing attention to the safety rules, and raising workers' vigilance.



Demonstration for lifting appliance



Welding for H-pile

## CHAIRMAN'S STATEMENT



### BEING ONE OF THE TOP BRANDS AT FOUNDATION PILING

I am pleased to present the annual report of Ngai Shun Holdings Limited (the "Company"), together with its subsidiaries (the "Group") for the year ended 31 March 2015 (the "Reporting Period") to our valued shareholders. The Group's net profit achieved a record high of HK\$90.6 million (2014: HK\$73.4 million), representing a growth of 23.4% over last reporting period. Revenue also achieved a record high of HK\$558.2 million (2014: HK\$486.9 million), representing an increase of 14.6% over last reporting period. Earnings per share was HK2.18 cents (2014: HK2.08 cents).

### OPERATION REVIEW

Feedback is the bridge between strategy and successful execution. Our high performance teams thrive on feedback with our clients and among our people. Our people have five top qualities — Focus, Intention, Commitment, Harmony and Results that perform consistently, persistently and competitively at an extremely high level. Our people understand and fully embrace our Group's vision. They are fully engaged in accomplishing our objectives. Their actions and decisions are concentrated on reaching our goals. Our teams work in harmony to do what needs to be done. Ultimately they achieve the desired outcome and to them that is the true measure of success. We create an environment that encourages and rewards every incremental improvement our people make. Our people are the most productive and valuable asset.

Today, we are one of the top brands of foundation contractors. Our people, our shareholders and the Group benefit together from the building of our brand name.

### MARKET REVIEW AND BUSINESS PROSPECTS

The construction industry in Hong Kong continued to grow steadily. According to the 2015 Hong Kong Government Policy Address, the Government proposes to continue to invest in infrastructure construction projects in 2015–16. It sets the total housing supply target for the coming decade at 480,000 units. It actively explores ways to increase the supply of subsidised sale flats through organizations including the Hong Kong Housing Authority (HKHA), the Hong Kong Housing Society (HKHS) and the Urban Renewal Authority (URA) to provide more choices and opportunities of home ownership to low and middle-

## CHAIRMAN'S STATEMENT

income families. It puts up for pre-sale approximately 2,700 Home Ownership Scheme (HOS) flats by the Housing Authority in 2015–16 and about 2,000 and 1,600 subsidised sale flats by HKHA and HKHS respectively in 2016–17.

The Government supports the Airport Authority to implement the three-runway system project. It commences discussion on Phase 2 development of Hong Kong Disneyland Resort and considers constructing a new convention centre above the Exhibition Station. In addition, it implements seven new railway projects in phases by 2031 to the Railway Development Strategy 2014.

During the Reporting Period, the Group completed 28 projects. The Group secured 12 new contracts in the Reporting Period with contract value of HK\$200.6 million. As at 31 March 2015, the Group had a total of 18 projects in progress worth HK\$736.42 million and the outstanding contract sum was HK\$329.6 million.

The Group realised a significant growth in its business during the Reporting Period and was involved in public projects namely Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road, Kai Tak Children's Hospital, Public Rental Housing Development at Tung Chung Area 39, MTRC Shatin Central Link Contract C1102 Hin Keng Station and Approach Structures, MTRC Shatin Central Link C1103 Hin Keng to Diamond Hill Tunnels, MTRC Shatin Central Link C1121 North South Line Hung Hom to Wanchai Cross Harbour Tunnels, Western Kowloon Cultural District M+ Museum and Carpark. In private sector, The Group was involved in private residential projects at Stubbs Road Ex-Lingnan site, North Point Estate Hotel Development and Ma On Shan White Head residential project of Sun Hung Kai Properties, residential & commercial development at Tseung Kwan O Area 65C1 of Wheelock Properties, office complex developments at Kowloon Bay, Wong Chuk Hang Road and Taikoo Place, Island East of Swire Properties, residential development at So Kwun Wat of Kerry Properties and Kwun Tong Town Centre Redevelopment of URA and Sino Land.

The construction industry is facing the problem of a severe shortage and ageing of skilled workers. Although the Government and the Construction Industry Council (CIC) have made strenuous efforts in recent years to train local skilled workers and enhance the industry's professional image, and have attracted many new entrants to the industry, the keen demand has yet to be met. If the shortage of skilled workers cannot be properly dealt with, it will seriously affect the implementation of public housing, hospital, school and public transportation projects, and will also indirectly lead to the escalation of construction costs.

### BUSINESS STRATEGIES

We shall seek more opportunities in properties investments and securities investments in Hong Kong to become a significant proportion of business of our Group.

We shall continue to play an active role in the construction of foundation works in both public as well as private sectors in Hong Kong. We shall mainly focus on undertaking foundation works involving the construction of environmental friendly pile type of socket H-pile and minipile. We plan to expand our scale by continuing to acquire more advanced machinery, hire and train more professional staff to carry out bored pile, driven H-pile, sheet pile and excavation lateral support for basement. The Group believes that by expanding our scale of operation and continued improvement of our competitive strength, we shall be able to participate in large foundation projects and broaden our customer base. In turn, we shall be able to achieve future stable revenue. We aim to build a trusted brand of quality and reliability. We will offer excellent value-of-money services and become the preferred contractor of our customers.

### APPRECIATION

On behalf of the Board, I would like to express my most sincere gratitude and thanks to our people for all their whole-hearted effort and sacrifices for their family, to our loyal customers, partners, valued shareholders and investors for their enthusiastic support, to the Board for its brilliant leadership, diligence and care, dedication and significant contributions and to the community for their help. With the five competitive strengths of long-term history, solid base of business, experienced and professional project teams and people, comprehensive and advanced machinery fleet, flexibility and capability to contribute advice and services, The Group shall continue to improve the value that we deliver to customers and partners, increase returns for shareholders and become the employer choice in the foundation industry.

By Order of the Board  
**Ngai Shun Holdings Limited**

**Dr. Wong Sai Chung, Albert**  
*Chairman*  
26 June 2015

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Foundation Piling

Our Group is principally engaged in the foundation business in Hong Kong as a foundation subcontractor. Our Group undertakes foundation projects in both the public sector and the private sector in Hong Kong. During the Reporting Period, our Group has completed 28 projects, 18 projects were in progress which included 12 public projects and 6 private projects, and we were awarded 12 new contracts that worth HK\$200.6 million.

As at the 31 March 2015, the total contract sum in hand (including contracts in progress and contracts of which our work is yet to commence) amounted to approximately HK\$736.4 million and the outstanding contract sum was HK\$329.6 million. The Group's major public contracts on hand include Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road, Kai Tak Children's Hospital, Public Rental Housing Development at Tung Chung Area 39, MTRC Shatin Central Link Contract C1102 Hin Keng Station and Approach Structures, MTRC Shatin Central Link C1103 Hin Keng to Diamond Hill Tunnels, MTRC Shatin Central Link C1121 North South Line Hung Hom to Wanchai Cross Harbour Tunnels and Western Kowloon Cultural District M+ Museum and Carpark. Major private contracts on hand include residential projects at Stubbs Road Ex-Lingnan site, North Point Estate Hotel Development and Ma On Shan White Head residential project of Sun Hung Kai Properties, residential & commercial development at Tseung Kwan O Area 65C1 of Wheelock Properties, office complex developments at Kowloon Bay, Wong Chuk Hang Road and Taikoo Place, Island East of Swire Properties, residential development at So Kwun Wat of Kerry Properties and Kwun Tong Town Centre Redevelopment of URA and Sino Land.

### Properties Investments and Management

Our Group's properties investment portfolio performed satisfactorily over the Reporting Period. The Group recorded rental income of HK\$ 2.5 million for the Reporting Period. A sale and purchase agreement was concluded for the disposal of retail shops at Hip Wo Street, Kwun Tong, and a gain on disposal of HK\$9.9 million was recognised for the Reporting Period. The transaction was completed in March 2015. This disposal constituted a discloseable transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under chapter 14 of the Listing Rules. For further details of this transaction, please refer to the announcement of the Company dated 23 January 2015.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Securities Investments

During the Reporting Period, we recorded an unrealised loss of Hong Kong listed securities of approximately HK\$2.5 million (2014: Nil) in profit or loss representing the fair value change on financial assets at fair value through profit or loss. The Group also recorded the net gains on revaluation of Hong Kong listed securities of approximately HK\$1.6 million (2014: Nil) in other comprehensive income and impairment losses of Hong Kong listed securities of approximately HK\$2.1 million (2014: Nil) in profit or loss, representing the change in fair value on available-for-sale financial assets. In view of the current securities market sentiment, our Group intends to take more active approach in gaining short term returns. The Group decided to include the short term securities trading as one of its business activities in the coming financial year.

### Disposal of a subsidiary

On 11 February 2015, the Group disposed of Full Profit Property Services Company Limited ("Full Profit"), a wholly owned subsidiary, to an independent third party for a cash consideration of HK\$1 million. Full Profit was engaged in the business of property agency and management service. Approximately HK\$1.1 million gain on disposal of subsidiary was recognised for the Reporting Period. This disposal was conducted on normal commercial terms. Since the applicable percentage ratios fell below 5%, it did not constitute a discloseable transaction of the Company under the Listing Rules.

## FINANCIAL REVIEW

### Revenue

Our Group's revenue for the Reporting Period was approximately HK\$558.2 million, representing an increase of approximately HK\$71.3 million, or 14.6%, compared to revenue of approximately HK\$486.9 million for corresponding period last year. The increase was primarily due to the growth of the foundation business. For the Reporting Period, 51% of the revenue was contributed by private projects while 49% of the revenue was from public projects. The revenue was contributed by the public projects of, Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road, Kai Tak Children's Hospital, Public Rental Housing Development at Tung Chung Area 39, MTRC Shatin Central Link Contract C1102 Hin Keng Station and Approach Structures, MTRC Shatin Central Link C1103 Hin Keng to Diamond Hill Tunnels and Western Kowloon Cultural District M+ Museum project. In private sector, the Group was involved in private residential projects at Stubbs Road Ex-Lingnan site, North Point Estate Hotel Development of Sun Hung Kai Properties, residential & commercial development at Tseung Kwan O Area 65C1 of Wheelock Properties, office complex developments at Kowloon Bay, Wong Chuk Hang Road and Taikoo Place, Island East of Swire Properties and residential development at So Kwun Wat of Kerry Properties.

### Gross Profit and Gross Profit Margin

Gross profit for the Reporting Period was HK\$149.8 million, representing an increase of HK\$16.4 million or 12.3% from HK\$133.4 million for the year ended 31 March 2014. However, the gross profit margin slightly decreased from 27.4% for the year ended 31 March 2014 to 26.8% for the Reporting Period. It was mainly because the increase in revenue was slower than the rise in staff cost and subcontracting charges during the Reporting Period.

Staff cost increased by approximately 19.2% to HK\$88.1 million for the Reporting Period from HK\$73.9 million for the year ended 31 March 2014. It was mainly due to the increase in salary to retain our staff in order to cope with our business growth.

Subcontracting charges represent direct costs (e.g. diesel fuel, machinery and labour costs) paid to our Group's subcontractors to carry out part of our foundation works. During the Reporting Period, we further increase the subcontracting part of our foundation works, such as drilling, welding and grouting, to our approved subcontractors after considering our internal resources allocation, especially for the tight labour supply in the market. During the

## MANAGEMENT DISCUSSION AND ANALYSIS

Reporting Period, the subcontracting charges was around HK\$99.2 million, representing approximately 24.3% of total cost of sales, as compared to that of HK\$77.8 million, representing approximately 22.0% of total cost of sales for the year ended 31 March 2014.

To mitigate the impact of the ever-rising labour costs and the subcontracting charges, various measures have been implemented by the management of the Group to improve the operating efficiency and labour force, including strengthening the internal training, improving the efficiency of the working lines, acquiring advanced model of machineries and participating in campus recruitment talks in order to attract more young new joiners.

### Administrative and Other Operating Expenses

Our Group's general and administrative expenses increased to HK\$61.2 million for the Reporting Period from HK\$47.3 million for the year ended 31 March 2014, which represented an increase of approximately 29.4%. Such increase was mainly due to the increases in the professional fees, staff costs as well as Directors' emoluments.

### Net Profit and Net Profit Margin

Our Group's net profit margin for the Reporting Period was approximately 16.2% (2014: 15.1%). The net profit for the Reporting Period was HK\$90.6 million, representing a growth of approximately 23.4% as compared to the year ended 31 March 2014 of HK\$73.4 million, despite the fact that the net profit contributed by the construction business decreased during the Reporting Period. The drop was partially offset by the increase in rental income, gain on disposal and net gains from fair value adjustment generated from the investment property HK\$14.5 million in total. The Group's net profit contributed by the construction business for the Reporting Period was HK\$81.4 million (2014: HK\$85.5 million) and the net profit margin was approximately 14.6% (2014: 17.6%).

### Use of Net Proceeds from the Share Offer

The net proceeds from the share offer of the Company in connection with the Listing was approximately HK\$99.9 million. Our Group has used the net proceeds as follows:

	<b>Estimated Net Proceeds as Stated in the Prospectus</b> (approximately HK\$' million)	<b>Actual net Proceeds</b> (approximately HK\$' million)	<b>Used amount</b> (approximately HK\$' million) (as at 31 March 2015)	<b>Unused amount</b> (approximately HK\$' million) (as at 31 March 2015)
Acquisition of machineries and equipment	51.9	64.9	62.5	2.4
Hiring additional staff	12.0	15.0	6.6	8.4
Partial bank loan repayment	8.0	10.0	10.0	—
General working capital	8.0	10.0	10.0	—
<b>Total</b>	<b>79.9</b>	<b>99.9</b>	<b>89.1</b>	<b>10.8</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS PROSPECTS

The construction industry in Hong Kong is expected continued to grow steadily. According to the 2015 Hong Kong Government Policy Address, the Government proposes to continue to invest in infrastructure construction projects in year 2015–16. It sets the total housing supply target for the coming decade at 480,000 units. It actively explores ways to increase the supply of subsidised sale flats through organisations including the HKHA, HKHS and the URA to provide more choices and opportunities of home ownership to low and middle-income families. The Hong Kong Government puts up for pre-sale of approximately 2,700 Home Ownership Scheme (HOS) flats by the Housing Authority in year 2015–16 and approximately 2,000 and 1,600 subsidised sale flats by HKHA and HKHS respectively in year 2016–17.

