



# Ngai Shun Holdings Limited

## 毅信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1246



# ANNUAL REPORT 2014

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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Wong Sai Chung (*Chairman*)  
Mr. Lam Wing Sum  
(*Chief Executive Officer & Vice Chairman*)  
Mr. Tao Chi Keung

### Non-executive Director

Mr. Wong Sai Yee

### Independent Non-executive Directors

Mr. Tam Tak Kei, Raymond  
Mr. Pai Hao  
Mr. Chiu Sai Chuen Nicholas

## COMPANY SECRETARY

Mr. Lam Chi Keung (*HKICPA*)

## 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

Mr. Wong Sai Chung (*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

Unit 2, 23/F  
New Tech Plaza  
34 Tai Yau Street  
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  
Wing Hang Bank, Limited  
The Hong Kong and Shanghai Banking Corporation 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)



## Chairman's Statement



### INNOVATION — FIND A BETTER WAY EVERY DAY

#### RESULTS

I am honoured to present the annual report of Ngai Shun Holdings Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 March 2014 (the "Reporting Period") to our valued shareholders. The Group's net profit achieved a record high of approximately HK\$73.4 million (2013: HK\$62.4 million), representing a growth of about 17.6% over last reporting period. Revenue also achieved a record high of approximately HK\$486.9 million (2013: HK\$356.1 million), representing an increase of about 36.7% over last reporting period. Earnings per share was HK20.81 cents (2013: HK20.81 cents).

#### OPERATION REVIEW

With the establishment of an operation principle of "Find a better way every day" that we have been using for the past 30 years, we engage every single person on our team to find a better way. We champion them for doing it and make a celebration out of what they improve. We make it our mission to reward every incremental improvement our people make. Those are the real innovations, and together with every mindset in the operation, they are what make the "Group" competitive. Our people are the most valuable and productive asset. We believe and persist to train our own people and provide safe and stable working environment for them. Today, our people, our shareholders and the Group can benefit together from the strong and continued growth of the construction industry with the launch of government projects.

### MARKET REVIEW

The construction industry in Hong Kong continued to grow steadily. According to the 2013/2014 Hong Kong Government's Budget, the Government proposes to invest approximately HK\$76.1 billion in infrastructure construction projects in 2013 to 2014. It is expected that the total number of public rental housing produced will hover at about 14,000–21,000 units in each of the next four years to cope with the long queue for public rental housing. Furthermore, land supply has been secured for the development of a total of about 67,000 new private residential units for the next 3 to 4 years starting from 2012–2013.

During the Reporting Period, the Group completed 12 projects. In addition, the Group secured 17 new contracts in the Reporting Period with total contract value of approximately HK\$458.2 million. As at 31 March 2014, the Group had a total of 28 projects in progress that worth HK\$1,248.2 million and the outstanding contract sum was HK\$631.5 million.

The Group realized a significant growth in its business in the year and was involved in public projects namely the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road, Kai Tak Children's Hospital, Anderson Road Formation, Shatin to Central Link, South Island Line (East), Shatin Public Sports Centre and Public Rental Housing Development at Tung Chung. In private sector, The Group was involved in private residential projects at Stubbs Road Ex-Lingnan site, Peak Road, Plantation Road, Chai Wan Road, Babington Path, So Kwun Wat, Tseung Kwan O Area 65C1, as well as hotel developments at Hung Hom Bay and North Point Estate Lane and private hospital development at Nam Fung Path.

### BUSINESS PROSPECTS

According to the Hong Kong 2014–2015 Budget, Hong Kong Government will allocate HK\$77.9 billion to infrastructure. In addition, it is estimated that 71,000 private residential units will be available for sale over the next 3–4 years and 210,000 private/public units will be supplied over the next five years from 150 sites identified for residential use.

In view of the increasing public expenditure on infrastructure and the current growth prospects for private development projects, the Group expects that there will be more opportunities for our foundation business in both public and private sectors and our revenue will grow steadily in future.

### BUSINESS STRATEGIES

We shall continue to play an active role in seeking opportunities in foundation works from the public and 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, and hire and train more professional staff. The Group believes that by expanding our scale of operation and continued improvement of our competitive strength, we shall be able to participate in larger foundation projects and broaden our customer base by meeting the pre-qualifications set by potential customers. In turn, we shall be able to achieve future revenue growth and securing source of revenue. We aim to build a trusted brand of quality and reliability. We will offer excellent value-for-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 the community for their help, to our valued shareholders and investors for their enthusiastic support and to the Board for its brilliant leadership, diligence and care, dedication and significant contributions. With the 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 achieve sustainable success in the future.

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

**Wong Sai Chung**  
*Chairman*  
24 June 2014

# Management Discussion and Analysis

## OVERVIEW

During the Reporting Period, the construction industry in Hong Kong continued to grow steadily. In addition to the infrastructure development, the industry has been well supported by the land policy addressing the undersupply of housing units and the overheating of the property market by the Hong Kong Government. Benefited from the favorable operating environment, infrastructure construction as well as residential construction are expected to see continuous growth in the coming years. As a result, our foundation business also benefited from the overall positive atmosphere in the construction industry.



### BUSINESS REVIEW

#### Review — Foundation Piling

Our Group is principally engaged in the foundation business in Hong Kong as a foundation subcontractor. In particular, approximately 99.0% of total revenue generated during the Reporting Period was derived from our foundation projects as compared to 99.9% for the previous year.

During the Reporting Period, 12 foundation projects were completed, 28 projects were in progress, and our Group acquired 17 new contracts that worth HK\$458.2 million. The total contract sum in hand was HK\$1.2 billion and the outstanding contract sum was HK\$631.5 million.

According to the 2013/14 Hong Kong Government's Budget, the Government proposes to invest approximately HK\$76.1 billion in infrastructure construction projects in 2013 to 2014. Our Group was involved in public projects including the South Island Line (East), Shatin to Central Link, Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Zhuhai-Macao Bridge Hong Kong Link Road, Kai Tak Children's Hospital, Anderson Road Formation, Shatin Public Sports Centre, Community Hall and District Library and Public Rental Housing Development at Tung Chung, etc. In addition, it is expected that the total number of public rental housing produced will hover at about 14,000–21,000 units in each of the next four years to cope with the long queue for public rental housing.

Furthermore, according to the 2013 Policy Address, land supply has been secured for the development of a total of about 67,000 new private residential units for the next 3 to 4 years starting from 2012–13. Our Group was involved in private residential projects at Stubbs Road, Chai Wan Road, Babington Path, and So Kwun Wat, as well as hotel developments at Hung Hom Bay and North Point Estate Lane, and private hospital development at Nam Fung Path, etc.

In view of the increasing public expenditure on infrastructure and our registration status within the Development Bureau and Buildings Department and the current growth prospects for private development projects, our Group expects that there will be more opportunities for our foundation business in both the public and private sectors and our revenue will grow steadily in future.

### FINANCIAL REVIEW

#### Revenue

During the Reporting Period, our Group's revenue generated from foundation business represented a vast majority of the Group's turnover, which was all derived in Hong Kong. The Group's revenue for the Reporting Period was approximately HK\$486.9 million, representing an increase of approximately 36.7% from the previous year (2013: HK\$356.1 million). The increase was mainly attributable to the growth of the foundation business, i.e. (i) the rise in our general subcontract fee as a result of the shortage of foundation work service providers in the construction industry of Hong Kong; and (ii) the increase in the amount of foundation works completed by our Group during the year ended 31 March 2014.

#### Gross Profit and Gross Profit Margin

Our Group's gross profit increased from approximately HK\$107.3 million for the year ended 31 March 2013 to approximately HK\$133.4 million for the year ended 31 March 2014. Such increase was mainly due to the growth of our revenue. Although our Group's gross profit margin decreased to approximately 27.4% for the year ended 31 March 2014 from approximately 30.1% for the year ended 31 March 2013, we consider that it was at a healthy level as it represented a significant improvement as compared to that in the years ended 31 March 2012 and 2011, which were 22.6% and 10.3%, respectively.



## Management Discussion and Analysis

### General and Administrative Expenses

Our Group's general and administrative expenses increased to approximately HK\$47.3 million for the year ended 31 March 2014 from approximately HK\$31.8 million for the year ended 31 March 2013, which represented an increase of approximately 48.8%. Such increase was mainly due to the increase in listing expenses, professional fees, staff costs as well as Directors' emoluments.

### Net Profit and Net Profit Margin

Our Group's net profit for the Reporting Period was approximately HK\$73.4 million, representing a growth of approximately 17.6% on a year-on-year basis, mainly due to the growth of our revenue of approximately 36.7% which was partially off-set by the increase of listing expenses, professional fees, staff costs as well as Directors' emoluments. Set aside the listing expense, the Group's net profit for the Reporting Period would be HK\$82.4 million and the net profit margin would be approximately 16.9% (2013: 17.5%).

