THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance and Transfer, the contents of which form part of the terms and conditions of the Offer.

CNQC DEVELOPMENT LIMITED	**SUNLEY HOLDINGS LIMITED**
青建發展有限公司	**新利控股有限公司**
(Incorporated in the British Virgin Islands with limited liability)	*(incorporated in the Cayman Islands with limited liability)*
	(Stock Code: 1240)

COMPOSITE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFER BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED ON BEHALF OF CNQC DEVELOPMENT LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF SUNLEY HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY CNQC DEVELOPMENT LIMITED AND/OR PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to CNQC Development Limited

HSBC

Independent Financial Adviser to the Independent Board Committee of Sunley Holdings Limited

中投证券(香港)
CHINA INVESTMENT SECURITIES (HK)

China Investment Securities International Capital Limited

Capitalized terms used on this cover page shall have the same meanings as those defined in this Composite Document.

A letter from HSBC containing, among other things, principal terms of the Offer is set out on pages 7 to 14 of this Composite Document. A letter from the Board is set out on pages 15 to 20 of this Composite Document.

A letter from the Independent Board Committee to the Offer Shareholders containing its recommendation in respect of the Offer is set out on pages 21 and 22 of this Composite Document. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee in respect of the Offer and the principal factors considered by it in arriving at its recommendation is set out on pages 23 to 42 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offer are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance and Transfer. Form(s) of Acceptance and Transfer should be received by the Registrar as soon as possible and in any event not later than 4:00 p.m. on Friday, 11 April 2014 (or such later time and/or date as the Offeror may determine and the Offeror and the Target may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

21 March 2014

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The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Target.

Despatch date of this Composite Document and the accompanying Form(s) of Acceptance and Transfer and commencement date of the Offer *(Note 1)*	Friday, 21 March 2014
Latest time and date for acceptance of the Offer *(Note 2)*	4:00 p.m. on Friday, 11 April 2014
Closing Date *(Note 2)*	Friday, 11 April 2014
Announcement of the results of the Offer (or its extension or revision, if any), to be posted on the website of the Stock Exchange *(Note 2)*	No later than 7:00 p.m. on Friday, 11 April 2014
Latest date for posting of remittances in respect of valid acceptances received under the Offer *(Note 3)*	Thursday, 24 April 2014

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.

2. The latest time and date for acceptance will be at 4:00 p.m. on Friday, 11 April 2014 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Target will jointly issue an announcement through the websites of the Stock Exchange and the Target no later than 7:00 p.m. on Friday, 11 April 2014 stating whether the Offer has been extended, revised or has expired. In the event that the Offeror decides to revise or extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Offer Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within 7 Business Days after the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 4 headed "Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

All references to dates and times contained in this Composite Document refer to Hong Kong dates and times.

In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the purchase of the Purchase Shares by the Offeror from the Vendor in accordance with the terms and conditions of the Share Purchase Agreement
"Board"	board of Directors
"Business Day"	a day on which the Stock Exchange is open for the transaction of business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Closing Date"	11 April 2014, the closing date of the Offer, or if the Offer is extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Target, with the consent of the Executive, in accordance with the Takeovers Code
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Share Purchase Agreement
"Completion Date"	17 March 2014
"Composite Document"	this composite offer and response document in respect of the Offer jointly despatched by the Offeror and the Target in accordance with the Takeovers Code
"connected person"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"Deed of Indemnity"	the deed of indemnity entered into by the Vendor and the Guarantors in favour of the Offeror in respect of certain tax liabilities of the Target Group at Completion
"Director(s)"	director(s) of the Target
"Dr. Ho"	Dr. Ho Kar Chung, the Chairman and an executive Director of the Target, and one of the Guarantors