In additions, the Hong Kong Government supports the Airport Authority to implement the three-runway system project. It commences the discussions on Phase 2 development of the Hong Kong Disneyland Resort and considers constructing a new convention centre above the Exhibition Station. In addition, it will implement seven new railway projects in phases by 2031 to the Railway Development Strategy 2014.

However, the construction industry is facing the problems of a severe shortage and ageing of skilled workers. Although the Hong Kong Government and the Construction Industry Council have made strenuous efforts in recent years to train local skilled workers and enhance the industry's professional image, and have attracted many new entrants to the industry, the keen demand has yet to be met. If the shortage of skilled workers cannot be properly dealt with, it will seriously affect the implementation of the government policies in relation to public housing, hospital, school and public transportation projects, and will also indirectly lead to the escalation of construction costs.

It has been reported that in recent months the approval progress of infrastructure projects by the Legislative Council and Legco Finance Committee has been extremely slow due to the uncooperative movement by pan-democrats. The budget approval in year 2009–10 was 100% approved while that in year 2013–14, the budget approval was greatly reduced to 44% (Infrastructure Committee) and 68% (Finance Committee) respectively. 23 projects submitted in the year 2012–13 were delayed to the year 2014–15. Average delay in projects is more than six months. In view of the above, the Group expects that the foundation business in public sectors may decrease and we shall be conservative in the business prospects of foundation business in the year of 2015–16.

### DEBTS AND CHARGE ON ASSETS

The total interest-bearing borrowings of the Group consisted of loans from a related company, bank loans and finance leases in a sum of approximately HK\$132.3 million as at 31 March 2015 (2014: HK\$26.6 million). As at 31 March 2015, loans from a related company, bank loans and finance leases facilities were approximately HK\$120 million, HK\$12.0 million and HK\$0.3 million respectively (2014: Nil, HK\$22.0 million and HK\$4.6 million). Finance leases facilities were secured by the Group's plant and machineries with an aggregated net book value of approximately HK\$2.8 million and HK\$6.0 million as at 31 March 2015 and 31 March 2014, respectively.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2015, our Group had cash and bank deposits of HK\$254.8 million (2014: HK\$118.6 million), representing an increase of approximately 114.8% when compared with the balance as at 31 March 2014. The share capital of the Company for the Reporting Period remained at approximately HK\$4.2 million (2014: HK\$4.2 million). As at 31 March 2015, the gearing ratio of the Group (defined as total interest-bearing liabilities divided by the Group's total equity) was approximately 41.2% (2014: approximately 11.6%).



## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN EXCHANGE RISK

Our Group mainly operates in Hong Kong and most of the operating transactions, revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if it arises. Therefore, the Group has not engaged in any derivative to hedge its exposure to foreign exchange risk.

### CAPITAL COMMITMENTS

Save as disclosed in Note 31 to the consolidated financial statements, the Group had no other capital commitments as at 31 March 2015 and 31 March 2014.

### SIGNIFICANT INVESTMENTS

Save as disclosed above, the Company did not hold any significant investment during the Reporting Period.

### CONTINGENT LIABILITIES

Save as disclosed in Note 35 to the consolidated financial statements, the Group had no significant contingent liabilities as at 31 March 2015 and 31 March 2014.

### MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

On 22 May 2014, the Group entered into a sale and purchase agreement with, among others, Absolutely Talent Technology Limited to acquire the entire issued share capital of Funa Assets Limited ("Funa Assets") at a consideration of HK\$39.0 million, which was on completion adjusted to HK\$38.7 million according to the terms of the sale and purchase agreement. Funa Assets has upon completion become a subsidiary of the Company. The main assets of Funa Assets are rental properties located in Hip Wo Street, Kwun Tong. The consideration was fully funded by cash generated from operating profit and reserves. This acquisition constituted a discloseable transaction of the Company under the Listing Rules and is therefore, subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. For further details of this transaction, please refer to the announcement of the Company dated 22 May 2014.

On 23 January 2015, the Group entered into a provisional sale and purchase agreement with World Mate Investment Limited, an independent third party, to dispose of the rental properties disclosed in the announcement of the Company dated 22 May 2014 at a consideration of HK\$50.0 million. We recorded HK\$9.9 million of gain on disposal of properties, being the difference between the consideration and the book value of the properties, net of commission and other related expenses as at completion date on 20 March 2015. The disposal of rental properties took place on 20 March 2015. The said disposal constituted a discloseable transaction of the Company under the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. For further details of this transaction, please refer to the announcement of the Company dated 23 January 2015.

Save as disclosed above, the Group had no other material acquisition and/or disposal of subsidiaries and properties during the Reporting Period.

### PLACING OF SHARES BY CONTROLLING SHAREHOLDERS

On 22 April 2014, Fabulous Business Limited ("Fabulous Business"), the controlling shareholder of the Company, entered into a placing agreement with CNI Securities Group Limited to place a maximum of 88,000,000 ordinary shares of the Company ("Placing Shares") at the placing price of HK\$0.95 per Placing Share to not less than six placees, each of whom is independent of and not connected with the Company or any of its connected persons (as defined in the Listing Rules). Upon completion of the placing, the shareholding of Fabulous Business in the then issued share capital of the Company reduced from 72.29% to approximately 51.08%. The Placing completed on 23 April 2014. For further details of the Placing, please refer to the announcements of the Company dated 22 April 2014 and 23 April 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

On 18 February 2015, Fabulous Business entered into a loan agreement (the "Loan Agreement") with an independent third party in relation to the provision of loan in the principal amount of HK\$325 million pursuant to which Fabulous Business pledged 212,000,000 shares of the Company (the "Charged Shares") as security for the Loan Agreement. The Charged Shares represent approximately 51.08% of the issued share capital of the Company. For further details of this transaction, please refer to the announcement of the Company dated 18 February 2015.

### CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company's principal place of business in Hong Kong has been changed to Units 1303-4, 13/F., AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong with effect from 1 January 2015.

### RESIGNATION OF NON-EXECUTIVE DIRECTOR

Mr. Wong Sai Yee resigned as a non-executive Director with effect from 25 February 2015 due to his decision to devote more time to pursue his personal and other career development. Details of the resignation aforesaid are set out in the announcement of the Company dated 25 February 2015.

### APPOINTMENT OF EXECUTIVE DIRECTOR, NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lam Wing Tai (林永泰) was appointed as an executive Director, Mr. Chui Kwong Kau (崔光球) was appointed as a non-executive Director and Mr. Foo Tin Chung, Victor (傅天忠) was appointed as an independent non-executive Director with effect from 6 March 2015. Details of the appointment aforesaid are set out in the announcement of the Company dated 6 March 2015.

### EVENTS AFTER THE REPORTING PERIOD

#### Placing of shares under general mandate

The Company has conditionally agreed to place 83,000,000 new shares to not less than six placees at a price of HK\$0.73 pursuant to the terms and conditions of the placing agreement entered into between the Company and Kingston Securities Limited on 13 April 2015. All the conditions of the placing were fulfilled and completion of the placing took place on 23 April 2015. The net proceeds from the placing, after deducting the placing commission and other expenses in connection with such placing from the gross proceeds, is approximately HK\$59 million which is intended to be used for general working capital and/or future investment of the Group. Details of which are set out in the announcements of the Company dated 13 April 2015 and 23 April 2015.

#### Disposal of shares by controlling shareholder

On 24 April 2015, Fabulous Business Limited ("Fabulous Business") disposed of 49,000,000 shares of the Company at a price of HK\$1.20 per Share to a third party independent of the Company or any of its connected persons (as defined in the Listing Rules) (the "Disposal"). Following the completion of the Disposal, the shareholding of Fabulous Business in the Company reduced to approximately 32.73%. For further details of the Disposal, please refer to the announcement of the Company dated 24 April 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Change of Company Secretary

Mr. Lam Chi Keung resigned from his position as the company secretary of the Company with effect from 31 October 2014. Ms. Yim Sau Ping was appointed as the company secretary of the Company and the financial controller of the Group with effect from 31 October 2014.

Ms. Yim resigned from her position as the company secretary and continue her role of financial controller of the Company with effect from 8 May 2015 due to her desire to devote more time on her personal affairs. Mr. Yeung Siu Keung has been appointed as the company secretary of the Company with effect from 8 May 2015.

### Share Subdivision and Change in Board Lot Size

On 11 May 2015, the Company proposed that each of the issued and unissued share of the Company of HK\$0.01 each in the share capital of the Company into ten (10) subdivided shares of HK\$0.001 each ("Share Subdivision"), subject to the passing of an ordinary resolution by the shareholders of the Company to approve the proposed Share Subdivision at an extraordinary general meeting and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the share subdivision becoming effective. The Board further proposed to change the board lot size for trading from 4,000 existing shares to 10,000 subdivided shares after the share subdivision becoming effective. The relevant ordinary resolution was passed at the extraordinary general meeting held on 3 June 2015 and such Shares Subdivision and change in board lot size has become effective on 4 June 2015.

For further details of the Share Subdivision, please refer to the announcements of the Company dated 11 May 2015 and 3 June 2015, the notice of the extraordinary general meeting and the circular of the Company both dated 15 May 2015.

### Appointment of executive directors

Mr. Chu Bai Qing (儲佰青先生) and Mr. Zou Wei Dong (鄒衛東先生) have been appointed as the executive directors of the Company with effect from 23 June 2015. Details of which are set out in the announcement of the Company dated 23 June 2015.

## EMPLOYEE AND REMUNERATION POLICIES

The Group had approximately 252 employees as at 31 March 2015 (2014: 265 employees). The total remuneration of employees for the Reporting Period amounted to approximately HK\$129.7 million (2014: HK\$96.4 million).

Employee remuneration packages are maintained at competitive levels and employees are rewarded through the Group's salary and bonus system. The Group provides adequate job training to employees to equip them with practical knowledge and skills.

## FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Reporting Period (2014: Nil).

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Dr. Wong Sai Chung, Albert**, aged 51, is our executive Director, chairman of our Board and the controlling shareholder of our Company. Dr. Wong is responsible for overall management and overseeing marketing and engineering work of our Group. He was appointed as a Director on 3 April 2013 and re-designated as our executive Director and appointed as the chairman of the Board on 22 September 2013. Dr. Wong, who joined Ngai Shun Construction & Drilling Co. in 1994 and later joined our Group, has 21 years of experience in foundation works. Before joining our Group, he worked for Reinforced Earth (SEA) Pte. Ltd. as senior project engineer from 1989 to 1993 and Reinforced Earth Pacific Ltd. as assistant general manager and consultant from 1993 to 1999. Both Reinforced Earth (SEA) Pte. Ltd. and Reinforced Earth Pacific Ltd. are companies that provided civil engineering and design services.

Dr. Wong has been awarded as Honorary Doctorate of Engineering at Lincoln University and Fellowship at Asian College of Knowledge Management in April 2015. Dr. Wong also obtained a master of science degree in civil engineering from the Hong Kong Polytechnic University in December 2006, a postgraduate diploma in civil engineering from the Hong Kong Polytechnic University in November 1998, a graduate diploma in business administration from the Singapore Institute of Management in December 1991, and a bachelor of engineering degree from the National University of Singapore in June 1988. He was admitted as a member of the Institution of Engineers, Singapore in 2000. He was also admitted to a program of doctor of business administration degree at the University of Newcastle, Australia, specialising in global corporate governance, social responsibility and international business strategy.

**Mr. Lam Wing Sum**, aged 57, is one of the founders of our Group and the controlling shareholder of our Company. He was appointed as our executive Director, the vice chairman of our Board and the chief executive officer of our Group on 22 September 2013. Mr. Lam established Ngai Shun Construction & Drilling Co. in 1983, a partnership, with business focused mainly in site investigation and grouting work. Mr. Lam has been involved in the construction industry for more than 37 years and he is responsible for formulation of development strategies, overseeing the daily operation and business development of our Group.

**Mr. Tao Chi Keung**, aged 45, is our executive Director. Mr. Tao is the half brother of Mr. Lam Wing Sum. Mr. Tao is responsible for human resources and machinery management of our Group. Mr. Tao joined Ngai Shun Construction & Drilling Co. in 1994 and subsequently joined our Group and promoted to superintendent on 31 March 2013. He was appointed as our executive Director on 22 September 2013. Mr. Tao has almost 21 years of experience in the Hong Kong foundation industry and has in-depth knowledge in our daily operations.

**Mr. Lam Wing Tai**, aged 48, joined our Group and appointed as an executive Director on 6 March 2015. Mr. Lam is the company secretary of Gamma Logistics Corporation, the shares of which are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange (Stock Code: 8310) and an independent non-executive director of Jun Yang Solar Power Investments Limited (Stock Code: 397) and Universe International Holdings Limited (Stock Code: 1046). Shares of the aforesaid two companies are listed on the Main Board of the Stock Exchange. Mr. Lam studied accounting at the Australian National University and obtained a bachelor degree in commerce in 1991. Mr. Lam is a member of the CPA Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Lam has extensive experience in the accounting and auditing field. Mr. Lam was an executive director of Hong Kong Life Sciences and Technologies Group Limited (formerly known as ZMAY Holdings Limited), the shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8085), from October 2009 to November 2012. He was the company secretary of Computech Holdings Limited, the shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8081), from November 2011 to September 2013.