### Use of Net Proceeds from the share offer

The net proceeds from the share offer of the Company in connection with its listing on 16 October 2013 was approximately HK\$99.9 million. According to the section "Future Plans and Use of Proceeds" set out in the prospectus of the Company dated 30 September 2013 (the "Prospectus"), the Group has used the net proceeds as follows:

	<b>Estimated Net Proceeds as per 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 2014)	<b>Unused amount</b> (approximately HK\$' million) (as at 31 March 2014)
Acquisition of machinery and equipment	51.9	64.9	29.8	35.1
Hiring additional staff	12.0	15.0	3.5	11.5
Partial bank loan repayment	8.0	10.0	6.8	3.2
General working capital	8.0	10.0	10.0	—
<b>Total</b>	<b>79.9</b>	<b>99.9</b>	<b>50.1</b>	<b>49.8</b>

### Sales and Marketing

The Group maintains active and long term relationship with customers in the construction industry to explore potential business opportunities. The foundation projects are usually awarded by way of quotation requested by customers in both private and public sectors. The Group will continue to leverage its strong network in the industry and reinforce marketing efforts to secure more foundation projects and maximise investor's return.

Going forward, the Hong Kong Government will implement projects to increase development intensity and reduce restrictions such as uplifting the development moratorium at South of Pok Fu Lam, i.e. the area close to Wah Fu Estate, aiming to increase additional 11,900 residential units. Other key developments including "East Lantau Metropolis", the three-runway system by 2023, and the development project in the North Commercial District of Airport by the Hong Kong Airport Authority. Moreover, there are 3 main railway property developments in Kam Sheung and Pat Heung, Kwu Tong and Hung Shui Kiu. As such, the number of new projects and foundation related projects and construction is expected to rise continuously.

## Management Discussion and Analysis

In order to increase profit margin, the Group will continue to leverage its expertise and focus on undertaking foundation projects using socketed H-piles and mini-piles. At the same time, the Group will maintain a long term relationship with cement and diesel fuel suppliers so as to better control operating costs. In addition, the Group will continue to actively seek opportunities in foundation works from both private and public sectors in Hong Kong and achieve further revenue growth.

### Debts and Charge on Assets

The total interest-bearing bank borrowings of the Group consisted of bank loans and finance leases in a sum of approximately HK\$26.6 million as at 31 March 2014 as compared to HK\$16.8 million as at 31 March 2013. As at 31 March 2014, bank loans and finance leases facilities were approximately HK\$22.0 million and HK\$4.6 million respectively (2013: HK\$13.3 million and HK\$3.5 million). Finance leases facilities were secured by the Group's plant and machinery with an aggregated net book value of approximately HK\$6.0 million and HK\$6.2 million as at 31 March 2014 and 2013 respectively.

### Liquidity, Financial Resources and Capital Structure

As at 31 March 2014, the Group had cash and bank deposits of approximately HK\$118.6 million (2013: HK\$67.2 million). The net increase was mainly due to net cash inflow from operating activities and issue of new shares upon listing.

The gearing ratio of the Group as at 31 March 2014 (defined as total interest-bearing liabilities divided by the Group's total equity) was approximately 11.6% (2013: approximately 17.5%).

### Foreign Exchange Risk

The 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, our 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.

### Material Acquisitions and Disposal of Subsidiaries and Associated Companies

On 22 January 2014, the Group entered into a sales and purchase agreement with, among others, Rosy Lane Investments Limited to acquire the entire issued share capital of Achieved Success Company Limited ("Achieved Success") for a consideration of HK\$35.4 million, subject to adjustment. Achieved Success and its subsidiary have upon completion become subsidiaries of the Company. The main assets of Achieved Success and its subsidiary are two rental properties which are office premises located in Champion Building, Hong Kong with a market value of HK\$37.3





## Management Discussion and Analysis

million as at 31 March 2014. The consideration of approximately HK\$35.4 million was fully funded by cash generated from operating profit and reserves. This acquisition constituted a discloseable transaction of the Company under 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 22 January 2014.

Saved as disclosed above and reorganisation in connection with the listing of the shares of Company on the Stock Exchange, the Group has no other material acquisition and disposal of subsidiaries during the Reporting Period.

### Capital Commitments

Save as disclosed in note 28 to the consolidated financial statements, the Group had no other capital commitments as at 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 31 to the consolidated financial statements, the Group had no significant contingent liabilities as at 31 March 2014.

### Events after the Reporting Period

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") for a consideration of HK\$39.0 million, subject to adjustment. The main asset of Funa Assets is a rental property which comprises shops located at Hip Wo Street, Hong Kong with a market value of HK\$39.0 million as at 19 May 2014. The consideration of HK\$39.0 million was fully funded by cash generated from operating profit and reserves. As of the date of approval of this report, the transaction has not been completed. This acquisition constituted a discloseable transaction of the Company under 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 22 May 2014.

Saved as disclosed above, the Group has no material acquisition and disposal of subsidiaries from 1 April 2014 up to the date of this report.

### Employee and Remuneration Policies

As at 31 March 2014, the Group employed 265 staff. Total employee costs for the Reporting Period including directors' emoluments, amounted to approximately HK\$96.4 million (2013: HK\$72.2 million).

The salary and benefit levels of employees of the Group are competitive and individual performance is 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.



## Management Discussion and Analysis

### Final Dividend

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

### Prospects

Over the Reporting Period, the Hong Kong Government has been allocating more and more resources on the development of infrastructure. According to the Hong Kong 2014–15 Budget, HK\$77.9 billion will be allocated to infrastructure. In addition, the Hong Kong Government reiterated its commitment to increase land supply, with a focus on commercial use. The Hong Kong Government estimated that 71,000 private residential units will be available for sale over the next 3–4 years and some 210,000 private/public units will be supplied over the next five years from 150 sites identified for residential use. The favorable government policies set favorable conditions for the development of the construction industry.

# 2013

## Highlights of the Year

### CORPORATE NEWS

#### Issuance of Prospectus — September 2013

The Group held a press conference to announce the issue of the Prospectus for an initial public offering on the Main Board of the Hong Kong Stock Exchange. Our Chairman Mr. Wong Sai Chung and Chief Executive Officer Mr. Lam Wing Sum introduced the Prospectus to the audience and attended to queries from the media during the press conference.



Mr. Wong Sai Chung, Chairman



Mr. Lam Wing Sum, CEO



From left: Mr. Lam Wing Sum, CEO and  
Mr. Wong Sai Chung, Chairman



The Prospectus

### Listing on Main Board of HKEx — October 2013

As a milestone of our history, our Company was successfully listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01246) on 16 October 2013 with market capitalisation of HK\$385.95 million.



Listing on the Hong Kong Stock Exchange  
on 16 October 2013



From left: Mr. Lam Wing Sum, CEO and  
Mr. Wong Sai Chung, Chairman



Directors and Company's staff in  
the Hong Kong Stock Exchange



From left: Mr. Lam Wing Sum, CEO and  
Mr. Wong Sai Chung, Chairman

# 2013

Highlights of the Year

## Celebration Dinner for Listing — October 2013

The directors and the management of the Group shared the happy moment with the employees of the Group and invited guests for a successful listing on the Main Board.



*Mr. Wong Sai Chung, Chairman*



*Mr. Lam Wing Sum, CEO, gave a speech at the dinner*



*Directors, staff and guests*

## 30th Anniversary Celebration — January 2014

Our Group celebrated its 30th Anniversary with staff and guests.



*Mr. Wong Sai Chung, Chairman, thanked the customers for their continuous support and trust, and to the employees of the Group for their contribution and commitment to the success of the Group.*



*Recipients for long-service awards*



*30th Anniversary Celebration Dinner*



# 2014

Highlights of the Year

## AWARD

### Excellence Leader Award — January 2014

Mr. Wong Sai Chung, Chairman and Executive Director, was awarded with the Leader of Excellence Award 2013 issued by CAPITAL magazine.



*Award Ceremony Speech by  
Mr. Wong Sai Chung, Chairman*



*Award Presentation Ceremony*



*Awarded trophy, the  
Leader of Excellence  
Award 2013*



# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Wong Sai Chung (“Mr. SC Wong”)**, aged 50, is our executive Director, chairman of our Board and the controlling shareholder of the Company. He is the brother of Mr. SY Wong. Mr. SC Wong is responsible for overall management and overseeing marketing and engineering work of our Group. He was appointed as Director on 3 April 2013 and redesignated as our executive Director and appointed as the chairman of the Board on 22 September 2013. Mr. SC Wong, who joined Ngai Shun Construction & Drilling Co. in 1994 and later joined our Group, has 20 years of experience in foundation works. Before joining our Group, he worked for Reinforced Earth (SEA) Pte. Limited as senior project engineer from 1989 to 1993 and Reinforced Earth Pacific Limited as assistant general manager and consultant from 1993 to 1999. Both Reinforced Earth (SEA) Pte. Limited and Reinforced Earth Pacific Limited are companies that provided civil engineering and design services. Mr. SC Wong 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. In 2012, Mr. SC Wong was also admitted in the doctoral program of business administration degree at the University of Newcastle, Australia, specialising in global corporate governance, social responsibility and international business strategy. In addition, he was awarded the Leader of Excellence Award 2013 issued by the CAPITAL magazine.