"Encumbrances"	(i) any valid mortgage, pledge, charge, lien, rights of pre-emption, guarantee, trust arrangements or any other similar restriction on rights securing, or conferring any priority of payment in respect of, any obligation of any person, (ii) any valid lease, sub-lease, occupancy agreement or covenant granting a right of use or occupancy to any person, (iii) any valid proxy, power of attorney, voting trust agreement, beneficial interest, option, right of first offer or refusal or other transfer restriction in favour of any person and (iv) any adverse, legal and valid claim as to title, possession or use, but exclude any rights created by the Share Purchase Agreement
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"Form(s) of Acceptance and Transfer"	the form(s) of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
"Guarantors"	Dr. Ho, Mr. Cheng, Mr. Leung, Mr. Tsui and Mr. Wong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO, registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
"Independent Board Committee"	the independent board committee of the Board, comprising Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro and Mr. Tam Tak Kei, Raymond, being all the independent non-executive Directors, formed for the purpose of advising the Offer Shareholders in respect of the Offer

"Independent Financial Adviser" or "CISIC"	China Investment Securities International Capital Limited, a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activities under the SFO, which is the independent financial adviser to the Independent Board Committee in respect of the Offer
"Join Together"	Join Together Management Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 70% by Mr. Leung and as to 30% by Dr. Ho
"Joint Announcement"	the announcement jointly published by the Offeror and the Target dated 14 February 2014 in relation to, among others, the Share Purchase Agreement and the Offer
"Last Trading Day"	11 February 2014, being the last trading day immediately prior to suspension of trading in the Shares pending the release of the Joint Announcement
"Latest Practicable Date"	18 March 2014, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Cheng"	Mr. Cheng Wing On, Michael, the Chief Executive and an executive Director of the Target and one of the Guarantors
"Mr. Leung"	Mr. Leung Chee Hon, a non-executive director of the Target and one of the Guarantors
"Mr. Tsui"	Mr. Tsui Kwok Kin, a member of the senior management of the Target Group and one of the Guarantors
"Mr. Wong"	Mr. Wong Ling, Eddie, a member of the senior management of the Target Group and one of the Guarantors
"Offer"	the mandatory unconditional cash offer made by HSBC, on behalf of the Offeror, to acquire all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it subject to the conditions set out in this Composite Document and in accordance with the Takeovers Code

"Offer Period"	the period from 14 February 2014, being the date of the Joint Announcement to 4:00 p.m. on the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
"Offer Share(s)"	75,000,000 Shares that are subject to the Offer and an "Offer Share" means any of them
"Offer Shareholder(s)"	holder(s) of the Share(s), other than the Offeror and parties acting in concert with it
"Offeror"	CNQC Development Limited (青建發展有限公司), a company incorporated in the British Virgin Islands with limited liability on 14 January 2014
"Offeror Guarantor"	Hyday (South Pacific) Investment Pte Ltd (海鼎(南洋)投資有限公司), a company incorporated in the Republic of Singapore, the indirect holding company of the Offeror, which in turn is indirectly wholly-owned by the Offeror Parent
"Offeror Parent"	國清控股集團有限公司 (Guotsing Holding Group Co. Ltd.*), the ultimate parent company of the Offeror
"Overseas Shareholder(s)"	Shareholder(s) whose address(es), as shown on the register of members of the Target, is/are outside Hong Kong
"PRC"	the People's Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Profit Alert"	the profit alert statement as set out in the announcement of the Target dated 11 March 2014 stating that the Target Group is expected to record a significant increase in revenue and net profit for the financial year ending 31 March 2014 as compared to that of the financial year ended 31 March 2013
"Purchase Shares"	the 225,000,000 Shares, being such number of Shares as shall represent all the Shares the Vendor held or was otherwise interested in the Target as at the date of the Joint Announcement, and a Purchase Share means any of them
"PwC"	PricewaterhouseCoopers, the auditor of the Target