**Mr. Chu Bai Qing**, aged 45, joined our Group and appointed as an executive Director on 23 June 2015. Mr. Chu graduated from South China Institute of Technology (currently known as South China University of Technology) in the People's Republic of China (the "PRC") in July 1990. He has over 10 years of experience in merchandising and property investment. He has served as the general manager of Anhui Xinhe Yucheng Properties Investment Limited (安徽鑫和御城置業投資有限公司) since October 2010 and he has been the chairman of the board of directors of Beijing Yinier Fashion Limited (北京依妮兒服飾有限公司) since 2002.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Zou Wei Dong**, aged 47, joined our Group and appointed as an executive Director on 23 June 2015. Mr. Zou graduated from Anhui University in the PRC in July 1990. He has over 10 years of experience in property investment. He has served as the chairman of the board of directors of Anhui Xinhe Yucheng Properties Investment Limited (安徽鑫和御城置業投資有限公司) since October 2010. He has also served as the chairman of the board of directors of Qian Shan County Jin Yuan Zhi Ye Limited (潛山縣金源置業有限公司) since 2004.

### NON-EXECUTIVE DIRECTOR

**Mr. Chui Kwong Kau**, aged 48, joined our Group as our non-executive Director on 6 March 2015. Mr. Chui is currently an executive director of China Energy Development Holdings Limited (stock code: 228), the shares of which are listed on the Main Board of the Stock Exchange and an executive director of Hong Kong Life Sciences and Technologies Group Limited, the shares of which are listed on the GEM (Stock Code: 8085). He is also an independent non-executive director of Aurum Pacific (China) Group Limited (Stock Code: 8148) since March 2010, the shares of which are listed on the GEM. He has over 15 years' experiences in accounting and auditing fields.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Tam Tak Kei, Raymond**, aged 51, joined our Group as our independent non-executive Director on 22 September 2013. 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 was admitted as a member of The Institute of Chartered Accountants in England and Wales in 1990 and an associate member of the Hong Kong Institute of Certified Public Accountants in 1995. Mr. Tam acted as financial controller in two 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 also acts as an independent non-executive director of CNQC International Holdings Limited (formerly known as Sunley Holdings Limited) (stock code: 1240), Vision Fame International Holding Limited (stock code: 1315), Tianjin Jinran Public Utilities Company Limited (stock code: 1265, formerly 8290), and Jin Cai Holdings Company Limited (stock code: 1250).

Mr. Tam was an independent non-executive director of Sun Innovation Holdings Limited (stock code: 547) and Zebra Strategic Holdings Limited (stock code: 8260) until his resignation with effect from 9 August 2013 and 10 September 2014 respectively.

During the Reporting Period, Mr. Tam was appointed as the chief financial officer of King Force Security Holdings Limited, shares of which are listed on the GEM of the Stock Exchange (stock code: 08315) on 20 August 2014, with effect from April 2014 and has tendered his resignation with effect from 1 December 2014.

**Mr. Pai Hao**, aged 53, joined our Group as our independent non-executive Director on 22 September 2013. Mr. Pai graduated from the National University of Singapore with a bachelor of engineering degree in Mechanical & Production Engineering in 1988. Mr. Pai has been the managing director of QualiSys Consultancy Services (Hong Kong) Limited since 1992. He has attained over 22 years of experience in the consulting field. Mr. Pai is a member of the Steering Committee of Lean Six Sigma, China Association for Quality since 2013.

**Mr. Chiu Sai Chuen Nicholas**, *BBS, MBE, JP*, aged 70, was appointed as our independent non-executive Director on 22 September 2013. Mr. Chiu obtained a bachelor degree of science in engineering and a certificate in Industrial Engineering from the University of Hong Kong in November 1969 and September 1971 respectively. He was admitted as a fellow of the Hong Kong Institution of Engineers in February 1991 and a registered professional engineer of the Hong Kong Engineers Registration Board from February 1999 to January 2000. Mr. Chiu was also admitted as a member of the Institution of Mechanical Engineers in August 1990. He then joined South Star Construction Co. Ltd as the managing director from August 1991 till August 2001. Mr. Chiu had been a member of the Standing Commission on Civil Service Salaries and Conditions of Service from July 1989 to June 1991. He had served as the Chairman of the Pay Trend Survey Committee of the Hong Kong Government in 1994. Mr. Chiu has acted on the Board of Directors

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

of Christian Family Service Centre since February 1988 and he is currently the Chairman of the organisation. Mr. Chiu also acts as an independent non-executive director of Vision Fame International Holding Limited (stock code: 1315) since May 2013.

**Mr. Foo Tin Chung, Victor**, aged 46, was appointed as independent non-executive Director on 6 March 2015. Mr. Foo is the company secretary of Huisheng International Holdings Limited (Stock Code: 1340) since July 2013 and China Grand Pharmaceutical and Healthcare Holdings Limited (stock code: 512) since September 2011. Shares of all these companies are listed on the Main Board of Stock Exchange. Mr. Foo has been an independent non-executive director of Shandong Luoxin Pharmaceutical Group Stock Company Limited (formerly known as Shandong Luoxin Pharmacy Stock Co., Ltd.) (stock code: 8058) since April 2005, the shares of which are listed on the GEM of the Stock Exchange. Mr. Foo obtained a bachelor degree of commerce in accounting and information system from the University of New South Wales in Australia in April 1994 and a master degree in business administration from the Australian Graduate School of Management in July 2007. He has been a member of the CPA Australia since January 1998 and an associate member of the Hong Kong Institute of Certified Public Accountants since July 1999. Mr. Foo was the executive director and company secretary of Jinheng Automotive Safety Technology Holdings Limited (stock code: 872) from June 2004 to September 2014.

### COMPANY SECRETARY

**Mr. Yeung Siu Keung**, aged 32, was appointed as the company secretary of the Company on 8 May 2015. He holds a bachelor degree of Commerce in Accounting from Hong Kong Shue Yan University. Mr. Yeung is a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants. Mr. Yeung has over 5 years of solid experiences in the field of accounting and finance from his past work experiences. Mr. Yeung is currently an independent non-executive director of Simsen International Corporation Limited (Stock Code: 993), the shares of which are listed on the Main Board of the Stock Exchange.

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present hereby a Corporate Governance Report of the Company for the year ended 31 March 2015.

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term and continuing success of the Group. The Board is committed in maintaining good corporate standards and procedures for the best interest of the Company's shareholders (the "Shareholders").

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the Reporting Period, the Company had complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

## BOARD OF DIRECTORS

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

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

## Composition of the Board

As at the date of this report, the Board comprises of eleven Directors, including six executive Directors, one non-executive Director and four independent non-executive Directors (the "INEDs"). The names of the Directors are set out below:

### Executive Directors

Dr. Wong Sai Chung, Albert (*Chairman*)  
Mr. Lam Wing Sum (*Chief Executive Officer & Vice Chairman*)  
Mr. Tao Chi Keung  
Mr. Lam Wing Tai (appointed on 6 March 2015)  
Mr. Chu Bai Qing (appointed on 23 June 2015)  
Mr. Zou Wei Dong (appointed on 23 June 2015)

## CORPORATE GOVERNANCE REPORT

### Non-executive Directors

Mr. Wong Sai Yee (resigned on 25 February 2015)  
Mr. Chui Kwong Kau (appointed on 6 March 2015)

### Independent Non-executive Directors

Mr. Tam Tak Kei, Raymond  
Mr. Pai Hao  
Mr. Chiu Sai Chuen Nicholas  
Mr. Foo Tin Chung, Victor (appointed on 6 March 2015)

Pursuant to Article 108 of the memorandum and articles of association of the Company (the “Articles”), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election.

Specific enquiry has been made by the Company to each of the INEDs to confirm their independence. In this connection, the Company has received positive confirmations from all of the INEDs. Based on the confirmations received, the Company is of the view that all INEDs are independent under the Listing Rules.

Saved as disclosed in the Section “Biographical Details of the Directors and Senior Management” in this annual report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

### Chairman and Chief Executive Officer

The code provision A.2.1 of the Code requires that the roles of Chairman and Chief Executive Officer should be separate and not performed by the same individual.

The duties and responsibilities of Chairman and Chief Executive Officer of the Company are clearly and appropriately segregated. For instance, Dr. Wong Sai Chung, Albert, acting as the Chairman of the Board, is responsible for overseeing the functioning of the Board while Mr. Lam Wing Sum, acting as the Chief Executive Officer of the Company, is responsible for managing the Group’s business operations. As such, the Company has complied with the code provision A.2.1. of the Code.

### Non-executive Director

The Company has one non-executive Director, namely Mr. Chui Kwong Kau. Mr. Chui was appointed as non-executive Director on 6 March 2015 under a fixed term of one year. In accordance with the Articles, he is subject to retirement at the Company’s next annual general meeting after his appointment.

### Board Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of our Group. Directors may participate either in person or through electronic means of communications.



## CORPORATE GOVERNANCE REPORT

The attendance of the respective Directors to the Board Meetings which were held during the year ended 31 March 2015 are set out below:

	<b>Board Meetings</b>
<b>Executive Directors</b>	
Dr. Wong Sai Chung, Albert	4/4
Mr. Lam Wing Sum	4/4
Mr. Tao Chi Keung	4/4
Mr. Lam Wing Tai <sup>1</sup>	1/1
Mr. Chu Bai Qing <sup>3</sup>	-/-
Mr. Zou Wei Dong <sup>3</sup>	-/-
<b>Non-executive Directors</b>	
Mr. Wong Sai Yee <sup>2</sup>	4/4
Mr. Chui Kwong Kau <sup>1</sup>	1/1
<b>Independent Non-executive Directors</b>	
Mr. Tam Tak Kei, Raymond	4/4
Mr. Pai Hao	4/4
Mr. Chiu Sai Chuen Nicholas	4/4
Mr. Foo Tin Chung, Victor <sup>1</sup>	1/1

Notes:

- 1 Mr. Lam Wing Tai, Mr. Chui Kwong Kau and Mr. Foo Tin Chung, Victor have been appointed as executive Director, non-executive Director and independent non-executive Director respectively with effect from 6 March 2015.
- 2 Mr. Wong Sai Yee resigned as Non-executive Director with effect from 25 February 2015.
- 3 Mr. Chu Bai Qing and Mr. Zou Wei Dong have been appointed as the executive Directors with effect from 23 June 2015.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

After having made specific enquiry by the Group, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code throughout the Reporting Period.

### DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors to a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged our Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

The Company updates directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements concerning good corporate governance practices. Reading materials on regulatory updates were also provided to the directors for updating their knowledge on the relevant issues. The Company will, if necessary,

## CORPORATE GOVERNANCE REPORT

provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the Listing Rules. The Group has also adopted a policy to reimburse the Directors for any relevant training costs and expenses incurred concerning corporate governance and internal control.

### BOARD COMMITTEES

The Board has established a number of functional committees in compliance with the relevant Listing Rules and to assist the Board to discharge its duties. Currently, three committees have been established, i.e. the Audit Committee, the Nomination Committee and the Remuneration Committee. The functions and responsibilities of these committees have been set out in the relevant terms of reference which are of no less stringent than those stated in the Code. The relevant terms of reference of each of the three committees can be found on the Company's websites ([www.ngaishun.com.hk](http://www.ngaishun.com.hk)). All committees have been provided with sufficient resources and support from the Group to discharge their duties.

#### Audit Committee

The Audit Committee comprises of three members, namely Mr. Tam Tak Kei, Raymond (Chairman), Mr. Pai Hao and Mr. Chiu Sai Chuen Nicholas, all of whom are INEDs of the Company.

With reference to the terms of reference, the primarily responsibilities of the Audit Committee are, among others,

- 1) make recommendations to the Board on the appointment and reappointment of the Company's external auditors, and approve the remuneration and terms of engagement of the Company's external auditors;
- 2) review and monitor the Company's external auditors' independence and objectivity, and the effectiveness of the audit process in accordance with applicable standards;
- 3) develop and implement policy on engaging the Company's external auditors to supply non-audit services, if any;
- 4) monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and review significant financial reporting judgments contained in them;
- 5) discuss with the Company's external auditors questions and doubts arising in the audit of interim and annual accounts;
- 6) review the letter of the Company's management from the Company's external auditors and the management's response;
- 7) review the Company's financial reporting, financial controls, internal control and risk management system;
- 8) discuss the internal control system with the Company's management to ensure that it has performed its duty to have an effective internal control system;
- 9) review the financial and accounting policies and practices of the Group; and
- 10) review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

During the Reporting Period, the Audit Committee reviewed with the management of the Group's unaudited interim results and audited annual results for the financial year ended 31 March 2015, and discussed internal controls and financial reporting matters. The Audit Committee also reviewed this annual report, and confirmed that this annual

## CORPORATE GOVERNANCE REPORT

report complies with the applicable standard, the Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

The attendance of the members of the Audit Committee meetings which were held during the year ended 31 March 2015 is summarised below:

	<b>Audit Committee Meetings</b>
Mr. Tam Tak Kei, Raymond ( <i>Chairman</i> )	2/2
Mr. Pai Hao	2/2
Mr. Chiu Sai Chuen Nicholas	2/2

### Remuneration Committee

The Remuneration Committee of the Company comprises of three members, namely Mr. Pai Hao (Chairman), Mr. Lam Wing Sum, and Mr. Chiu Sai Chuen Nicholas. Mr. Pai and Mr. Chiu are the INEDs of the Company.

With reference to the terms of reference, the primarily responsibilities of the Remuneration Committee include:

- 1) consult the Chairman of the Board and the Chief Executive Officer on their remuneration proposals for other executive Directors;
- 2) make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 3) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 4) make recommendations to the Board on the remuneration packages of executive Directors and senior management;
- 5) make recommendations to the Board on the remuneration of non-executive Directors;
- 6) review and approve the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
- 7) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

CORPORATE  
GOVERNANCE REPORT

The attendance of the members of the Remuneration Committee meetings which were held during the year ended 31 March 2015 is summarised below:

	<b>Remuneration Committee Meetings</b>
Mr. Pai Hao ( <i>Chairman</i> )	2/2
Mr. Lam Wing Sum	2/2
Mr. Chiu Sai Chuen Nicholas	2/2

The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

Pursuant to the code provision B.1.5 of the Code, the annual remuneration (including bonus) of the members of the senior management of the Group by band for the year ended 31 March 2015 is set out below:

<b>Remuneration Band</b>	<b>Number of Senior Management</b>
Up to HK\$1,000,000	6
HK\$1,000,001 to up to HK\$2,000,000	3
HK\$2,000,000 or above	2

### Nomination Committee

The Nomination Committee comprises of three members, namely Dr. Wong Sai Chung, Albert (Chairman), Mr. Tam Tak Kei, Raymond and Mr. Chiu Sai Chuen Nicholas. Mr. Tam and Mr. Chiu are the INEDs of the Company.