**Mr. Lam Wing Sum (“Mr. Lam”)**, aged 56, is a co-founder of our Group and the controlling shareholder of the 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 has been involved in the construction industry for more than 35 years and he is currently responsible for formulation of development strategies, overseeing the daily operation and business development of our Group. Mr. Lam established Ngai Shun Construction & Drilling Co. in 1983, a partnership, with business focused mainly in site investigation and grouting work.

**Mr. Tao Chi Keung**, aged 44, is our executive Director. Mr. Tao is the half brother of Mr. Lam Wing Sum. He 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 an 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.

## NON-EXECUTIVE DIRECTOR

**Mr. Wong Sai Yee (“Mr. SY Wong”)**, aged 52, is our non-executive Director and the controlling shareholder of the Company. He is the brother of Mr. SC Wong. Mr. SY Wong was appointed as a non-executive Director on 22 September 2013, and he is responsible for advising on internal control and financial management of our Group. Mr. SY Wong has over 25 years experience in the electrical and mechanical engineering industry. Currently, Mr. SY Wong is the Asia Pacific Regional General Manager of Parker Hannifin Corporation. Prior to joining our Group, he worked for Johnson Controls Hong Kong Limited, a subsidiary of a New York listed company which manufactures, installs, and services automatic temperature regulations systems for buildings, as project engineer and project manager from 1988 to 1991, Analogue Technical Agencies Limited, a company that specialises in the design, supply, installation, operation and maintenance of building-related systems such as electrical system, fire safety system, and water distribution system, as manager from 1991 to 1996, and Emerson Climate Technologies, a subsidiary of a New York listed company which delivers engineering services and solutions in heating, ventilation, air conditioning, and refrigeration for residential, industrial, and commercial applications, as manager, sales director and director from 1996 to 2010. Mr. SY Wong obtained a bachelor of engineering degree in mechanical engineering from the University of Newcastle Upon Tyne in June 1988, a master of science degree in engineering from the University of Hong Kong in November 1993 and a master of business administration degree from the University of Macau (formerly known as University of East Asia) in October 1991. He was admitted as a member in the Chartered Institution of Building Services Engineers, a member of the Institution of Mechanical Engineers and a member of the Hong Kong Institution of Engineers in 1994. He was also a registered Chartered Mechanical Engineer with the Institution of Mechanical Engineers since 1994.



## Biographical Details of Directors and Senior Management

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Tam Tak Kei, Raymond**, aged 51, joined our Group and was appointed 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 law firms for nine years and has over 20 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 Sunley Holdings Limited (stock code: 1240) since September 2012, Vision Fame International Holding Limited (stock code: 1315) since December 2011, Tianjin Jinran Public Utilities Company Limited (stock code: 1265, formerly 8290) since February 2011, Zebra Strategic Holdings Limited (stock code: 8260) since March 2013, Jin Cai Holdings Company Limited (stock code: 1250) since June 2013 and Digital Domain Holdings Limited (formerly known as Sun Innovation Holdings Limited) (stock code: 547) from September 2009 to August 2013.

**Mr. Pai Hao**, aged 52, joined our Group and was appointed 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 engineering in 1988. Mr. Pai has been the managing director of QualiSys Consultancy Services (Hong Kong) Limited since 1992. He has attained over 21 years of experience in the consulting field. Mr. Pai is a member of the Steering Committee of Six Sigma, China Association for Quality in 2013.

**Mr. Chiu Sai Chuen Nicholas**, *BBS, MBE, JP*, aged 70, joined our Group and 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 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.

### FINANCIAL CONTROLLER AND COMPANY SECRETARY

**Mr. Lam Chi Keung (“Mr. CK Lam”)**, aged 44, joined our Group in January 2014 and is the financial controller of the Group and company secretary of the Company. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”), a holder of the specialist designation in insolvency of the HKICPA, a member of the American Institute of Certified Public Accountants, and a certified fraud examiner of the Association of Certified Fraud Examiners. Mr. CK Lam has been employed by leading international accounting firms where he had undertaken various senior management roles including heads of business advisory services specialising in forensic accounting and insolvency field for about 14 years. Mr. CK Lam holds a bachelor’s degree of science in accounting awarded by Brigham Young University — Hawaii in 1996. He also obtained a master’s degree of science in e-commerce from The Chinese University of Hong Kong in 2002. Mr. CK Lam is currently an independent non-executive director of Universe International Holdings Limited (stock code: 1046) and Convoy Financial Services Holdings Limited (stock code: 1019), each of the companies whose shares 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 2014.

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.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period from 16 October 2013 (the date of Listing) to 31 March 2014, 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 term 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 Company and its subsidiaries and make recommendations;
- 2) to review and monitor the training and continuous professional development of Directors and 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 Directors and employees; and
- 5) to review the Company's compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and disclosure in the corporate governance report of the Company.

## Composition of the Board

In compliance with rules 3.10(1) and 3.10A of the Listing Rules, three independent non-executive Directors ("INEDs") have been appointed in the Board during the Reporting Period. The number of INEDs represents approximately 42.9% of the Board which exceeds the minimum requirement under the Listing Rules. In particular, the composition of the Board is set out as follow:

### Executive Directors

Mr. Wong Sai Chung (*Chairman*)  
Mr. Lam Wing Sum (*Chief Executive Officer & Vice Chairman*)  
Mr. Tao Chi Keung

### Non-executive Director

Mr. Wong Sai Yee

### Independent Non-executive Directors

Mr. Tam Tak Kei, Raymond  
Mr. Pai Hao  
Mr. Chiu Sai Chuen Nicholas

## Corporate Governance Report

The Company has signed a service agreement with each of the INEDs and the non-executive Director. The commencement date of each of the service agreement is 16 October 2013 (the date of Listing) for a term of two years, which may be terminated earlier by no less than three months written notice served by either party on the other.

Pursuant to Article 108 of 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. However, 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 three 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, Mr. SC Wong, acting as the Chairman of the Board, is responsible for overseeing the functioning of the Board while Mr. Lam, acting as the Chief Executive Officer, is responsible for managing the Group's business operation. As such, the Company has complied with the code provision A.2.1. of the Code.

### Board and General Meetings

During the Reporting Period, four Board meetings were held. Subsequent to the Reporting Period, five more Board meetings were held between 1 April 2014 and the date of this report. The forthcoming annual general meeting which will be held on 5 September 2014 is the first general meeting of the Company since the date of Listing.

The attendance of the respective Directors to the Board Meetings are set out below:

	<b>Attendance/Number of meetings between the date of Listing and 31 March 2014</b>	<b>Attendance/Number of meetings between 1 April 2014 and the date of this report</b>
<b>Executive Directors</b>		
Mr. Wong Sai Chung	3/3	5/5
Mr. Lam Wing Sum	3/3	5/5
Mr. Tao Chi Keung	3/3	4/5
<b>Non-executive Director</b>		
Mr. Wong Sai Yee	2/3	2/5
<b>Independent Non-executive Directors</b>		
Mr. Tam Tak Kei, Raymond	3/3	5/5
Mr. Pai Hao	1/3	5/5
Mr. Chiu Sai Chuen Nicholas	2/3	4/5

### 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 a specific enquiry by the Group, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the period from the date of Listing on 16 October 2013 to 31 March 2014.

### 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.

During the Reporting Period, the Company has provided and all Directors have attended at least one training course on the updates of the Listing Rules concerning good corporate governance practices. The Company will, if necessary, 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 that 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 of the Company which was established on 22 September 2013 comprises 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 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 audit of interim and annual accounts;

## Corporate Governance Report

- 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 management 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 2014, and discussed internal controls and financial reporting matters. The Audit Committee also reviewed this annual report, and confirmed that this annual 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.

During the Reporting Period, the Audit Committee had held one meeting. Between 1 April 2014 and the date of this report, the Audit Committee has held one meeting, both of which with full attendance by all the members of that committee. The attendance records of the members of the Audit Committee are summarised below:

	<b>Attendance/Number of meetings between the date of Listing and 31 March 2014</b>	<b>Attendance/Number of meetings between 1 April 2014 and the date of this report</b>
Mr. Tam Tak Kei, Raymond ( <i>Chairman</i> )	1/1	1/1
Mr. Pai Hao	1/1	1/1
Mr. Chiu Sai Chuen Nicholas	1/1	1/1

### Remuneration Committee

The Remuneration Committee of the Company which was established on 22 September 2013 comprises three members, namely Mr. Pai Hao (Chairman), Mr. Lam, and Mr. Chiu Sai Chuen, Nicholas. Mr. Pai and Mr. Chiu are 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 about 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 individual executive Directors and senior management;
- 5) make recommendations to the Board on the remuneration of non-executive Directors;
- 6) review and approve compensation payable to 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.

During the period between 1 April 2014 and the date of this report, the Remuneration Committee had held two meetings with full attendance by all the members of that committee to approve the annual bonus payable to the directors of one of the subsidiaries of the Company and to review the Group's remuneration policy respectively. The attendance records of the members of the Remuneration Committee are summarised below:

	<b>Attendance/Number of meetings between the date of Listing and 31 March 2014</b>	<b>Attendance/Number of meetings between 1 April 2014 and the date of this report</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.



## Corporate Governance 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 2014 is set out below:

Remuneration Band	Number of Senior Management
Up to HK\$1,000,000	5
HK\$1,000,001 to up to HK\$2,000,000	2
HK\$2,000,000 or above	2

### Nomination Committee

The Nomination Committee of the Company which was established on 22 September 2013 comprises three members, namely Mr. SC Wong (Chairman), Mr. Tam Tak Kei, Raymond and Mr. Chiu Sai Chuen Nicholas. Mr. Tam and Mr. Chiu are 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 INEDs; and
- 4) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive 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.

During the period between 1 April 2014 and the date of this report, the Nomination Committee has held one meeting with full attendance by all the members of that committee. The attendance records of the members of the Nomination committee are summarised below:

	Attendance/Number of meetings from the date of Listing to 31 March 2014	Attendance/Number of meetings from 1 April 2014 to the date of this report
Mr. Wong Sai Chung ( <i>Chairman</i> )	-/-	1/1
Mr. Tam Tak Kei, Raymond	-/-	1/1
Mr. Chiu Sai Chuen Nicholas	-/-	1/1

### AUDITORS' REMUNERATION

During the Reporting Period, the Group engaged HLB as the Group's external auditors to conduct interim results review and final results audit with the remuneration paid and payable of HK\$118,000 and HK\$700,000 respectively. In addition, the Company also paid to the auditors a total sum of HK\$2,000,000 for their acting as reporting accountant in respect of the listing of the Shares.

### COMPANY SECRETARY

Mr. Ho Cheuk Wai ("Mr. Ho") was appointed as the financial controller of the Group and company secretary of the Company between 13 May 2013 and 15 January 2014. Mr. Ho graduated with a degree of master of science in business information technology from the University of Middlesex in 2003 and a degree of master of business administration from the University of Wales, Bangor in co-operation with the Manchester Business School (now known as the Bangor University) in 1997, both of which are distance learning programs. He became a member of the Hong Kong Society of Accountants in 1994 and was admitted an associate of the Chartered Association of Certified Accountants in 1995. He was also admitted as a fellow of the Association of Chartered Certified Accountants in 2000. Mr. Ho resigned from his positions on his own accord on 15 January 2014.

Subsequently, Mr. Lam Chi Keung, was appointed as the financial controller of the Group and company secretary of the Company on 15 January 2014. Mr. CK Lam is a fellow member of the HKICPA, a holder of the specialist designation in insolvency of the HKICPA, a member of the American Institute of Certified Public Accountants and a certified fraud examiner of the Association of Certified Fraud Examiners. During the Reporting Period, Mr. CK Lam has received no less than 15 hours of professional training to update his skills and knowledge.

### 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.

In addition, the Group has engaged a professional advisory firm of internal control to perform regular review to the internal control system of the Group. The Board is satisfied with the overall effectiveness of the Group but will continue to strike for a better control by way of consulting with the professional advisor and adopting the recommendations made by the firm.

### DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility 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 required of the Listing Rules. The Directors are of the view that the financial statements of the Group for each financial year have been prepared on this 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.



## Corporate Governance Report

### GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting 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 INEDs) are available to attend to questions raised by the shareholders. The external auditors of the Company is also invited to be present at the AGM to address to queries of the shareholders concerning the audit procedures and the auditors' report.

The first AGM of the Company after the Listing will be held on Friday, 5 September 2014, the notice of which will be sent to shareholders at least 20 clear business days prior to the meeting.

### 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, all reasonable expenses incurred by the requisition(s) as a result of the failure of the Board shall be reimbursed to the requisition(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.

### 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 meeting, public announcement, interim report, and annual report. 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:

Unit 2, 23/F  
New Tech Plaza  
34 Tai Yau Street  
San Po Kong  
Kowloon, Hong Kong

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

Save for the adoption of the memorandum and articles of association for the purpose of the listing of its shares on the Stock Exchange, during the year ended 31 March 2014, the Company did not make any significant changes to its Memorandum and Articles of Association.



# Directors' Report

The Board is pleased to present the annual report together with the audited consolidated financial statements for the year ended 31 March 2014.

## 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 year ended 31 March 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 39.

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

## CLOSURE OF REGISTER OF MEMBERS

As the forthcoming annual general meeting (the "AGM") of the Company will be held on 5 September 2014 (Friday), the register of members of the Company will be closed from 2 September 2014 (Tuesday) to 5 September 2014 (Friday) (both days inclusive) for the said AGM or any adjournment thereof. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office no later than 4:00pm on 1 September 2014 (Monday) in order to qualify for the right to attend and vote at the meeting (or any adjournment thereof). The share registrar and transfer office is at:

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

## FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past four financial years is set out on page 81.

## 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 2014 and details of the acquisition of subsidiaries during the Reporting Period are set out in note 14 and note 29 to the consolidated financial statements respectively.

## SHARE CAPITAL AND SHARE PREMIUM

The Company's total issued share capital as at 31 March 2014 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 24 to the consolidated financial statements.

### RESERVES

Details of the reserves of the Group are set out in note 26 to the consolidated financial statements.

As of 31 March 2014, 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\$215.2 million (2013: HK\$86.0 million) inclusive of share premium and retained earnings.

### SHARE OPTION SCHEME

Particulars of the share option scheme (the "Scheme") which was adopted on 22 September 2013 is set out in note 25 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 2014.

### DIRECTORS

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

#### Executive Directors

Mr. Wong Sai Chung (*Chairman*) (appointed on 3 April 2013)  
Mr. Lam Wing Sum (*Chief Executive Officer & Vice Chairman*) (appointed on 22 September 2013)  
Mr. Tao Chi Keung (appointed on 22 September 2013)

#### Non-executive Director

Mr. Wong Sai Yee (appointed on 22 September 2013)

#### Independent Non-executive Directors

Mr. Tam Tak Kei, Raymond (appointed on 22 September 2013)  
Mr. Pai Hao (appointed on 22 September 2013)  
Mr. Chiu Sai Chuen Nicholas (appointed on 22 September 2013)

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 INEDs.

## Directors' Report

### DIRECTORS' SERVICE CONTRACT

All executive Directors have entered into service agreements with the Company for a term of two years commencing from 16 October 2013 (the date of Listing), which may be terminated earlier by no less than three months written notice served by either party on the other.

Each of the non-executive Director and INEDs has entered into a service agreement with the Company for a term of two years commencing from 16 October 2013 (the date of Listing), which may be terminated earlier by no less than three months written notice served by either party on the other.

No director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation. The non-executive Director of the Company was appointed for a fixed period but subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles.

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, all Directors, being Mr. Wong Sai Chung, Mr. Lam Wing Sum, Mr. Tao Chi Keung, Mr. Wong Sai Yee, Mr. Tam Tak Kei, Raymond, Mr. Pai Hao and Mr. Chiu Sai Chuen, Nicholas will retire as Directors at the forthcoming AGM and, being eligible, will offer themselves for re-election at the AGM.

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

As at 31 March 2014, 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	Percentage of Shareholding
Mr. Wong Sai Chung ("Mr. SC Wong")	Interest in controlled corporation (Note)	Long position	300,000,000	72.28%
Mr. Lam Wing Sum ("Mr. Lam")	Interest in controlled corporation (Note)	Long position	300,000,000	72.28%
Mr. Wong Sai Yee ("Mr. SY Wong")	Interest in controlled corporation (Note)	Long position	300,000,000	72.28%

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

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/Nature</b>	<b>Long/short position</b>	<b>No. of Shares held</b>	<b>Percentage of shareholding</b>
Mr. SC Wong	Fabulous Business Limited ("Fabulous Business")	Interest in controlled corporation (Note)	Long position	24	20%
Mr. SY Wong	Fabulous Business	Interest in controlled corporation (Note)	Long position	24	20%
Mr. Lam	Fabulous Business	Interest in controlled corporation (Note)	Long position	60	50%
Mr. SC Wong	Prime Colour Global Limited ("Prime Colour")	Beneficial owner	Long position	40	40%
Mr. SY Wong	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. Mr. SC Wong and Mr. SY Wong each owns 40% of the issued share capital of Prime Colour while Mr. Lam owns 100% of Splendid Core. Therefore, Mr. SC Wong, Mr. SY Wong 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. Mr. SC Wong and Mr. SY Wong are also directors 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 2014, 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:

<b>Name</b>	<b>Nature of Interest</b>	<b>Long/short position</b>	<b>No. of Shares held</b>	<b>Approximate Percentage of Shareholding</b>
Fabulous Business	Beneficial owner (Note 1)	Long position	300,000,000	72.28%
Prime Colour	Interest in controlled corporation (Note 2)	Long position	300,000,000	72.28%
Splendid Core	Interest in controlled corporation (Note 3)	Long position	300,000,000	72.28%
Ms. Wong Lai Ling	Interest of spouse (Note 4)	Long position	300,000,000	72.28%
Ms. Kwan Oi Man Joyce ("Mrs. Lam")	Interest of spouse (Note 5)	Long position	300,000,000	72.28%
Ms. Wong Mei Yi Patricia	Interest of spouse (Note 6)	Long position	300,000,000	72.28%

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%.