With reference to the terms of reference, the primarily responsibilities of the Nomination Committee include:

- 1) review 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;
- 2) review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
- 3) assess the independence of the INEDs; and
- 4) make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the Chairman and the Chief Executive Officer.

The Board is of the view that the Nomination Committee has properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

## CORPORATE GOVERNANCE REPORT

The attendance of the members of the Nomination committee meetings which were held during the year ended 31 March 2015 is summarised below:

	<b>Nomination Committee Meetings</b>
Dr. Wong Sai Chung, Albert ( <i>Chairman</i> )	2/2
Mr. Tam Tak Kei, Raymond	2/2
Mr. Chiu Sai Chuen Nicholas	2/2

### AUDITORS' REMUNERATION

During the Reporting Period, the Group engaged Hodgson Impey Cheng Limited ("HLB") as the Group's external auditors to conduct final results audit with the remuneration payable of HK\$750,000.

### COMPANY SECRETARY

The Company Secretary is responsible for facilitating the Board process, as well as communications among Board members. The Company Secretary complied with all the qualifications under the Listing Rules.

### INTERNAL CONTROLS

The Board and the senior management are responsible for improving and monitoring the internal control of the Group. In this connection, the Board constantly and actively seeks to strengthen the internal control system of the Group by way of, among other things, regularly review of the effectiveness of the internal control measures and mechanism adopted by the Group in respect of financial, operational and compliance controls, etc.

### DIRECTOR AND AUDITORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibilities for preparing the financial statements and to ensure that the financial statements of the Group are prepared to reflect the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions as required under the Listing Rules. The Directors are of the view that the financial statements of the Group for each financial year have been prepared on these basis.

To the best knowledge of the Directors, there is no uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Statement of the Company's external auditors' responsibilities for preparing the consolidated financial statements is set out in the Independent Auditors' Report of this report.

### GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting (the "AGM") is a forum in which the Board and the Shareholders can communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc. At the AGM, the Directors (including the INEDs) are available to attend to questions raised by the Shareholders. The external auditor of the Company is also invited to be present at the AGM to address the queries of the Shareholders concerning the audit procedures and the auditors' report.

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHTS

#### Convening of Extraordinary General Meeting on Requisition 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 company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

#### Procedures for Shareholders' Nomination of Directors

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 of the Company. The period for lodgment of the notices required under the 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.

#### Procedures for directing shareholders' enquiries to the Board

Shareholders may direct their enquiries concerning their shareholdings to the Company's share registrars. Shareholders may also make a request for the Company's information to the extent that such information has been made publically available by the Company. All written enquiries or requests may be forwarded to the Company's head office or by fax to (852) 23509545, or by email to [info@ngaishun.com.hk](mailto:info@ngaishun.com.hk).

The addresses of the Company's head office and the Company's share registrars can be found in the section "Corporate Information" of this annual report.

## CORPORATE GOVERNANCE REPORT

### INVESTOR RELATIONS

To ensure transparent and comprehensive disclosures to investors, the Group delivers information of the Group to the public through various channels, including general meetings, public announcements, interim reports and annual reports. The investors are also able to assess the latest news and information of the Group via our website ([www.ngaishun.com.hk](http://www.ngaishun.com.hk)).

In order to maintain good and effective communication, the Company together with the Board extend their invitation to all Shareholders and encourage them to attend the forthcoming annual general meeting and all future general meetings.

The Shareholders may also forward their enquiries and suggestions in writing to the Company to the followings:

Address:

Units 1303–4, 13/F.,  
AIA Financial Centre,  
712 Prince Edward Road East,  
San Po Kong  
Kowloon, Hong Kong

Email: [info@ngaishun.com.hk](mailto:info@ngaishun.com.hk)

During the Reporting Period, the Company did not make changes to its Articles. A copy of the latest version of the Company's Memorandum and Articles of Association is posted on the websites of the Company and the Stock Exchange.

# DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements for the year ended 31 March 2015.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the foundation business in Hong Kong as a foundation subcontractor.

## RESULT AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 41.

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

## FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 94.

## INVESTMENT PROPERTIES

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

## PROPERTY, PLANT AND EQUIPMENT

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

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2015 and details of the acquisition and disposal of subsidiaries during the Reporting Period are set out in note 32 and note 33 to the consolidated financial statements respectively.

## SHARE CAPITAL AND SHARE PREMIUM

The Company's total issued share capital as at 31 March 2015 was 415,000,000 ordinary shares of HK\$0.01 each.

Details of movements of the share capital and the share premium of the Company during the Reporting Period are set out in note 27 and note 29 to the consolidated financial statements.

## RESERVES

Details of the reserves of the Group are set out in note 29 to the consolidated financial statements.

As of 31 March 2015, the reserves of the Company available for distribution, as calculated under the provisions of section 79B of the Companies Ordinance, and in accordance with the Companies Law Cap. 22 of Cayman Islands, was approximately HK\$307.3 million (2014: HK\$215.2 million) inclusive of share premium and retained earnings.



## DIRECTORS' REPORT

### SHARE OPTION SCHEME

Particulars of the share option scheme (the "Scheme") which was adopted on 22 September 2013 is set out in note 28 to the consolidated financial statements.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2015.

### DIRECTORS

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

#### Executive Directors

Dr. Wong Sai Chung, Albert (*Chairman*)  
Mr. Lam Wing Sum (*Chief Executive Officer & Vice Chairman*)  
Mr. Tao Chi Keung  
Mr. Lam Wing Tai (appointed on 6 March 2015)  
Mr. Chu Bai Qing (appointed on 23 June 2015)  
Mr. Zou Wei Dong (appointed on 23 June 2015)

#### Non-executive Directors

Mr. Wong Sai Yee (resigned on 25 February 2015)  
Mr. Chui Kwong Kau (appointed on 6 March 2015)

#### Independent Non-executive Directors

Mr. Tam Tak Kei, Raymond  
Mr. Pai Hao  
Mr. Chiu Sai Chuen Nicholas  
Mr. Foo Tin Chung, Victor (appointed on 6 March 2015)

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

Information regarding directors' emoluments is set out in note 8 to the consolidated financial statements.

An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the independent non-executive Director.

## DIRECTORS' REPORT

### DIRECTORS' SERVICE CONTRACT

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

In accordance with Article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting.

Each of the executive Directors shall also be entitled to discretionary bonus to be determined by the Board based on, among other things, the performance of the individual Directors and the overall financial position of the Group, and is subject to the recommendation of the remuneration committee of the Company.

By virtue of Article 112 of the Articles, Mr. Lam Wing Tai, Mr. Chui Kwong Kau, Mr. Foo Tin Chung, Victor, Mr. Chu Bai Qing and Mr. Zou Wei Dong will retire as Directors at the forthcoming AGM and, being eligible, will offer themselves for re-election at the annual general meeting.

Dr. Wong Sai Chung, Albert and Mr. Lam Wing Sum will retire from office as Directors at the annual general meeting. Each of them, being eligible, offer themselves for re-election pursuant to article 108(a) of the Articles.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF THE ASSOCIATED CORPORATIONS

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

#### (i) Interests in the Shares

Name of Director	Capacity/Nature	Long/ short position	No. of Shares held	Approximate Percentage of Shareholding
Dr. Wong Sai Chung, Albert ("Dr. SC Wong, Albert")	Interest in controlled corporation (Note)	Long position	212,000,000	51.08%
Mr. Lam Wing Sum ("Mr. Lam")	Interest in controlled corporation (Note)	Long position	212,000,000	51.08%

## DIRECTORS' REPORT

### (ii) Interests in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Capacity/Nature	Long/short position	No. of Shares held	Approximate Percentage of shareholding
Dr. SC Wong, Albert	Fabulous Business	Interest in controlled corporation (Note)	Long position	24	20%
Mr. Lam	Fabulous Business	Interest in controlled corporation (Note)	Long position	60	50%
Dr. SC Wong, Albert	Prime Colour Global Limited ("Prime Colour")	Beneficial owner	Long position	40	40%
Mr. Lam	Splendid Core Global Limited ("Splendid Core")	Beneficial owner	Long position	1	100%

Note:

These shares are held by Fabulous Business which is owned as to 50% by Prime Colour and 50% by Splendid Core. Dr. SC Wong, Albert owns 40% of the issued share capital of Prime Colour while Mr. Lam owns 100% of Splendid Core. Therefore, Dr. SC Wong, Albert and Mr. Lam are deemed or taken to be interested in all the shares which are beneficially owned by Fabulous Business for the purpose of the SFO. Dr. SC Wong, Albert is the director of Prime Colour; Mr. Lam is the director of Splendid Core.

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2015, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were discloseable 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:

Name	Capacity/Nature of Interest	Long/short position	No. of Shares held	Approximate Percentage of Shareholding
Fabulous Business	Beneficial owner (Note 1)	Long position	212,000,000	51.08%
Prime Colour	Interest in controlled corporation (Note 2)	Long position	212,000,000	51.08%
Mr. Wong Sai Yee ("Mr. SY Wong")	Interest in controlled corporation (Note 2)	Long position	212,000,000	51.08%
Splendid Core	Interest in controlled corporation (Note 3)	Long position	212,000,000	51.08%
Ms. Wong Lai Ling	Interest of spouse (Note 4)	Long position	212,000,000	51.08%
Ms. Kwan Oi Man Joyce ("Mrs. Lam")	Interest of spouse (Note 5)	Long position	212,000,000	51.08%
Ms. Wong Mei Yi Patricia	Interest of spouse (Note 6)	Long position	212,000,000	51.08%
Kingston Finance Limited	Person having a security interest in shares	Long position	212,000,000	51.08%
Ample Cheer Limited	Interest in controlled corporation (Note 7)	Long position	212,000,000	51.08%
Best Forth Limited	Interest in controlled corporation (Note 8)	Long position	212,000,000	51.08%
Ms. Chu Yuet Wah	Interest in controlled corporation (Note 9)	Long position	212,000,000	51.08%

## DIRECTORS' REPORT

### Notes:

- (1) Fabulous Business is a company incorporated in the British Virgin Islands and is owned by Prime Colour as to 50% and owned by Splendid Core as to the remaining 50%.
- (2) Prime Colour is a company incorporated in the British Virgin Islands and owns 50% shareholding in Fabulous Business, which in turn owns approximately 51.08% shareholding in the Company. Therefore, Prime Colour is deemed or taken to be interested in all the shares which are beneficially owned by Fabulous Business for the purpose of the SFO. Dr. SC Wong, Albert and Mr. SY Wong are directors of Prime Colour.
- (3) Splendid Core is a company incorporated in the British Virgin Islands and owns 50% shareholding in Fabulous Business, which in turn owns approximately 51.08% shareholding in the Company. Therefore, Splendid Core is deemed or taken to be interested in all the shares which are beneficially owned by Fabulous Business for the purpose of the SFO. Mr. Lam is the sole director of Splendid Core.
- (4) Dr. SC Wong, Albert owns 100% of the issued share capital of Prime Colour, of which 40% of the shares is beneficially held by Dr. SC Wong, Albert, and 20% and 40% of the shares are held by Dr. SC Wong, Albert on trust for Mr. Wong Sai Lai and Mr. SY Wong, respectively, and Prime Colour in turn owns 50% shareholding in Fabulous Business, the beneficial owner holding approximately 51.08% shareholding in the Company. Therefore, Dr. SC Wong, Albert is deemed or taken to be interested in all the shares which are beneficially owned by Fabulous Business for the purpose of the SFO. Ms. Wong Lai Ling is the spouse of Dr. SC Wong, Albert. Therefore, Ms. Wong Lai Ling is deemed or taken to be interested in all the shares which are interested by Dr. SC Wong, Albert for the purpose of the SFO.
- (5) Mr. Lam owns 100% of the issued share capital of Splendid Core, and Splendid Core in turn owns 50% shareholding in Fabulous Business, the beneficial owner holding approximately 51.08% shareholding in the Company. Therefore, Mr. Lam is deemed or taken to be interested in all the shares which are beneficially owned by Fabulous Business for the purpose of the SFO. Mrs. Lam is the spouse of Mr. Lam. Therefore, Mrs. Lam is deemed or taken to be interested in all the shares which are interested by Mr. Lam for the purpose of the SFO.
- (6) Mr. SY Wong owns 40% of the issued share capital of Prime Colour, which is held on trust by Dr. SC Wong, Albert for Mr. SY Wong, and Prime Colour in turn owns 50% shareholding in Fabulous Business, the beneficial owner holding approximately 51.08% shareholding in the Company. Therefore, Mr. SY Wong is deemed or taken to be interested in all the shares which are beneficially owned by Fabulous Business for the purpose of the SFO. Ms. Wong Mei Yi Patricia is the spouse of Mr. SY Wong. Therefore, Ms. Wong Mei Yi Patricia is deemed or taken to be interested in all the shares which are interested by Mr. SY Wong for the purpose of the SFO.
- (7) Ample Cheer Limited is deemed to be interested in the 212,000,000 Shares as it holds 100% of the issued share capital of Kingston Finance Limited.
- (8) Best Forth Limited is deemed to be interested in the 212,000,000 Shares as it indirectly holds 80% of the issued share capital of Kingston Finance Limited.
- (9) Ms. Chu Yuet Wah is deemed to be interested in the 212,000,000 Shares as she indirectly holds 80% of the issued share capital of Kingston Finance Limited.

Save as disclosed above, as at 31 March 2015, the Company had not been notified of any other persons (other than a Director and chief executive of the Company) who had an interest or short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

### EVENTS AFTER THE REPORTING PERIOD

For details of the events after the reporting period, please refer to the section headed "Management Discussion and Analysis" in this annual report.