## Directors' Report

- (2) Prime Colour is a company incorporated in the British Virgin Islands and owns 50% shareholding in Fabulous Business, which in turn owns approximately 72.28% 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. Mr. SC Wong 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 72.28% 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) Mr. SC Wong owns 100% of the issued share capital of Prime Colour, of which 40% of the shares is beneficially held by Mr. SC Wong, and 20% and 40% of the shares are held by Mr. SC Wong 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 72.28% shareholding in the Company. Therefore, Mr. SC 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 Lai Ling is the spouse of Mr. SC Wong. Therefore, Ms. Wong Lai Ling is deemed or taken to be interested in all the shares which are interested by Mr. SC Wong 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 72.28% 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 Mr. SC Wong for Mr. SY Wong, and Prime Colour in turn owns 50% shareholding in Fabulous Business, the beneficial owner holding approximately 72.28% 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.

Save as disclosed above, as at 31 March 2014, 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.

### PLACING OF SHARES BY CONTROLLING SHAREHOLDERS AFTER THE REPORTING PERIOD

On 22 April 2014, Fabulous Business placed 88,000,000 ordinary shares of the Company to six independent places through a placing agent at a placing price of HK\$0.95 per placing share (the "Placing"). The Placing was completed on 23 April 2014. Upon completion of the Placing, the shareholding of Fabulous Business in the issued share capital of the Company reduced from 72.28% to approximately 51.08%. For further details of the Placing, please refer to the announcements of the Company dated 22 April 2014 and 23 April 2014.

### MAJOR CUSTOMERS

During the Reporting Period, the Group's five largest customers accounted for approximately 98.7% (2013: 94.5%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 39.1% (2013: 50.4%) of the total revenue.

None of the Directors or any of their close associates, or any shareholder (which to the knowledge of the Directors own more 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 44.9% (2013: 45.2%) of the total purchases of the Group and the largest supplier of the Group accounted for 15.3% (2013: 12.8%) 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 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 30 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 2014 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 Directors consider that those material related party transactions disclosed in notes 8 and 20 to the consolidated financial statements in this annual report did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

Save as disclosed above, during the year ended 31 March 2014, 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' 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 Mr. SC Wong, Mr. SL Wong, 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 Mr. SC Wong, Mr. SL Wong, Mr. SY Wong, Mr. Lam, Prime Colour, Splendid Core and Fabulous Business for the period from 22 September 2013 and up to the date of this annual report.



## Directors' 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 from the date of Listing on 16 October 2013 to 31 March 2014.

### **CORPORATE GOVERNANCE CODE**

Throughout the period from the date of Listing on 16 October 2013 to 31 March 2014, 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.

### **AUDITORS**

HLB shall retire in the forthcoming AGM 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 AGM. The Company has not changed its external auditors during the year ended 31 March 2014 and up to the date of this annual report.

On behalf of the Board

**Wong Sai Chung**

*Chairman*

Hong Kong, 24 June 2014

# 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 37 to 80, which comprise the consolidated and company statements of financial position as at 31 March 2014, 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 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

**Jonathan T.S. Lai**  
Practising Certificate Number: P04165

Hong Kong, 24 June 2014

# Consolidated Statement of Financial Position

As at 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	44,730	22,728
Investment properties	16	37,300	—
		<b>82,030</b>	22,728
<b>Current assets</b>			
Trade and other receivables	18	123,492	63,745
Cash and cash equivalents	19	118,642	67,210
		<b>242,134</b>	130,955
<b>Total assets</b>		<b>324,164</b>	153,683
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	24	4,150	10,000
Share premium	24	95,797	—
Merger reserve	26	10,000	—
Retained earnings		119,355	85,976
<b>Total equity</b>		<b>229,302</b>	95,976
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	20	263	1,202
Provision for long service payments	23	4,740	4,630
Deferred taxation	22	4,250	998
		<b>9,253</b>	6,830
<b>Current liabilities</b>			
Trade and other payables	21	58,994	28,087
Borrowings	20	26,305	15,619
Tax payable		310	7,171
		<b>85,609</b>	50,877

## Consolidated Statement of Financial Position

As at 31 March 2014

	2014 HK\$'000	2013 HK\$'000
<b>Total liabilities</b>	<b>94,862</b>	57,707
<b>Total equity and liabilities</b>	<b>324,164</b>	153,683
<b>Net current assets</b>	<b>156,525</b>	80,078
<b>Total assets less current liabilities</b>	<b>238,555</b>	102,806

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 June 2014 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.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenue	5	486,906	356,100
Cost of sales	6	(353,509)	(248,827)
Gross profit		133,397	107,273
Other income and net gains	5	5,146	323
Administrative and other operating expenses	6	(47,293)	(31,777)
Operating profit		91,250	75,819
Finance costs	9	(1,227)	(437)
Profit before income tax		90,023	75,382
Income tax expense	10	(16,644)	(12,963)
Profit and total comprehensive income for the year attributable to owners of the Company		73,379	62,419
Basic and diluted earnings per share (HK cents)	11	20.81	20.81

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.



# Statement of Financial Position

As at 31 March 2014

	Note	2014 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	14	93,267
<b>Current assets</b>		
Amounts due from subsidiaries	14	46,946
Cash and cash equivalents	19	40,120
		87,066
<b>Total assets</b>		<b>180,333</b>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	24	4,150
Share premium	24	95,797
Special reserve	26	93,267
Accumulated losses	26	(13,297)
<b>Total equity</b>		<b>179,917</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	21	416
<b>Total liabilities</b>		<b>416</b>
<b>Total equity and liabilities</b>		<b>180,333</b>
<b>Net current assets</b>		<b>86,650</b>
<b>Total assets less current liabilities</b>		<b>179,917</b>

**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 2014

	Attributable to owners of the Company				Total equity HK\$'000
	Share capital HK\$'000 (Note 24)	Share premium HK\$'000 (Note 24)	Merger reserve HK\$'000 (Note 26)	Retained profits HK\$'000 (Note 26)	
<b>Balance at 1 April 2012</b>	10,000	—	—	43,557	53,557
Profit and total comprehensive income for the year	—	—	—	62,419	62,419
	—	—	—	62,419	62,419
Transactions with owners:					
Dividends (Note 12)	—	—	—	(20,000)	(20,000)
	—	—	—	(20,000)	(20,000)
<b>Balance at 31 March 2013</b>	10,000	—	—	85,976	95,976
<b>Balance at 1 April 2013</b>	<b>10,000</b>	<b>—</b>	<b>—</b>	<b>85,976</b>	<b>95,976</b>
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>	<b>4,150</b>	<b>95,797</b>	<b>10,000</b>	<b>119,355</b>	<b>229,302</b>

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

# Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Cash flows from operating activities</b>			
Net cash generated from operations	27	71,522	88,241
Income tax paid		(20,253)	(11,290)
<b>Net cash generated from operating activities</b>		<b>51,269</b>	<b>76,951</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired	29	(35,049)	—
Proceeds from disposal of property, plant and equipment		2,950	270
Purchases of property, plant and equipment		(36,279)	(14,414)
Deposits paid for purchases of property, plant and equipment		—	(10)
Interest received		74	53
<b>Net cash used in investing activities</b>		<b>(68,304)</b>	<b>(14,101)</b>
<b>Cash flows from financing activities</b>			
Proceeds from placing and public offer of shares		106,950	—
Share issuance costs		(7,003)	—
Inception of finance leases		6,118	2,366
Drawdown of bank borrowings		30,000	11,290
Repayment of finance leases		(5,024)	(4,725)
Repayment of bank borrowings		(21,347)	(6,724)
Interest paid on finance leases		(213)	(107)
Interest paid on bank borrowings		(1,014)	(330)
Dividends paid		(40,000)	(20,000)
<b>Net cash generated from/(used in) financing activities</b>		<b>68,467</b>	<b>(18,230)</b>
<b>Net increase in cash and cash equivalents</b>		<b>51,432</b>	<b>44,620</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>67,210</b>	<b>22,590</b>
<b>Cash and cash equivalents at end of the year</b>	19	<b>118,642</b>	<b>67,210</b>

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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"), Mr. Wong Sai Chung ("Mr. SC Wong"), 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, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Unit 2, 23/F, New Tech Plaza, 34 Tai Yau Street, San Po Kong, 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 Main Board of 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 statement of financial position as at 31 March 2013 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 June 2014.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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 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 estimates 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 2013 and are relevant to the Group:

Amendment to HKAS 1, "Presentation of Financial Statements" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). In addition, the Group has chosen to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in these consolidated financial statements.