### MAJOR CUSTOMERS

During the Reporting Period, the Group's five largest customers accounted for approximately 93.9% (2014: 98.7%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 49.9% (2014: 39.1%) of the total revenue.

## DIRECTORS' REPORT

None of the Directors or any of their close associates, or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

### MAJOR SUPPLIERS

During the Reporting Period, the Group's five largest suppliers accounted for 39.3% (2014: 44.9%) of the total purchases of the Group and the largest supplier of the Group accounted for 10.0% (2014: 15.3%) of the total purchases.

None of the Directors or any of their close associates, or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

### DIRECTORS' INTEREST IN CONTRACTS

Save as the related party transactions disclosed in note 34 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries, holding company or fellow subsidiaries was a party and in which a Director had a material interests directly or indirectly subsisted at the end of the Reporting Period or at any time during the Reporting Period.

### MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2015 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, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The material related party transactions entered into by the Group during the Reporting Period set out in notes 8, 9 and 24 to the consolidated financial statements in this annual report included transactions that constitute "connected transactions" or "continuing connected transactions" for which the disclosure requirements under the Listing Rules have been complied with.

The Group entered into a loan agreement (the "Loan Agreement") with Excellent Speed Limited ("Excellent Speed"), Excellent Speed is owned by Dr. SC Wong, Albert as to 50% and owned by Mr. Lam as to the remaining 50%, on 3 March 2015 in relation to the provision of loan to the Group in the principal amount of HK\$120,000,000 for a period of one year at an interest rate of 5% per annum. The loan is intended to be used for general working capital and/or future investment of the Company. Pursuant to 14A.90 of the Listing Rules, the loan received by the Group is fully exempt from shareholders' approval and disclosure requirement as it is conducted on normal commercial terms or better and it is not secured by any assets of the Group. Details of the loans are set out in note 24 to the consolidated financial statements.

Save as disclosed above, during the year ended 31 March 2015, the Group has not entered into any connected transactions or continuing connected transactions that are not exempt under Chapter 14A of the Listing Rules.

## DIRECTORS' REPORT

### EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the executive Directors are reviewed and determined by the Remuneration Committee, having regard to the Group's operating results, individual performance and prevailing market condition. The emoluments of the non-executive Directors and Independent Non-Executive Directors are reviewed by the Remuneration Committee and determined by the Board. No Director or any of his or her associates was involved in deciding his or her own remuneration.

### PRE-EMPTIVE RIGHTS

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

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

Having made specific enquiry of all Directors, all Directors have confirmed that neither themselves nor their respective associates (as defined in the Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the Reporting Period.

All the independent non-executive Directors are delegated with the authority to review the deed of non-competition (the "Deed of Non-competition") dated 22 September 2013 given by Dr. SC Wong, Albert, Mr. Wong Sai Lai, Mr. SY Wong, Mr. Lam, Prime Colour, Splendid Core and Fabulous Business. The independent non-executive Directors were not aware of any non-compliance of the Deed of Non-competition given by Dr. SC Wong, Albert, Mr. Wong Sai Lai, Mr. SY Wong, Mr. Lam, Prime Colour, Splendid Core and Fabulous Business for the period from 1 April 2014 and up to the date of this annual report.

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

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

### CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2015, the Company has complied with the applicable code provisions as set out in the Code.

For details of the Company's corporate governance practices, please refer to the section headed "Corporate Governance Report" in this annual report.

### SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information available in the public domain concerning the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this report.

### CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company's principal place of business in Hong Kong has been changed to Units 1303-4, 13/F., AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong with effect from 1 January 2015.

## DIRECTORS' REPORT

### AUDITORS

HLB shall retire in the forthcoming annual general meeting and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of HLB as auditors of the Company will be proposed at the forthcoming annual general meeting. The Company has not changed its external auditors during the year ended 31 March 2015 and up to the date of this annual report.

On behalf of the Board

**Dr. Wong Sai Chung, Albert**  
*Chairman*

Hong Kong, 26 June 2015

# INDEPENDENT AUDITORS' REPORT



國衛會計師事務所有限公司  
Hodgson Impey Cheng Limited

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street Central  
Hong Kong

## TO THE SHAREHOLDERS OF NGAI SHUN HOLDINGS LIMITED

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

We have audited the consolidated financial statements of Ngai Shun Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 93, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other 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.

## AUDITORS' 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, 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.



## INDEPENDENT AUDITORS' 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 2015, 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.

**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*

**Kwok Kin Leung**  
Practising Certificate Number: P05769

Hong Kong, 26 June 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	5	<b>558,150</b>	486,906
Cost of sales		<b>(408,371)</b>	(353,509)
Gross profit		<b>149,779</b>	133,397
Other income and net gains	5	<b>19,258</b>	5,146
Administrative and other operating expenses		<b>(61,155)</b>	(47,293)
Operating profit		<b>107,882</b>	91,250
Finance costs	9	<b>(1,186)</b>	(1,227)
Profit before income tax	6	<b>106,696</b>	90,023
Income tax expense	10	<b>(16,134)</b>	(16,644)
Profit for the year		<b>90,562</b>	73,379
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Net gain on revaluation of available-for-sale investments		<b>1,560</b>	—
Other comprehensive income for the year		<b>1,560</b>	—
Total comprehensive income for the year		<b>92,122</b>	73,379
Basic and diluted earnings per share (HK cents)	11	<b>2.18</b>	2.08
Profit attributable to owners of the Company		<b>90,562</b>	73,379
Total comprehensive income attributable to owners of the Company		<b>92,122</b>	73,379

The accompanying notes form an integral part of these consolidated financial statements. Details of dividends are disclosed in Note 12 to the consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	58,972	44,730
Investment properties	16	41,400	37,300
Available-for-sale financial assets	18	4,350	—
		<b>104,722</b>	82,030
<b>Current assets</b>			
Trade and other receivables	19	119,914	123,492
Financial assets at fair value through profit or loss	20	65,320	—
Cash and cash equivalents	21	254,815	118,642
		<b>440,049</b>	242,134
<b>Total assets</b>		<b>544,771</b>	324,164
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	27	4,150	4,150
Other reserves	29	317,274	225,152
<b>Total equity</b>		<b>321,424</b>	229,302
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	22	—	263
Provision for long service payments	26	4,730	4,740
Deferred taxation	25	6,281	4,250
		<b>11,011</b>	9,253

CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION

As at 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Current liabilities</b>			
Trade and other payables	23	78,629	58,994
Loan from a related company	24	120,000	—
Borrowings	22	12,333	26,305
Tax payable		1,374	310
		<b>212,336</b>	85,609
<b>Total liabilities</b>		<b>223,347</b>	94,862
<b>Total equity and liabilities</b>		<b>544,771</b>	324,164
<b>Net current assets</b>		<b>227,713</b>	156,525
<b>Total assets less current liabilities</b>		<b>332,435</b>	238,555

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 June 2015 and signed on its behalf by:

**Wong Sai Chung**  
*Director*

**Lam Wing Sum**  
*Director*

The accompanying notes form an integral part of these consolidated financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investments in subsidiaries	14	93,267	93,267
<b>Current assets</b>			
Amounts due from subsidiaries	14	85,175	46,946
Financial assets at fair value through profit or loss	20	44,640	—
Cash and cash equivalents	21	174,437	40,120
		<b>304,252</b>	87,066
<b>Total assets</b>		<b>397,519</b>	180,333
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	27	4,150	4,150
Other reserves	29	272,556	175,767
<b>Total equity</b>		<b>276,706</b>	179,917
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	23	813	416
Loan from a related company	24	120,000	—
<b>Total liabilities</b>		<b>120,813</b>	416
<b>Total equity and liabilities</b>		<b>397,519</b>	180,333
<b>Net current assets</b>		<b>183,439</b>	86,650
<b>Total assets less current liabilities</b>		<b>276,706</b>	179,917

Wong Sai Chung  
Director

Lam Wing Sum  
Director

The accompanying notes form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company					
	Share capital	Share premium*	Merger reserve*	Available-for-sale revaluation reserve*	Retained profits*	Total equity
	HK\$'000 (Note 27)	HK\$'000 (Note 29)	HK\$'000 (Note 29)	HK\$'000	HK\$'000 (Note 29)	HK\$'000
<b>Balance at 1 April 2013</b>	10,000	—	—	—	85,976	95,976
Profit and total comprehensive income for the year	—	—	—	—	73,379	73,379
	—	—	—	—	73,379	73,379
Transactions with owners:						
Reorganisation	(10,000)	—	10,000	—	—	—
Shares issued pursuant to the capitalisation issue	3,000	(3,000)	—	—	—	—
Proceeds from placing and public offer of shares	1,150	105,800	—	—	—	106,950
Share issuance costs	—	(7,003)	—	—	—	(7,003)
Dividends (Note 12)	—	—	—	—	(40,000)	(40,000)
	(5,850)	95,797	10,000	—	(40,000)	59,947
<b>Balance at 31 March 2014</b>	4,150	95,797	10,000	—	119,355	229,302
<b>Balance at 1 April 2014</b>	<b>4,150</b>	<b>95,797</b>	<b>10,000</b>	<b>—</b>	<b>119,355</b>	<b>229,302</b>
Profit for the year	—	—	—	—	90,562	90,562
Other comprehensive income for the year:						
Changes in fair value of available-for-sale investments	—	—	—	1,560	—	1,560
Total comprehensive income for the year	—	—	—	1,560	90,562	92,122
<b>Balance at 31 March 2015</b>	<b>4,150</b>	<b>95,797</b>	<b>10,000</b>	<b>1,560</b>	<b>209,917</b>	<b>321,424</b>

\* These reserve accounts comprise the consolidated other reserves of approximately HK\$317,274,000 (2014: HK\$225,152,000) in the consolidated statement of financial position.

The accompanying notes form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Cash flows from operating activities</b>			
Net cash generated from operations	30	138,412	71,522
Income tax paid		(13,084)	(20,253)
<b>Net cash generated from operating activities</b>		<b>125,328</b>	51,269
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired	32	(38,699)	(35,049)
Disposal of a subsidiary, net of cash proceeds	33	492	—
Proceeds from disposal of property, plant and equipment		2,794	2,950
Proceeds from disposal of investment properties		50,000	—
Cost incurred for disposal of investment properties		(354)	—
Purchases of property, plant and equipment		(35,480)	(36,279)
Receipts of government grants for the disposal of property, plant and equipment		280	—
Purchase of available-for-sale financial assets		(4,895)	—
Purchase of financial assets at fair value through profit or loss		(67,794)	—
Deposit paid for purchase of property, plant and equipment		(690)	—
Interest received		168	74
<b>Net cash used in investing activities</b>		<b>(94,178)</b>	(68,304)
<b>Cash flows from financing activities</b>			
Proceeds from placing and public offering of shares		—	106,950
Share issuance costs		—	(7,003)
Loan from a related company		120,000	—
Inception of finance leases		—	6,118
Drawdown of bank borrowings		—	30,000
Repayment of finance leases		(4,303)	(5,024)
Repayment of bank borrowings		(9,932)	(21,347)
Interest paid on finance leases		(85)	(213)
Interest paid on bank borrowings		(657)	(1,014)
Dividends paid		—	(40,000)
<b>Net cash generated from financing activities</b>		<b>105,023</b>	68,467
<b>Net increase in cash and cash equivalents</b>		<b>136,173</b>	51,432
<b>Cash and cash equivalents at beginning of the year</b>		<b>118,642</b>	67,210
<b>Cash and cash equivalents at end of the year</b>	21	<b>254,815</b>	118,642

The accompanying notes form an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Ngai Shun Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 April 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 16 October 2013. Its parent and ultimate holding company is FABULOUS BUSINESS LIMITED ("Fabulous Business"), a company incorporated in the British Virgin Islands (the "BVI") and beneficially owned by Mr. Lam Wing Sum ("Mr. Lam"), Dr. Wong Sai Chung, Albert ("Dr. SC Wong, Albert"), Mr. Wong Sai Lai ("Mr. SL Wong") and Mr. Wong Sai Yee ("Mr. SY Wong") (hereinafter collectively referred to as the "Controlling Parties").

The address of the Company's registered office is Clifton House, PO Box 1350, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Units 1303-4, 13/F., AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the foundation business in Hong Kong as a foundation subcontractor.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Stock Exchange (the "Reorganisation"), the group entities were under the control of the Controlling Parties. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 18 September 2013. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of the Controlling Parties prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

## 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 years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

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

##### 2.1.1 Changes in accounting policy and disclosures

###### (a) *New and amended standards adopted by the Group*

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2014:

Amendment to HKAS 32, "Financial Instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group's consolidated financial statements.

Amendments to HKAS 36, "Impairment of Assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash-generating units which had been included in HKAS 36 by the issue of HKFRS 13.

Amendment to HKAS 39, "Financial Instruments: Recognition and Measurement" on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to "over-the-counter" derivatives and the establishment of central counterparties. Under HKAS 39, novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group's consolidated financial statements as a result.

HK(IFRIC) 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 April 2014 are not material to the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

##### 2.1.1 Changes in accounting policy and disclosures (continued)

###### (b) *New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, "Financial Instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact.

HKFRS 15, "Revenue from Contracts with Customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

##### 2.1.1 Changes in accounting policy and disclosures (continued)

###### (c) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap.622) come into operation as from the Company's first financial year commencing on or after 31 December 2015 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap.622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

#### 2.2 Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

##### 2.2.1 Consolidation and combination

Except for the business combination under common control including the Reorganisation, the acquisition method of accounting is used to account for the Group's business combination. The consideration for the acquisition of a subsidiary is the fair values of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. When a business combination achieved in stages, the acquirer should remeasure its previously held interest in the acquiree at its fair value at the date of whom control is obtained, recognising the fair value changes in profit or loss.

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 Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Subsidiaries (continued)

##### 2.2.2 Transaction with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently 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 profit or loss.

##### 2.2.3 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 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.

#### 2.3 Merger accounting for common control combinations

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

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The comparative amounts in the consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided 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 steering committee that makes strategic decisions.

#### 2.5 Foreign currency translation

##### (a) *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 dollars, which is the Company's functional and the Group's presentation currency.

##### (b) *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 profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "Other income and net gains".

##### (c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary 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 profit or loss and other 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less 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 are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

— Leasehold improvement	: 25%
— Plant and machinery	: 25%
— Furniture and fixtures	: 25%
— Office equipment	: 25%
— Motor vehicles	: 25%

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

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 disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income and net gains" in the consolidated statement of profit or loss and other comprehensive income.

#### 2.7 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of profit or loss and other comprehensive income as part of a valuation gain or loss in "Other income and net gains".

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use 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 of disposal 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.

#### 2.9 Financial assets

##### 2.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

##### (b) *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 the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

##### (c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.9 Financial assets (continued)

##### 2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date (the date on which the Group commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the consolidated statement of profit or loss within “Other income and net gains” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss as part of “Other income and net gains”.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in consolidated statement of profit or loss as part of other income when the Group’s right to receive payments is established.

#### 2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future event and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.11 Impairment of financial assets

##### (a) *Assets carried at amortised cost*

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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 profit or loss.

##### (b) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through consolidated statement of profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.12 Construction contracts in progress

Construction 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 amount 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).

#### 2.13 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 allowance for impairment.

#### 2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

#### 2.15 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.

#### 2.16 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.17 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 profit or loss 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.

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

#### 2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, 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.

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 in the countries where the Group operates and generates taxable income. Management periodically evaluate 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.

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 consolidated financial statements. However, the deferred tax liabilities are not recognised 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 only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.19 Current and deferred income tax (continued)

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 taxes 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.

#### 2.20 Employee benefits

##### (a) *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.

##### (b) *Retirement benefits*

The Group operates a defined contribution plan and pays contributions to a privately administered pension insurance plan 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.

##### (c) *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 when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. 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 each reporting period are discounted to present value.

##### (d) *Bonus plans*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.21 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 amount has 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 obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 2.22 Contingent liabilities and contingent assets

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 notes to the consolidated 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 consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

#### 2.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

##### (i) *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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.23 Revenue recognition (continued)

(i) *Construction contracts income (continued)*

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 according to the progress certificate (by reference to the amount of completed works confirmed by surveyor) issued by the customers.

(ii) *Interest income*

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

(iii) *Rental income*

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

(iv) *Commission income*

Commission income is recognised when the services are rendered, which is generally the time when the transacting parties first come into an agreement.

(v) *Property management service income*

Property management service income is recognised when the services are rendered.

#### 2.24 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statement of profit or loss by way of a reduced depreciation charge.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.25 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 profit or loss, 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 profit or loss 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.

##### *The Group as lessor*

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

When assets are leased out under an operating lease, the asset is included in the consolidated statement of financial position based on the nature of the asset.

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

#### 2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (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 2015, if the interest rate on all borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's profit before income tax would have been decreased/increased by approximately HK\$123,000 (2014: HK\$266,000), mainly as a result of higher/lower interest expense on borrowings with floating interest rates.

##### (ii) Credit risk

Credit risk arises mainly from trade and other receivables and cash at banks. 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, 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 2015, there were 3 (2014: 4) customers which individually contributed over 10% of the Group's trade and other receivables. The aggregate amount of trade and other receivables from these customers amounted to 70% (2014: 89%) 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (iii) Liquidity risk (continued)

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

#### Group

	On demand or within one year HK\$'000	Between one and two years HK\$'000	Total HK\$'000
<b>As at 31 March 2015</b>			
Trade and other payables excluding non-financial liabilities	78,629	—	78,629
Loan from a related company	125,556	—	125,556
Borrowings (excluding finance lease liabilities)	12,357	—	12,357
Finance lease liabilities	264	—	264
	<b>216,806</b>	<b>—</b>	<b>216,806</b>
<b>As at 31 March 2014</b>			
Trade and other payables excluding non-financial liabilities	58,994	—	58,994
Borrowings (excluding finance lease liabilities)	22,945	—	22,945
Finance lease liabilities	4,388	264	4,652
	86,327	264	86,591

#### Company

	On demand or within one year HK\$'000	Between one and two years HK\$'000	Total HK\$'000
<b>As at 31 March 2015</b>			
Trade and other payables excluding non-financial liabilities	813	—	813
Loan from a related company	125,556	—	125,556
	<b>126,369</b>	<b>—</b>	<b>126,369</b>
<b>As at 31 March 2014</b>			
Trade and other payables excluding non-financial liabilities	416	—	416

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (iv) Price risk

The Group is exposed to equity securities price risk because investments held by the Group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversified its portfolio.

With all other variables held constant, if the market price of available-for-sale financial assets and financial assets at fair value through profit or loss had been 5% higher/lower than the actual closing price as at 31 March 2015, the Group's consolidated other comprehensive income would increase/decrease by approximately HK\$218,000 (2014: Nil) and the profit for the year would increase/decrease by approximately HK\$3,266,000 (2014: Nil).

#### 3.2 Capital 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 the end of each of the reporting period divided by the total equity as at each year end.

The gearing ratios at 31 March 2014 and 2015 were as follows:

	2015 HK\$'000	2014 HK\$'000
Total borrowings (Note 22 & 24)	132,333	26,568
Total equity	321,424	229,302
Gearing ratio	41%	12%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value at 31 March 2015 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

See Note 16 for disclosures of the investment properties that are measured at fair value.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
<i>Available-for-sale financial assets:</i>				
Available-for-sale financial assets	4,350	—	—	4,350
<i>Assets at fair value through profit or loss:</i>				
Financial assets at fair value through profit or loss	65,320	—	—	65,320
	69,670	—	—	69,670

There were no transfers between levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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 judgement 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 of disposal 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. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at the end of each of the reporting period.

Significant judgement is exercised on the assessment of the collectability of receivables from each customer. In making the judgement, 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.

#### (c) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 5. REVENUE AND SEGMENT INFORMATION

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

	2015 HK\$'000	2014 HK\$'000
<b>Turnover</b>		
Contracts income	<b>558,150</b>	486,906
	2015 HK\$'000	2014 HK\$'000
<b>Other income and net gains</b>		
Interest income	<b>168</b>	74
Gain on disposal of property, plant and equipment	<b>2,770</b>	2,950
Gain on disposal of investment properties	<b>9,876</b>	—
Gain on disposal of a subsidiary (Note 33)	<b>1,082</b>	—
Net gains from fair value adjustment on investment properties (Note 16)	<b>4,100</b>	1,900
Fair value losses on financial assets at fair value through profit or loss (Note 20)	<b>(2,474)</b>	—
Impairment losses on available-for-sale financial assets (Note 18)	<b>(2,105)</b>	—
Rental income	<b>2,454</b>	54
Property management service income	<b>1,243</b>	120
Commission income	<b>1,034</b>	38
Others (Note)	<b>1,110</b>	10
	<b>19,258</b>	5,146

Note: Included in "Others" is government grants of approximately HK\$280,000 received by the Group during the year ended 31 March 2015 upon the disposal of pre-Euro IV diesel vehicles and de-registration of the vehicles. There are no unfulfilled conditions or contingencies relating to these grants.

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

For the year ended 31 March 2015, there were 2 (2014: 3) customers which individually contributed over 10% of the Group's revenue. The aggregate amount of revenue from these customers amounted to 69.6% (2014: 90.5%) of the Group's total revenue.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2015*

### 5. REVENUE AND SEGMENT INFORMATION (continued)

Revenue from major customers, each of whom amounted to 10% or more of total revenue is set out below:

	2015 HK\$'000	2014 HK\$'000
Customer A	278,829	190,295
Customer B	109,888	135,911
Customer C	N/A <sup>1</sup>	114,444

<sup>1</sup> The revenue did not contribute to 10% or more of the total revenue of the Group.

### 6. PROFIT BEFORE INCOME TAX

	2015 HK\$'000	2014 HK\$'000
Profit for the year has been arrived after charging:		
Auditors' remuneration	750	700
Depreciation of owned assets	18,395	11,793
Depreciation of assets under finance leases	2,494	2,494
Listing expenses	—	9,023
Operating lease rental on premises	966	830
Staff costs, including directors' emoluments (Note 7)	129,736	96,365

### 7. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2015 HK\$'000	2014 HK\$'000
Salaries, wages and allowances	125,934	93,477
Retirement benefit expenses — defined contribution plan	3,802	2,888
	129,736	96,365

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 8. DIRECTORS' EMOLUMENTS

#### (a) Directors' and chief executive's emoluments

The remuneration of every director and chief executive for the year ended 31 March 2015 is set out below:

	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2015</b>					
<b>Executive directors</b>					
Dr. Wong Sai Chung, Albert	—	1,572	9,227	18	10,817
Mr. Lam Wing Sum (Chief Executive Officer)	—	2,082	9,297	18	11,397
Mr. Tao Chi Keung	—	572	458	18	1,048
Mr. Lam Wing Tai (Note (i))	—	41	—	—	41
<b>Non-executive directors</b>					
Mr. Chui Kwong Kau (Note (i))	—	8	—	—	8
Mr. Wong Sai Yee (Note (ii))	—	720	349	18	1,087
<b>Independent non- executive directors</b>					
Mr. Tam Tak Kei, Raymond*	150	—	—	—	150
Mr. Pai Hao*	150	—	—	—	150
Mr. Chiu Sai Chuen, Nicholas*	150	—	—	—	150
Mr. Foo Tin Chung, Victor (Note (i))	—	8	—	—	8
	<b>450</b>	<b>5,003</b>	<b>19,331</b>	<b>72</b>	<b>24,856</b>

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 8. DIRECTORS' EMOLUMENTS (continued)

### (a) Directors' and chief executive's emoluments (continued)

The remuneration of every director and chief executive for the year ended 31 March 2014 is set out below:

	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2014</b>					
<b>Executive directors</b>					
Dr. Wong Sai Chung, Albert	—	1,241	2,750	15	4,006
Mr. Lam Wing Sum (Chief Executive Officer)	—	1,660	2,838	15	4,513
Mr. Tao Chi Keung	—	552	291	15	858
<b>Non-executive director</b>					
Mr. Wong Sai Yee	—	721	275	15	1,011
<b>Independent non-executive directors</b>					
Mr. Tam Tak Kei, Raymond*	69	—	—	—	69
Mr. Pai Hao*	69	—	—	—	69
Mr. Chiu Sai Chuen, Nicholas*	69	—	—	—	69
	207	4,174	6,154	60	10,595

Notes:

- (i) Appointed on 6 March 2015.
- (ii) Resigned on 25 February 2015.

During the year ended 31 March 2015, 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 (2014: Nil). No director has waived or agreed to waive any emoluments during the year ended 31 March 2015 (2014: Nil).

\* The independent non-executive directors were appointed by the Company effective from 22 September 2013.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 8. DIRECTORS' EMOLUMENTS (continued)

#### (b) Five highest paid individuals

Of the five individuals with the highest emoluments, four (2014: two) of them are directors for the year ended 31 March 2015 whose emoluments are disclosed above. The emoluments in respect of the remaining one (2014: three) individuals for the year ended 31 March 2015 are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kind	777	2,077
Discretionary bonuses	242	977
Retirement scheme contributions	18	41
	<b>1,037</b>	<b>3,095</b>

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands (in HK\$)		
HK\$1,000,001–HK\$1,500,000	1	3

During the year ended 31 March 2015, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2014: Nil).

### 9. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on finance leases	85	213
Interest on bank and other borrowings wholly repayable within five years	657	1,014
Interest on loan from a related company wholly repayable within five years	444	—
	<b>1,186</b>	<b>1,227</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

	2015 HK\$'000	2014 HK\$'000
Hong Kong profits tax:		
— Current year	14,448	13,392
— Over-provision in prior year	(345)	—
Deferred income tax (Note 25)	2,031	3,252
Income tax expense	<b>16,134</b>	16,644

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:

	2015 HK\$'000	2014 HK\$'000
Profit before income tax	106,696	90,023
Calculated at a tax rate of 16.5%	17,605	14,854
Income not subject to tax	(2,338)	(326)
Expenses not deductible for tax purposes	624	1,565
Tax losses for which no deferred income tax asset was recognised	588	551
Over-provision in prior year	(345)	—
Income tax expense	<b>16,134</b>	16,644

### 11. EARNINGS PER SHARE

	2015	2014
Profit attributable to owners of the Company (HK\$'000)	90,562	73,379
		(Restated)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	4,150,000	3,526,160
		(Restated)
Basic earnings per share (HK cents)	<b>2.18</b>	2.08

The calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of ordinary shares issued during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 11. EARNINGS PER SHARE (continued)

The calculation of the basic earnings per share attributable to owners of the Company for the year ended 31 March 2014 and 2015, have been adjusted as a result of the share subdivision effective on 4 June 2015 (Note 36).

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the year ended 31 March 2015 (2014: Nil).

### 12. DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Interim dividends paid	—	40,000

The directors do not recommend the payment of final dividend for the year ended 31 March 2015 (2014: Nil).

The interim dividends paid of HK\$40,000,000 for the year ended 31 March 2014 represented the dividends paid by a subsidiary of the Company to its then shareholders prior to the Reorganisation.

The rate of dividends and the number of shares ranking for dividends have not been presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

### 13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of profits approximately HK\$96,789,000 (2014: losses of approximately HK\$13,297,000) (Note 29(b)).

### 14. INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES

#### (a) Investments in subsidiaries

	2015 HK\$'000	2014 HK\$'000
Unlisted, at cost	93,267	93,267

The following is a list of the principal subsidiaries at 31 March 2015:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Interest held
Pearl Swirls Limited	BVI, limited liability company	Investment holding in Hong Kong	Ordinary share US\$1	100% (direct)
Achieved Success Company Limited	BVI, limited liability company	Investment holding in Hong Kong	Ordinary shares US\$100	100% (indirect)
Ngai Shun Construction & Drilling Company Limited	Hong Kong, limited liability company	Foundation business in Hong Kong as a foundation subcontractor	Ordinary shares HK\$10,000,000	100% (indirect)
Platinum Success Limited	Hong Kong, limited liability company	Property holding and letting in Hong Kong	Ordinary share HK\$1	100% (indirect)
Funa Assets Limited	BVI, limited liability company	Property holding and letting in Hong Kong	Ordinary shares US\$2	100% (indirect)

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 14. INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES (continued)

### (a) Investments in subsidiaries (continued)

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid.