HKFRS 10, "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 13, "Fair Value Measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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 2013, 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. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of profit or loss, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact. The Group will also consider the impact of the remaining phases of HKFRS 9 when completed by the board.

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.

### 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.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

#### 2.2 Subsidiaries (continued)

##### 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.

##### 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.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

### 2.2 Subsidiaries (continued)

#### 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.

### 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

### 2.5 Foreign currency translation (continued)

#### (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.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in consolidated statement of profit or loss and other comprehensive income as part of the gain or loss on sale.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

### 2.5 Foreign currency translation (continued)

#### (d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

### 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:

— 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.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

#### 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".

#### 2.8 Impairment of non-financial assets

Assets that have an indefinite useful life (for example, goodwill 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 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

#### 2.9 Leases and hire purchase contracts (continued)

##### *The Group as lessee (continued)*

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.

#### 2.10 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).

#### 2.11 Loans and receivables

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

#### 2.12 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.

#### 2.13 Impairment of financial assets

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

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.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

#### 2.13 Impairment of financial assets (continued)

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, 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.

#### 2.14 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.

#### 2.15 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).

#### 2.16 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.

#### 2.17 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 2014

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

### 2.18 Borrowings

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.

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.

### 2.19 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.

### 2.20 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

#### 2.21 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.

#### 2.22 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

#### 2.23 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.

#### 2.24 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.

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.





## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

#### 2.25 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 and liquidity risk.

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

##### (i) Interest rate risk

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

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

As at 31 March 2014, if the interest rate on all borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's profit before income tax would have been decreased/increased by approximately HK\$266,000 (2013: HK\$168,000), 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (ii) Credit risk (continued)

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 2014, there were 4 (2013: 3) 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 89% (2013: 85%) 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.

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 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
	<b>86,327</b>	<b>264</b>	<b>86,591</b>
<b>As at 31 March 2013</b>			
Trade and other payables excluding non-financial liabilities	28,087	—	28,087
Borrowings (excluding finance lease liabilities)	13,612	—	13,612
Finance lease liabilities	2,337	1,224	3,561
	<b>44,036</b>	<b>1,224</b>	<b>45,260</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 3. FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

##### Company

	On demand or within one year HK\$'000	Between one and two years HK\$'000	Total HK\$'000
<b>As at 31 March 2014</b>			
Trade and other payables excluding non-financial liabilities	416	—	416

#### 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 each year end divided by the total equity as at each year end.

The gearing ratios at 31 March 2013 and 2014 were as follows:

	2014 HK\$'000	2013 HK\$'000
Total borrowings (Note 20)	26,568	16,821
Total equity	229,302	95,976
Gearing ratio	12%	18%

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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.

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 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 2014

### 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:

	2014 HK\$'000	2013 HK\$'000
<b>Turnover</b>		
Contracts income	486,906	356,100
	2014 HK\$'000	2013 HK\$'000
<b>Other income and net gains</b>		
Interest income	74	53
Gain on disposal of property, plant and equipment	2,950	270
Net gains from fair value adjustment on investment properties (Note 16)	1,900	—
Rental income	54	—
Others	168	—
	5,146	323

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

For the year ended 31 March 2014, there were 3 (2013: 2) customers which individually contributed over 10% of the Group's revenue. The aggregate amount of revenue from these customers amounted to 91% (2013: 75%) of the Group's total revenue.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 6. EXPENSES BY NATURE

	2014 HK\$'000	2013 HK\$'000
Cost of sales		
Construction materials costs	132,378	95,073
Subcontracting charges	77,847	51,320
Staff costs (Note 7)	73,932	55,696
Transportation expenses	13,011	8,693
Machinery rental cost	35,531	20,657
Repair and maintenance	5,698	3,355
Depreciation of owned assets (Note 15)	11,280	8,732
Depreciation of assets under finance leases (Note 15)	2,494	3,135
Other expenses	1,338	2,166
	<b>353,509</b>	<b>248,827</b>
Administrative and other operating expenses		
Auditors' remuneration	700	300
Building management fee	48	40
Staff costs, including directors' emoluments (Note 7)	22,433	16,553
Depreciation (Note 15)	513	556
Operating lease rental on premises	830	852
Travelling	3,219	2,812
Insurance	882	587
Listing expenses	9,023	3,327
Provision for long service payments	110	849
Other expenses	9,535	5,901
	<b>47,293</b>	<b>31,777</b>

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

	2014 HK\$'000	2013 HK\$'000
Salaries, wages and allowances	93,477	69,980
Retirement benefit expenses — defined contribution plan	2,888	2,269
	<b>96,365</b>	<b>72,249</b>

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 2014

### 8. DIRECTORS' EMOLUMENTS

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

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>					
Mr. Wong Sai Chung	—	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
	<b>207</b>	<b>4,174</b>	<b>6,154</b>	<b>60</b>	<b>10,595</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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 2013 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 2013</b>					
<b>Executive directors</b>					
Mr. Wong Sai Chung	—	1,050	1,780	15	2,845
Mr. Lam Wing Sum (Chief Executive Officer)	—	1,410	2,350	15	3,775
Mr. Tao Chi Keung	—	433	183	15	631
<b>Non-executive director</b>					
Mr. Wong Sai Yee	—	885	770	15	1,670
	—	3,778	5,083	60	8,921

During the year ended 31 March 2014, 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 (2013: Nil). No director has waived or agreed to waive any emoluments during the year ended 31 March 2014 (2013: Nil).

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

#### (b) Five highest paid individuals

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

	2014 HK\$'000	2013 HK\$'000
Salaries, allowances and benefits in kind	2,077	1,156
Discretionary bonuses	977	623
Retirement scheme contributions	41	30
	3,095	1,809



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 8. DIRECTORS' EMOLUMENTS (continued)

#### (b) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands (in HK\$)		
Nil–HK\$1,000,000	—	2
HK\$1,000,001–HK\$1,500,000	3	—

During the year ended 31 March 2014, 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 (2013: Nil).

### 9. FINANCE COSTS

	2014	2013
	HK\$'000	HK\$'000
Interest on finance leases	213	107
Interest on bank borrowings wholly repayable within five years	1,014	330
	1,227	437

### 10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

	2014	2013
	HK\$'000	HK\$'000
Hong Kong profits tax:		
— Current year	13,392	13,072
— Over-provision in prior year	—	(12)
Deferred income tax (Note 22)	3,252	(97)
Income tax expense	16,644	12,963

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 10. INCOME TAX EXPENSE (continued)

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

	2014 HK\$'000	2013 HK\$'000
Profit before income tax	90,023	75,382
Calculated at a tax rate of 16.5%	14,854	12,438
Income not subject to tax	(326)	(19)
Expenses not deductible for tax purposes	1,565	556
Tax losses for which no deferred income tax asset was recognised	551	—
Over-provision in prior year	—	(12)
Income tax expense	16,644	12,963

### 11. EARNINGS PER SHARE

	2014	2013
Profit attributable to owners of the Company (HK\$'000)	73,379	62,419
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	352,616	300,000
Basic earnings per share (HK cents)	20.81	20.81

For the year ended 31 March 2014, 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.

For the year ended 31 March 2013, 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 300,000,000 shares (comprising 10,000 shares in issue and 299,990,000 shares to be issued under the capitalisation issue), as if these 300,000,000 shares were outstanding throughout the year.

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 2014 (2013: Nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 12. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Interim dividends paid	40,000	20,000

The directors do not recommend the payment of final dividend for the year ended 31 March 2014. No dividend has been paid or declared by the Company since its incorporation.

The interim dividends of HK\$40,000,000 paid for the year ended 31 March 2014 (2013: HK\$20,000,000) 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 losses of approximately HK\$13,297,000 (note 26(b)).