### (b) Balances with subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

## 15. PROPERTY, PLANT AND EQUIPMENT — GROUP

	Leasehold improvement HK\$'000	Plant and machineries HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>						
At 1 April 2013	—	100,212	162	355	2,783	103,512
Additions	—	34,308	10	86	1,885	36,289
Disposals	—	(4,600)	—	—	—	(4,600)
At 31 March 2014	—	129,920	172	441	4,668	135,201
<b>Accumulated depreciation</b>						
At 1 April 2013	—	78,177	134	235	2,238	80,784
Charge for the year	—	13,774	11	70	432	14,287
Disposals	—	(4,600)	—	—	—	(4,600)
At 31 March 2014	—	87,351	145	305	2,670	90,471
<b>Net book value</b>						
At 31 March 2014	—	42,569	27	136	1,998	44,730
<b>Cost</b>						
At 1 April 2014	—	<b>129,920</b>	<b>172</b>	<b>441</b>	<b>4,668</b>	<b>135,201</b>
Additions	<b>543</b>	<b>32,676</b>	<b>231</b>	<b>496</b>	<b>1,575</b>	<b>35,521</b>
Disposals	<b>(30)</b>	<b>(3,675)</b>	—	—	—	<b>(3,705)</b>
Disposal of a subsidiary	—	—	—	<b>(422)</b>	—	<b>(422)</b>
At 31 March 2015	<b>513</b>	<b>158,921</b>	<b>403</b>	<b>515</b>	<b>6,243</b>	<b>166,595</b>
<b>Accumulated depreciation</b>						
At 1 April 2014	—	<b>87,351</b>	<b>145</b>	<b>305</b>	<b>2,670</b>	<b>90,471</b>
Charge for the year	<b>39</b>	<b>19,788</b>	<b>27</b>	<b>124</b>	<b>911</b>	<b>20,889</b>
Disposals	<b>(6)</b>	<b>(3,675)</b>	—	—	—	<b>(3,681)</b>
Disposal of a subsidiary	—	—	—	<b>(56)</b>	—	<b>(56)</b>
At 31 March 2015	<b>33</b>	<b>103,464</b>	<b>172</b>	<b>373</b>	<b>3,581</b>	<b>107,623</b>
<b>Net book value</b>						
At 31 March 2015	<b>480</b>	<b>55,457</b>	<b>231</b>	<b>142</b>	<b>2,662</b>	<b>58,972</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 15. PROPERTY, PLANT AND EQUIPMENT — GROUP (continued)

Plant and machineries includes the following amounts where the Group is a lessee under finance leases:

	2015 HK\$'000	2014 HK\$'000
Cost — capitalised finance leases	7,197	9,972
Accumulated depreciation	(4,359)	(3,947)
Net book value	2,838	6,025

### 16. INVESTMENT PROPERTIES — GROUP

	2015 HK\$'000	2014 HK\$'000
<b>At fair value</b>		
Opening balance at 1 April	37,300	—
Acquisition of a subsidiary (Note 32)	39,000	35,400
Disposal	(39,000)	—
Net gains from fair value adjustment	4,100	1,900
Closing balance at 31 March	41,400	37,300

Amounts recognised in profit and loss for investment properties:

	2015 HK\$'000	2014 HK\$'000
Rental income	2,454	54
Direct operating expenses from properties that generated rental income	(88)	(3)
	2,366	51

Investment properties located in Hong Kong comprise:

	2015 HK\$'000	2014 HK\$'000
Long term leasehold (not less than 50 years)	41,400	37,300

As at 31 March 2015, the Group had no unprovided contractual obligations for future repairs and maintenance (2014: Nil).

An independent valuation of the Group's investment properties was performed by the valuer, Colliers International (Hong Kong) Limited and Shing Yin Appraisal Limited, to determine the fair value of the investment properties as at 31 March 2015 and 2014, respectively. The revaluation gains or losses is included in "Other income and net gains" in consolidated statement of profit or loss (Note 5). The following table analyses the investment properties carried at fair value, by valuation method.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

For the year ended 31 March 2015

16. INVESTMENT PROPERTIES — GROUP (continued)

Fair value hierarchy

Description	Fair value measurements at 31 March 2015 using		
	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements Investment properties: — Office units — Hong Kong	—	41,400	—

Description	Fair value measurements at 31 March 2014 using		
	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements Investment properties: — Office units — Hong Kong	—	37,300	—

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

Valuation techniques

For the office units, the valuation was determined using the sale comparison approach. Sale comparison approach is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sale transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as property size. The most significant input into this valuation approach is price per square feet.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 17. FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY

#### (a) Group

	2015 HK\$'000	2014 HK\$'000
<b>Assets as per statement of financial position</b>		
<i>Available-for-sale</i>		
Available-for-sale financial assets	4,350	—
<i>Assets at fair value through profit and loss</i>		
Financial assets at fair value through profit or loss	65,320	—
<i>Loans and other receivables</i>		
Trade and other receivables excluding prepayments	119,748	123,449
Cash and cash equivalents	254,815	118,642
<b>Total</b>	<b>444,233</b>	242,091

	2015 HK\$'000	2014 HK\$'000
<b>Liabilities as per statement of financial position</b>		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables excluding non-financial liabilities	78,629	58,994
Loan from a related company	120,000	—
Borrowings (excluding finance lease liabilities)	12,070	22,002
Finance lease liabilities	263	4,566
<b>Total</b>	<b>210,962</b>	85,562

#### (b) Company

	2015 HK\$'000	2014 HK\$'000
<b>Assets as per statement of financial position</b>		
<i>Assets at fair value through profit and loss</i>		
Financial assets at fair value through profit or loss	44,640	—
<i>Loans and receivables</i>		
Amounts due from subsidiaries	85,175	46,946
Cash and cash equivalents	174,437	40,120
<b>Total</b>	<b>304,252</b>	87,066

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
For the year ended 31 March 2015

17. FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY (continued)

(b) Company (continued)

	2015 HK\$'000	2014 HK\$'000
<b>Liabilities as per statement of financial position</b>		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables excluding non-financial liabilities	813	416
Loan from a related company	120,000	—
Total	120,813	416

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS — GROUP

	2015 HK\$'000	2014 HK\$'000
At 1 April	—	—
Additions	4,895	—
Impairment losses	(2,105)	—
Net gains transfer to equity	1,560	—
At 31 March	4,350	—

Available-for-sale financial assets include the following:

	2015 HK\$'000	2014 HK\$'000
Listed securities		
— Equity securities — Hong Kong	4,350	—

Available-for-sale financial assets are denominated in the Hong Kong dollars.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 19. TRADE AND OTHER RECEIVABLES — GROUP

	2015 HK\$'000	2014 HK\$'000
Contract receivables	70,426	87,165
Retention receivables	46,767	35,834
Total trade receivables	117,193	122,999
Other receivables, deposits and prepayments	2,721	493
	<b>119,914</b>	123,492

Notes:

- (a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The credit period granted to customers is 30 days. Trade receivables are denominated in Hong Kong dollars.
- (b) The ageing analysis of the contract receivables based on invoice date is as follows:

	2015 HK\$'000	2014 HK\$'000
0–30 days	28,818	48,373
31–60 days	41,015	38,385
61–90 days	—	407
91–365 days	593	—
	<b>70,426</b>	87,165

Contract receivables of approximately HK\$28,818,000 (2014: HK\$48,373,000) as at 31 March 2015 were not yet past due and approximately HK\$41,608,000 (2014: HK\$38,792,000) as at 31 March 2015 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 2015, no trade receivables (2014: Nil) were impaired.

Retention receivables were not yet past due as at 31 March 2015 (2014: Nil) and were 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 maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
For the year ended 31 March 2015

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS — GROUP AND COMPANY

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Listed securities-held-for-trading — Equity securities — Hong Kong	65,320	—	44,640	—
Market value of listed securities	65,320	—	44,640	—

Changes in fair values of financial assets at fair value through profit or loss are recorded in “Other income and net gains” in the consolidated statement of profit or loss.

The fair value of all equity securities is based on their current bid prices in an active market.

## 21. CASH AND CASH EQUIVALENTS — GROUP AND COMPANY

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Cash at banks and on hand	254,815	104,245	174,437	40,120
Short-term bank deposits	—	14,397	—	—
Cash and cash equivalents	254,815	118,642	174,437	40,120

Notes:

- The carrying amounts of the cash and cash equivalents are denominated in Hong Kong dollars.
- Cash at banks earns interest at floating rates based on daily bank deposit rates.
- As at 31 March 2015, the Group's cash and cash equivalents represent deposits of approximately HK\$46,270,000 (2014: Nil) placed with securities brokers and bank balances and cash of approximately HK\$208,545,000 (2014: approximately HK\$118,642,000) and the Company's cash and cash equivalents represent deposits of approximately HK\$3,985,000 (2014: Nil) placed with securities brokers and bank balances and cash of approximately HK\$170,452,000 (2014: approximately HK\$40,120,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 22. BORROWINGS — GROUP

	2015 HK\$'000	2014 HK\$'000
<b>Non-current</b>		
Finance lease liabilities (Note b)	—	263
<b>Current</b>		
Bank borrowings (Note a)	12,070	22,002
Finance lease liabilities (Note b)	263	4,303
	<b>12,333</b>	26,305
<b>Total borrowings</b>	<b>12,333</b>	26,568

Notes:

#### (a) Bank borrowings

Bank borrowings mature until 2016 and bear interest at 1.25% below the current prime rate per annum.

The bank borrowings are denominated in Hong Kong dollars.

The bank borrowings are classified as current liabilities according to the HK Interpretation 5, *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* issued by the HKICPA. According to the repayment schedule, the bank borrowings are repayable as follows:

	2015 HK\$'000	2014 HK\$'000
Within a period not exceeding one year	10,310	9,932
Within a period of more than one year but not exceeding two years	1,760	10,310
Within a period of more than two years but not exceeding five years	—	1,760
	<b>12,070</b>	22,002

#### (b) Finance lease liabilities

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

	2015 HK\$'000	2014 HK\$'000
Gross finance lease liabilities		
— minimum lease payments		
Within a period not exceeding one year	264	4,388
Within a period of more than one year but not exceeding two years	—	264
	<b>264</b>	4,652
Future finance charges on finance leases	<b>(1)</b>	(86)
Present value of finance lease liabilities	<b>263</b>	4,566

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
For the year ended 31 March 2015

## 22. BORROWINGS — GROUP (continued)

Notes: (continued)

### (b) Finance lease liabilities (continued)

The present value of finance lease liabilities is as follows:

	2015 HK\$'000	2014 HK\$'000
Within a period not exceeding one year	263	4,303
Within a period of more than one year but not exceeding two years	—	263
	<b>263</b>	4,566

The carrying amounts of all finance lease liabilities are denominated in Hong Kong dollars.

- (c) As at 31 March 2015, the banking facilities (including the finance lease facilities) bore interest at 1.25% to 2% below the current prime rate per annum.

As at 31 March 2015, the undrawn banking facilities amounted to approximately HK\$200,000 (2014: HK\$12,200,000).

These banking facilities were secured by:

- (i) The Group's plant and machineries with an aggregate net book value of HK\$2,838,000 as at 31 March 2015 (2014: HK\$6,025,000) (Note 15).
- (ii) Corporate guarantee given by the Company as at 31 March 2014 and 2015.

## 23. TRADE AND OTHER PAYABLES — GROUP AND COMPANY

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade payables	35,626	42,255	—	—
Other payables and accruals	43,003	16,739	813	416
	<b>78,629</b>	58,994	<b>813</b>	416

Notes:

- (a) The carrying amounts of trade payables are denominated in Hong Kong dollars.
- (b) Payment terms granted by suppliers are 30 to 45 days from the invoice date of the relevant purchases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 23. TRADE AND OTHER PAYABLES — GROUP AND COMPANY (continued)

Notes: (continued)

- (c) More than 60 days represented the retention payable held for the subcontractors, which is payable 6 months after the projects completed.

The ageing analysis of trade payables based on the invoice date is as follows:

	The Group	
	2015	2014
	HK\$'000	HK\$'000
0–30 days	29,396	36,809
31–60 days	4,848	5,446
More than 60 days	1,382	—
	<b>35,626</b>	42,255

### 24. LOAN FROM A RELATED COMPANY — GROUP AND COMPANY

The loan is due to Excellent Speed Limited (“Excellent Speed”). Excellent Speed is owned by Dr. SC Wong, Albert as to 50% and owned by Mr. Lam as to the remaining 50%. Dr. SC Wong, Albert and Mr. Lam are common directors of the Group and Excellent Speed. The loan is unsecured, bear interest at 5% per annum and repayable at a date falling twelve months from the drawdown date which shall be automatically extended for a further term of twelve months unless advance notice for not less than one month is given by the lender to the borrower in writing.

The loan from a related company is classified as current liabilities according to the HK Interpretation 5, *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* issued by the HKICPA.

### 25. DEFERRED TAXATION — GROUP

The movements in deferred tax liabilities during the year are as follows:

	Accelerated tax depreciation HK\$'000
At 1 April 2013	998
Charged to profit or loss (Note 10)	3,252
At 31 March 2014	4,250
At 1 April 2014	4,250
Charged to profit or loss (Note 10)	2,031
<b>At 31 March 2015</b>	<b>6,281</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2015*

### 25. DEFERRED TAXATION — GROUP (continued)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately HK\$1,139,000 (2014: HK\$551,000) in respect of losses amounting to approximately HK\$6,903,000 (2014: HK\$3,339,000) that can be carried forward against future taxable income. Tax losses of Hong Kong subsidiaries may be carried forward indefinitely. Certain amounts of unused tax losses are subject to approval from the Hong Kong Inland Revenue Department.

### 26. PROVISION FOR LONG SERVICE PAYMENTS — GROUP

Under the Hong Kong Employment Ordinance, the Group is obligated to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. The long service payments are paid out from the Group's cash at banks when such payments are required. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of each of the reporting period.

	HK\$'000
At 1 April 2013	4,630
Charged to profit or loss	110
At 31 March 2014	4,740
At 1 April 2014	4,740
Credited to profit or loss	(10)
<b>At 31 March 2015</b>	<b>4,730</b>

### 27. SHARE CAPITAL — GROUP AND COMPANY

	Number of ordinary shares	Ordinary shares HK\$'000
Ordinary shares of HK\$0.01 each:		
<b>Authorised:</b>		
On 3 April 2013 (date of incorporation) (Note (a))	38,000,000	380
Increase in authorised share capital (Note (c))	962,000,000	9,620
<b>As at 31 March 2014 and 2015</b>	<b>1,000,000,000</b>	<b>10,000</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 27. SHARE CAPITAL — GROUP AND COMPANY (continued)

	Number of ordinary shares	Ordinary shares HK\$'000
<b>Issued and fully paid:</b>		
On 3 April 2013 (date of incorporation) (Note (a))	1	—
Issuance of shares upon Reorganisation (Note (b))	9,999	—
Shares issued pursuant to the capitalisation issue (Note (d))	299,990,000	3,000
Shares issued pursuant to the placing and public offer (Note (e))	115,000,000	1,150
<b>As at 31 March 2014 and 2015</b>	<b>415,000,000</b>	<b>4,150</b>

Notes:

- (a) On 3 April 2013, the Company was incorporated in the Cayman Islands with an initial authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares with a par value of HK\$0.01 per share. One nil paid share was allotted and issued to the subscriber to the memorandum and articles of association of the Company, which was later transferred to Fabulous Business on 3 April 2013.
- (b) On 18 September 2013, Fabulous Business as vendor, the Company as purchaser and Dr. SC Wong, Albert, Mr. SY Wong, Mr. Lam and Fabulous Business as warrantors entered into a sale and purchase agreement, pursuant to which the Company acquired the entire issued share capital of Pearl Swirls Limited, and as consideration for which (i) the one nil paid share held by Fabulous Business was credited as fully paid, and (ii) 9,999 shares were allotted and issued to Fabulous Business, all credited as fully paid.
- (c) On 22 September 2013, pursuant to the written resolutions of the then sole shareholder of the Company, the authorised share capital of the Company was increased to HK\$10,000,000 divided into 1,000,000,000 ordinary shares of a par value of HK\$0.01 each.
- (d) On 16 October 2013, the Company issued and allotted a total of 299,990,000 ordinary shares of the Company credited as fully paid at par to the then sole shareholder of the Company's shares on the register of members at the close of business on 19 September 2013 by way of capitalisation of the sum of HK\$2,999,900 standing to the credit of the share premium account of the Company, pursuant to the written resolutions of the then sole shareholder of the Company passed on 22 September 2013.
- (e) On 16 October 2013, the Company issued 115,000,000 ordinary shares with a par value of HK\$0.01 each during its placing and public offer at an offer price of HK\$0.93 per ordinary share. As a result, after capitalising approximately HK\$7,003,000 share issuance costs, approximately HK\$99,947,000 were recognised in equity of the consolidated statement of financial position including a credit of approximately HK\$98,797,000 to the share premium account.

### 28. SHARE OPTION SCHEME — GROUP AND COMPANY

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 22 September 2013 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors may at their absolute discretion and subject to the terms of the Scheme, grant options 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, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 28. SHARE OPTION SCHEME — GROUP AND COMPANY (continued)

Under the Scheme, the maximum 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 in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

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) under the Scheme in any 12-month period up to date of grant must not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the directors and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average closing prices of the Company's 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 the Company's share on the date of grant of the option.

The Scheme shall be valid and effective for a period of ten years commencing on 22 September 2013, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2014 and 2015.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 29. RESERVES

#### (a) The Group

##### Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares and can be utilised for future bonus issue.

##### Merger reserve

Merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation.

#### (b) The Company

	Share premium HK\$'000	Special reserve HK\$'000 (Note)	(Accumulated losses)/ Retained profits HK\$'000	Total HK\$'000
On 3 April 2013 (date of incorporation)	—	—	—	—
Reorganisation	—	93,267	—	93,267
Capitalisation issue (Note 27 (d))	(3,000)	—	—	(3,000)
Placing and public offer (Note 27 (e))	98,797	—	—	98,797
Loss for the period	—	—	(13,297)	(13,297)
Balance at 31 March 2014	95,797	93,267	(13,297)	175,767
Balance at 1 April 2014	95,797	93,267	(13,297)	175,767
Profit for the year	—	—	96,789	96,789
<b>Balance at 31 March 2015</b>	<b>95,797</b>	<b>93,267</b>	<b>83,492</b>	<b>272,556</b>

Note:

Special reserve represents the difference between the fair value of the shares of Pearl Swirls Limited acquired pursuant to the Reorganisation on 18 September 2013 over the nominal value of the Company's share issued in exchange therefore.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 30. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

#### Reconciliation of profit before income tax to net cash generated from operations

	2015 HK\$'000	2014 HK\$'000
Profit before income tax	106,696	90,023
Adjustments for:		
Depreciation	20,889	14,287
Gain on disposal of property, plant and equipment	(2,770)	(2,950)
Gain on disposal of investment properties	(9,876)	—
Gain on disposal of a subsidiary	(1,082)	—
(Utilisation of)/Provision for long service payments	(10)	110
Government grants received	(280)	—
Fair value gain on investment properties	(4,100)	(1,900)
Fair value losses on financial assets at fair value through profit or loss	2,474	—
Impairment loss on available-for-sale financial assets	2,105	—
Interest income	(168)	(74)
Interest expense	1,186	1,227
<b>Operating profit before working capital changes</b>	<b>115,064</b>	<b>100,723</b>
Decrease/(increase) in trade and other receivables	4,024	(59,751)
Increase in trade and other payables	19,324	30,550
Net cash generated from operations	<b>138,412</b>	<b>71,522</b>

### 31. COMMITMENTS

#### (a) Capital commitments

Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements were as follows:

	2015 HK\$'000	2014 HK\$'000
Contracted but not provided for:		
Property, plant and equipment	2,760	—

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 31. COMMITMENTS (continued)

#### (b) Operating lease commitments — Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015 HK\$'000	2014 HK\$'000
No later than one year	1,610	609
Later than one year and no later than five years	2,378	349
	<b>3,988</b>	958

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

#### (c) Operating lease rental receivables — Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2015 HK\$'000	2014 HK\$'000
No later than one year	1,051	996
Later than one year and no later than five years	646	125
	<b>1,697</b>	1,121

The Group leases office units under various agreements which will be terminate between 2015 and 2017. None of the leases includes contingent rentals.

### 32. ACQUISITION OF SUBSIDIARIES

#### Funa Assets Limited

On 26 June 2014, the Group acquired 100% of the share capital of Funa Assets Limited at a consideration of approximately HK\$38,699,000.

Funa Assets Limited has not carried out any significant business transaction except for holding certain investment properties in Hong Kong. The acquisition has been accounted for by the Group as an acquisition of assets as the entity acquired by the Group does not constitute a business.

The following table summarises the consideration paid for Funa Assets Limited, the assets acquired and liabilities assumed at the acquisition date.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
For the year ended 31 March 2015

## 32. ACQUISITION OF SUBSIDIARIES (continued)

### Funa Assets Limited (continued)

	HK\$'000
<b>Consideration:</b>	
<b>At acquisition</b>	
<b>Total consideration — Cash</b>	38,699
<b>Recognised amounts of identifiable assets and liabilities assumed</b>	
Investment properties	39,000
Trade and other payables	(256)
Tax payable	(45)
<b>Total identifiable net assets</b>	38,699
<b>Net consideration paid</b>	38,699

### Achieved Success Company Limited and its subsidiaries

On 14 March 2014, the Group acquired 100% of the share capital of Achieved Success Company Limited and its subsidiaries ("Achieved Success Group") at a consideration of approximately HK\$35,408,000.

Achieved Success Group has not carried out any significant business transaction except for holding certain investment properties in Hong Kong. The acquisition has been accounted for by the Group as an acquisition of assets as the entity acquired by the Group does not constitute a business.

The following table summarises the consideration paid for Achieved Success Group, the assets acquired and liabilities assumed at the acquisition date.

	HK\$'000
<b>Consideration:</b>	
<b>At acquisition</b>	
<b>Total consideration — Cash</b>	35,408
<b>Recognised amounts of identifiable assets and liabilities assumed</b>	
Cash and cash equivalents	359
Investment properties	35,400
Trade and other receivables	6
Trade and other payables	(357)
<b>Total identifiable net assets</b>	35,408
Consideration	35,408
Less: Cash and cash equivalent of the subsidiary acquired	(359)
<b>Net consideration paid</b>	35,049

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 33. DISPOSAL OF A SUBSIDIARY

On 11 February 2015, the Group entered into sales and purchase agreements with Colourful Focus Limited, pursuant to which the Group disposed 100% equity interest in Full Profit Property Services Company Limited for a consideration of HK\$1,000,000.

The gain on disposal of subsidiary, net was as follow:

	HK\$'000
<b>Consideration:</b>	
<b>On disposal</b>	
<b>Total consideration — Cash</b>	1,000
<b>Recognised amounts of identifiable assets and liabilities assumed</b>	
Cash and cash equivalents	508
Property, plant and equipment	366
Trade and other receivables	244
Trade and other payables	(1,200)
<b>Total identifiable net liabilities</b>	(82)
<b>Gain on disposal of subsidiary</b>	1,082
Satisfied by:	
Cash and cash equivalents received as consideration	1,000
Less: Cash and cash equivalents sold	(508)
<b>Total net cash consideration received</b>	492

### 34. 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.

- (a) Save as disclosed in Note 9 and 24 to the consolidated financial statements, the Group did not have any significant related party transaction with related parties during the year ended 31 March 2015 (2014: Nil).
- (b) The emoluments of the directors and senior executives (representing the key management personnel) during the year are disclosed in Note 8.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

### 35. CONTINGENT LIABILITIES

(a) The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

#### (b) Pending litigation

As at 31 March 2015, there were two outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employee of the Group. The claims were related to the employee of the subcontractor and the employee of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The directors assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the consolidated financial statements.

On 30 October 2014, a summon has been issued to the Group in relation to an offence arising from the incident occurred on 2 May 2014 which involved the Group failure to ensure that every part of the load, namely THE H-PILE which was to be raised or lowered by the lifting appliance was securely suspended or supported; and adequately secured so as to prevent danger arising to persons or properties as a result of the slipping or displacement of any part of the load. The case is adjourned to 13 July 2015 for part-heard. In the event the Group is convicted, the Group's may be subject to an aggregated amount of the maximum possible fines of HK\$200,000, which will not be covered by the Group's insurance policies and full provision for the maximum potential fine in the sum of HK\$200,000 has been made. The directors are of the view that this case will not cause any material adverse impact on the Group.

### 36. EVENTS AFTER THE BALANCE SHEET DATE

(a) The Company has conditionally agreed to place 83,000,000 new shares to not less than six places at a price of HK\$0.73 pursuant to the terms and conditions of the placing agreement entered into between the Company and Kingston Securities Limited on 13 April 2015 (the "Placing"). All the conditions of the Placing were fulfilled and completion of the Placing took place on 23 April 2015. The net proceeds from the Placing, after deducting the Placing commission and other expenses in connection with such Placing from the gross proceeds, is approximately HK\$59 million which is intended to be used for general working capital and/or future investment of the Group.

(b) On 11 May 2015, the Company proposed that each of the issued and unissued share of the Company of HK\$0.01 each in the share capital of the Company into ten (10) subdivided shares of HK\$0.001 each ("Share Subdivision"), subject to the passing of an ordinary resolution by the shareholders of the Company to approve the proposed Share Subdivision at an extraordinary general meeting and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Share Subdivision becoming effective. The Board further proposed to change the board lot size for trading from 4,000 existing shares to 10,000 subdivided shares after the Share Subdivision becoming effective. The relevant ordinary resolution was passed at the extraordinary general meeting held on 3 June 2015 and such Share Subdivision and change in board lot size has become effective on 4 June 2015.

# FINANCIAL SUMMARY

For the year ended 31 March 2015

A summary of the results and of the assets and liabilities of the Group for the last five financial years are as follows.

## RESULTS

	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Revenue	<b>558,150</b>	486,906	356,100	249,586	204,988
Cost of sales	<b>(408,371)</b>	(353,509)	(248,827)	(193,175)	(183,827)
Gross profit	<b>149,779</b>	133,397	107,273	56,411	21,161
Other income and net gains	<b>19,258</b>	5,146	323	388	101
Administrative and other operating expenses	<b>(61,155)</b>	(47,293)	(31,777)	(18,335)	(15,685)
Operating profit	<b>107,882</b>	91,250	75,819	38,464	5,577
Finance costs	<b>(1,186)</b>	(1,227)	(437)	(643)	(352)
Profit before income tax	<b>106,696</b>	90,023	75,382	37,821	5,225
Income tax expense	<b>(16,134)</b>	(16,644)	(12,963)	(6,241)	(941)
Profit attributable to owners of the Company	<b>90,562</b>	73,379	62,419	31,580	4,284
<b>Asset and liabilities</b>					
Total assets	<b>544,771</b>	324,164	153,683	104,722	69,938
Total liabilities	<b>(223,347)</b>	(94,862)	(57,707)	(51,165)	(45,961)
Net assets	<b>321,424</b>	229,302	95,976	53,557	23,977
Equity attributable to equity holders of the Company	<b>321,424</b>	229,302	95,976	53,557	23,977