### 14. INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES

#### (a) Investments in subsidiaries

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

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

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

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Nominal value of issued share capital	Interest held
Pearl Swirls Limited ("Pearl Swirls")	BVI, limited liability company	Investment holding in Hong Kong	Ordinary Share US\$1	100% (direct)
Achieved Success Company Limited ("Achieved Success")	BVI, limited liability company	Investment holding in Hong Kong	Ordinary share 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 share 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)
Full Profit Property Services Limited	Hong Kong, limited liability company	Provision of property management services in Hong Kong	Ordinary share HK\$1	100% (indirect)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

#### (b) Balances with subsidiaries

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

### 15. PROPERTY, PLANT AND EQUIPMENT — GROUP

	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 April 2012	87,221	126	256	2,335	89,938
Additions	13,651	36	99	628	14,414
Disposals	(660)	—	—	(180)	(840)
At 31 March 2013	100,212	162	355	2,783	103,512
<b>Accumulated depreciation</b>					
At 1 April 2012	66,970	124	168	1,939	69,201
Charge for the year (Note 6)	11,867	10	67	479	12,423
Disposals	(660)	—	—	(180)	(840)
At 31 March 2013	78,177	134	235	2,238	80,784
<b>Net book value</b>					
At 31 March 2013	22,035	28	120	545	22,728
<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 (Note 6)	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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

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

	2014 HK\$'000	2013 HK\$'000
Cost — capitalised finance leases	9,972	12,539
Accumulated depreciation	(3,947)	(6,387)
Net book value	6,025	6,152

### 16. INVESTMENT PROPERTIES — GROUP

	2014 HK\$'000	2013 HK\$'000
<b>At fair value</b>		
Opening balance at 1 April	—	—
Acquisition of subsidiaries (Note 29)	35,400	—
Net gains from fair value adjustment	1,900	—
Closing balance at 31 March	37,300	—

*Amounts recognised in profit and loss for investment properties*

	2014 HK\$'000	2013 HK\$'000
Rental income	54	—
Direct operating expenses from property that generated rental income	(3)	—
	51	—

As at 31 March 2014, the Group had no unprovided contractual obligations for future repairs and maintenance (2013: Nil).

*Investment properties located in Hong Kong comprise:*

	2014 HK\$'000	2013 HK\$'000
Long term leasehold (not less than 50 years)	37,300	—

An independent valuation of the Group's investment properties was performed by the valuer, Shing Yin Appraisal Limited, to determine the fair value of the investment properties as at 31 March 2014. The revaluation gains or losses is included in "Other income and net gains" in consolidated statement of profit or loss and other comprehensive income (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 2014

### 16. INVESTMENT PROPERTIES — GROUP (continued)

#### Fair value hierarchy

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	—

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

The Group's investment properties were valued at 31 March 2014 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

#### Valuation techniques

For the office units, the valuation was determined using the direct comparison approach. Direct 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 sales 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.

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

#### (a) Group

	2014 HK\$'000	2013 HK\$'000
<b>Assets as per statement of financial position</b>		
<i>Loans and receivables</i>		
Trade and other receivables excluding prepayments	123,449	63,703
Cash and cash equivalents	118,642	67,210
<b>Total</b>	<b>242,091</b>	130,913
<b>Liabilities as per statement of financial position</b>		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables excluding non-financial liabilities	58,994	28,087
Borrowings (excluding finance lease liabilities)	22,002	13,349
Finance lease liabilities	4,566	3,472
<b>Total</b>	<b>85,562</b>	44,908

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

#### (b) Company

	2014 HK\$'000
<b>Assets as per statement of financial position</b>	
<i>Loans and receivables</i>	
Amounts due from subsidiaries	46,946
Cash and cash equivalents	40,120
<b>Total</b>	<b>87,066</b>
<b>Liabilities as per statement of financial position</b>	
<i>Financial liabilities at amortised cost</i>	
Trade and other payables excluding non-financial liabilities	416

### 18. TRADE AND OTHER RECEIVABLES — GROUP

	2014 HK\$'000	2013 HK\$'000
Contract receivables	87,165	35,244
Retention receivables	35,834	27,031
<b>Total trade receivables</b>	<b>122,999</b>	<b>62,275</b>
Other receivables, deposits and prepayments	493	1,470
	<b>123,492</b>	<b>63,745</b>

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:

	2014 HK\$'000	2013 HK\$'000
0–30 days	48,373	17,953
31–60 days	38,385	15,021
61–90 days	407	2,270
	<b>87,165</b>	<b>35,244</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 18. TRADE AND OTHER RECEIVABLES — GROUP (continued)

Notes: (continued)

(b) (continued)

Contract receivables of approximately HK\$48,373,000 (2013: HK\$17,953,000) as at 31 March 2014 were not yet past due and approximately HK\$38,792,000 (2013: HK\$17,291,000) as at 31 March 2014 were past due but not impaired. These relate to contract receivables from a number of independent customers for whom there is no recent history of default and no provision has therefore been made. As at 31 March 2014, no trade receivables (2013: Nil) were impaired.

Retention receivables were not yet past due as at 31 March 2014 (2013: 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 Group does not hold any collateral as security.

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

	Group		Company
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000
Cash at banks and on hand	104,245	67,210	40,120
Short-term bank deposits	14,397	—	—
Cash and cash equivalents	118,642	67,210	40,120

Notes:

(a) The carrying amounts of the cash and cash equivalents are denominated in Hong Kong dollars.

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

### 20. BORROWINGS — GROUP

	2014 HK\$'000	2013 HK\$'000
<b>Non-current</b>		
Finance lease liabilities (Note b)	263	1,202
<b>Current</b>		
Bank borrowings (Note a)	22,002	13,349
Finance lease liabilities (Note b)	4,303	2,270
	26,305	15,619
<b>Total borrowings</b>	26,568	16,821



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 20. BORROWINGS — GROUP (continued)

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:

	2014 HK\$'000	2013 HK\$'000
Within a period not exceeding one year	9,932	12,344
Within a period of more than one year but not exceeding two years	10,310	1,005
Within a period of more than two years but not exceeding five years	1,760	—
	<b>22,002</b>	<b>13,349</b>

#### (b) Finance lease liabilities

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

	2014 HK\$'000	2013 HK\$'000
Gross finance lease liabilities		
— minimum lease payments		
Within a period not exceeding one year	4,388	2,337
Within a period of more than one year but not exceeding two years	264	1,224
	<b>4,652</b>	<b>3,561</b>
Future finance charges on finance leases	(86)	(89)
Present value of finance lease liabilities	<b>4,566</b>	<b>3,472</b>

The present value of finance lease liabilities is as follows:

	2014 HK\$'000	2013 HK\$'000
Within a period not exceeding one year	4,303	2,270
Within a period of more than one year but not exceeding two years	263	1,202
	<b>4,566</b>	<b>3,472</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 20. BORROWINGS — GROUP (continued)

Notes: (continued)

- (c) As at 31 March 2014, the Group had committed banking facilities (including the finance lease facilities) of approximately HK\$50,684,000 which bore interest at 1.25% to 2% below the current prime rate per annum.

As at 31 March 2013, the Group had committed banking facilities (including the finance lease facilities) of approximately HK\$36,157,000 which bore interest at 0.25% to 2% below the current prime rate per annum.

As at 31 March 2014, the undrawn banking facilities amounted to approximately HK\$12,200,000 (2013: HK\$4,200,000).

These banking facilities were secured by:

- (i) The Group's plant and machinery with an aggregate net book value of approximately HK\$6,025,000 as at 31 March 2014 (2013: HK\$6,152,000) (Note 15).
- (ii) Corporate guarantees given by the Company as at 31 March 2014.
- (iii) Personal guarantees given by certain directors as at 31 March 2013.
- (iv) Guarantee by the Government of the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme as at 31 March 2013.

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

	Group		Company
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000
Trade payables	42,255	17,955	—
Accruals	16,739	10,132	416
	<b>58,994</b>	28,087	<b>416</b>

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.

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

	Group	
	2014 HK\$'000	2013 HK\$'000
0–30 days	36,809	11,979
31–60 days	5,446	5,976
	<b>42,255</b>	17,955

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 22. DEFERRED TAXATION — GROUP

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

	<b>Accelerated tax depreciation</b> HK\$'000
At 1 April 2012	1,095
Credited to profit or loss (Note 10)	(97)
At 31 March 2013	998
At 1 April 2013	998
Charged to profit or loss (Note 10)	3,252
<b>At 31 March 2014</b>	<b>4,250</b>

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\$551,000 (2013: Nil) in respect of losses amounting to HK\$3,339,000 (2013: Nil) 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.

### 23. 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 2012	3,781
Charged to profit or loss	849
At 31 March 2013	4,630
At 1 April 2013	4,630
Charged to profit or loss	110
<b>At 31 March 2014</b>	<b>4,740</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 24. SHARE CAPITAL AND PREMIUM — 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 (b))	38,000,000	380
Increase in authorised share capital (Note (d))	962,000,000	9,620
<b>As at 31 March 2014</b>	<b>1,000,000,000</b>	<b>10,000</b>

	Number of ordinary shares	Ordinary shares HK\$'000	Share premium HK\$'000
<b>Issued and fully paid:</b>			
On 3 April 2013 (date of incorporation) (Note (b))	1	—	—
Issuance of shares upon Reorganisation (Note (c))	9,999	—	—
Shares issued pursuant to the capitalisation issue (Note (e))	299,990,000	3,000	(3,000)
Shares issued pursuant to the placing and public offer (Note (f))	115,000,000	1,150	98,797
<b>As at 31 March 2014</b>	<b>415,000,000</b>	<b>4,150</b>	<b>95,797</b>

Notes:

- (a) The balance of share capital at 31 March 2013 represents the aggregate of paid up share capital of the subsidiaries comprising the Group prior to Reorganisation.
- (b) 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 pursuant to the memorandum and articles of association of the Company, which was later transferred to Fabulous Business on 3 April 2013.
- (c) On 18 September 2013, Fabulous Business as vendor, the Company as purchaser and Mr. SC Wong, 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, 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.
- (d) On 22 September 2013, pursuant to the written resolutions of the 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.
- (e) 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 sole shareholder of the Company passed on 22 September 2013.
- (f) On 16 October 2013, the Company issued 115,000,000 ordinary shares with a par value of HK\$0.01 each pursuant to 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.



## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 25. 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 of the Company 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.

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 approval 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).

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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

The subscription price shall be a price solely determined by the directors of the Company 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.

### 26. RESERVES

#### (a) 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) Company

	<b>Special reserve</b> HK\$'000 (Note)	<b>Accumulated losses</b> HK\$'000	<b>Total</b> HK\$'000
On 3 April 2013 (date of incorporation)	—	—	—
Reorganisation	93,267	—	93,267
Loss for the period	—	(13,297)	(13,297)
	<b>93,267</b>	<b>(13,297)</b>	<b>79,970</b>

Note:

Special reserve represents the difference between the fair value of the shares of Pearl Swirls 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 2014

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

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

	2014 HK\$'000	2013 HK\$'000
Profit before income tax	90,023	75,382
Adjustments for:		
Depreciation	14,287	12,423
Gain on disposal of property, plant and equipment	(2,950)	(270)
Provision for long service payments	110	849
Fair value gain on investment properties	(1,900)	—
Interest income	(74)	(53)
Interest expense	1,227	437
<b>Operating profit before working capital changes</b>	<b>100,723</b>	<b>88,768</b>
Increase in trade and other receivables	(59,751)	(2,340)
Increase in trade and other payables	30,550	1,813
Net cash generated from operations	<b>71,522</b>	<b>88,241</b>

### 28. COMMITMENTS

#### (a) Capital commitments

Capital commitments outstanding at statement of financial position date not provided for in the consolidated financial statements were as follows:

	2014 HK\$'000	2013 HK\$'000
Contracted but not provided for:		
Property, plant and equipment	—	300

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

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

	2014 HK\$'000	2013 HK\$'000
No later than one year	609	917
Later than one year and no later than five years	349	435
	<b>958</b>	<b>1,352</b>

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 28. COMMITMENTS (continued)

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

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

	2014 HK\$'000	2013 HK\$'000
No later than one year	996	—
Later than one year and no later than five years	125	—
	<b>1,121</b>	—

The Group leases office units under various agreements which terminate between 2014 and 2015. None of the leases includes contingent rentals.

### 29. ACQUISITION OF SUBSIDIARIES

On 14 March 2014, the Group acquired 100% of the share capital of Achieved Success 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 subsidiaries acquired	(359)
<b>Net consideration paid</b>	35,049





## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 30. 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 20 to the consolidated financial statements, the Group did not have any significant related party transaction with related parties during the year ended 31 March 2014 (2013: Nil).
- (b) The emoluments of the directors and senior executives (representing the key management personnel) during the year are disclosed in Note 8.

### 31. 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 2014, there were two outstanding cases for employees' compensation and personal injuries claims, respectively against the Group by the employees of the Group. The claims were related to employees of the Group who alleged to have suffered from bodily injuries during their course of 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 of the Company 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 6 June 2013, summonses have been issued to Group in relation to eight offences arising from the incident occurred on 7 December 2012 which involved a piece of lifting appliance located in a construction site. No injury has been involved in this incident. The case is adjourned to 24 July 2014 for part heard. In the event the Group is convicted, the Group may be subject to an aggregated amount of the maximum possible fines of HK\$1,000,000, which will not be covered by the Group's insurance policies. The directors of the Company are of the view that this case will not cause any material adverse impact on the Group. Based on their past experience from the similar cases occurred before, provision of HK\$200,000 has been made as at 31 March 2014 as the Group has taken a conservative and prudent approach.

### 32. EVENTS AFTER THE BALANCE SHEET DATE

On 22 May 2014, the Group entered into the acquisition agreement with, among others, Absolutely Talent Technology Limited pursuant to which Absolutely Talent Technology Limited has conditionally agreed to sell and the Group has conditionally agreed to acquire the entire issued share capital of the Funa Assets Limited ("Funa Assets") at a total cash consideration of HK\$39,000,000, subject to adjustment. Funa Assets is the legal and beneficial owner of the properties located in Hong Kong. The directors consider that the acquisition shall provide a reasonable and stable rental income to the Group. As of the date of approval of these consolidated financial statements, the transaction has not been completed.

## Four Year Financial Summary

For the year ended 31 March 2014

A summary of the results and of the assets and liabilities of the Group for the last three financial years, as extracted from the prospectus of the Company dated 30 September 2013, is as follows.

### RESULTS

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

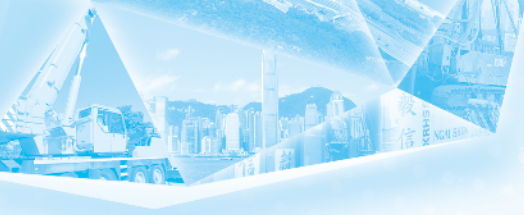
## Definitions

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

“Achieved Success”	means Achieved Success Company Limited, an indirect wholly-owned subsidiary of the Company acquired during the Reporting Period
“Achieved Success Group”	means Achieved Success Company Limited and its subsidiary
“AGM”	means annual general meeting
“Ample Capital”	means Ample Capital Limited, the compliance advisor of the Company during the Reporting Period
“Articles”	means the articles of association of the Company approved and adopted on 22 September 2013, as amended, supplemented or otherwise modified from time to time
“Board” or “Board of Directors”	means the board of Directors
“BVI”	means British Virgin Island
“Company”	means Ngai Shun Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 3 April 2013
“Controlling Parties”	means Mr. Lam, Mr. SC Wong, Mr. SL Wong and Mr. SY Wong
“Director(s)”	means the director(s) of the Company
“Fabulous Business”	means Fabulous Business Limited, a company incorporated in the BVI on 2 January 2013 with limited liability
“Funa Assets”	means Funa Assets Limited, an indirect wholly-owned subsidiary acquired by the Company after the Reporting Period
“Functional currency”	means the currency of the primary economic environment in which the entity operates
“Group” or “our Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“HKICPA”	means the Hong Kong Institute of Certified Public Accountants
“HKFRSs”	means the Hong Kong Financial Reporting Standards
“HLB”	means HLB Hodgson Impey Cheng Limited, the auditors of the Company during the Reporting Period
“Hong Kong”	means Hong Kong Special Administrative Region of PRC

## Definitions

“INEDs”	means independent non-executive Directors
“Listing”	means the Listing of the Company’s Shares on the Main Board
“Listing Date”	means 16 October 2013, on which the Shares are listed and from which dealings in the Shares commence on the Main Board
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Loss event”	means 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
“Main Board”	means the stock market (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Model Code”	means the Model Code for Securities Transactions by Directors of Listed Issuers
“MPF”	means Mandatory Provident Fund
“Mr. CK Lam”	means Mr. Lam Chi Keung
“Mr. Ho”	means Mr. Ho Cheuk Wai
“Mr. SC Wong”	means Mr. Wong Sai Chung, brother of Mr. SL Wong and Mr. SY Wong
“Mr. SL Wong”	means Mr. Wong Sai Lai, brother of Mr. SC Wong and Mr. SY Wong
“Mr. SY Wong”	means Mr. Wong Sai Yee, brother of Mr. SC Wong and Mr. SL Wong
“Mr. Lam”	means Mr. Lam Wing Sum
“Mrs. Lam”	means Ms. Kwan Oi Man Joyce, wife of Mr. Lam
“Reorganisation”	means the reorganization of Group conducted in preparation for the Listing, details of which are set out in the section headed “Statutory and General Information — A. Further Information about our Company — 4. Corporate reorganization” in Appendix IV of the prospectus
“Pearl Swirls”	means Pearls Swirls Limited, a company incorporated in the BVI on 2 January 2013 with limited liability, a direct wholly-owned subsidiary of the Company
“Placing”	means the placing of 88,000,000 ordinary shares of the Company by Fabulous Business to six independent places through a placing agent at a placing price of HK\$0.95 per placing share



## Definitions

“PRC”	means the People’s Republic of China
“Prime Colour”	means Prime Colour Global Limited, a company incorporated in the BVI on 5 December 2012 with limited liability
“Prospectus”	means the prospectus issued by the Company dated 30 September 2013
“Scheme”	means the share option scheme of the Company
“SFO”	means Securities and Futures Ordinance
“Share(s)”	means the ordinary share(s) of the Company with a nominal value of HK\$0.10 each in the share capital
“Splendid Core”	means Splendid Core Global Limited, a company incorporated in the BVI on 11 December 2012 with limited liability
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means per cent