"Qingdao Bohai Construction"	青島博海建設集團有限公司 (Qingdao Bohai Construction Group Co Ltd*), a PRC company which in turn is controlled by 青島博海投資有限公司 (Qingdao Bohai Investment Co Ltd*), which is controlled by a group of employees of the Offeror Parent or its subsidiaries of which Mr. Du Bo is the single largest shareholder holding less than 30% interest in such company
"Qingdao City Construction"	青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment (Group) Co Ltd*), which is wholly-owned by 青島市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Qingdao People's Government*)
"Qingdao Qingjian"	青島青建控股有限公司 (Qingdao Qingjian Holdings Co*), which is a wholly-owned subsidiary of Qingjian Staff Union
"Qingjian"	青建集團股份公司 (Qingjian Group Co., Ltd.*), a key operating subsidiary of the Offeror Parent
"Qingjian Staff Union"	青島青建控股有限公司工會持股會 (Qingdao Qingjian Holdings Co Staff Shareholding Union*), a legal entity comprising about 400 members who are employees of the Offeror Parent or its subsidiaries. As at the Latest Practicable Date, each of Mr. Du Bo, Mr. Huang Jiagao and Mr. Zhang Tongbo holds 3.6% interest in Qingjian Staff Union, and each of the other members holds less than 3.6% interest
"Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Target, with its registered address at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (on or after 31 March 2014, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong)
"Relevant Period"	the period commencing on 14 August 2013, being the date falling six months before 14 February 2014, being the date of the Joint Announcement, up to and including the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Shanghai Heliyuan"	上海和利源投資有限公司 (Shanghai Heliyuan Investment Co Ltd*), a company incorporated in the PRC with limited liability and is majority owned by Mr. Du Bo
"Share(s)"	ordinary share(s) of par value HK$0.01 each in the issued share capital of the Target
"Share Purchase Agreement"	the conditional share purchase agreement dated 11 February 2014 and entered into among the Vendor, the Guarantors, the Offeror and the Offeror Guarantor in relation to the sale and purchase of the Purchase Shares
"Shareholder(s)"	holder(s) of Share(s)
"Special Dividend"	a special dividend of HK$0.50 per Share approved and declared by the Target on 26 February 2014 in accordance with the Listing Rules and all applicable laws and regulations
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Code on Takeovers and Mergers
"Target"	Sunley Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1240)
"Target Group"	the Target and its subsidiaries
"Vendor"	Leading Win Management Limited, a company incorporated in the British Virgin Island with limited liability and is owned as to 70% by Join Together, and as to 10% by each of Mr. Cheng, Mr. Wong and Mr. Tsui
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent

* *The English translation of the Chinese names of the PRC entities in this Composite Document, where indicated, is included for identification purpose only and is not the official English names for such PRC entities.*

HSBC

To the Offer Shareholders

21 March 2014

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED ON BEHALF OF CNQC DEVELOPMENT LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF SUNLEY HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY CNQC DEVELOPMENT LIMITED AND/OR PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 14 February 2014, the Offeror and the Target jointly announced that on 11 February 2014, the Vendor, the Guarantors, the Offeror and the Offeror Guarantor entered into the Share Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 225,000,000 Shares, representing 75% of the entire issued share capital of the Target as at the Latest Practicable Date, for a total cash consideration of HK$540,000,000 (being HK$2.40 per Share).

Immediately after Completion which took place on 17 March 2014 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 225,000,000 Shares, representing 75% of the entire issued share capital of the Target. Accordingly, the Offeror was required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

Reference is made to the announcement of the Target dated 11 March 2014 in relation to the Profit Alert. As the offer period in respect of the Offer has commenced on 14 February 2014, the Profit Alert constitutes a profit forecast under Rule 10 of the Takeovers Code and must be reported on by the auditor of the Target and its financial adviser. Your attention is drawn to the reports from PwC and CISIC on the Profit Alert set out in Appendices III and IV to this Composite Document, respectively.

This letter sets out, among other things, principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Target Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance and Transfer. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Offer Shareholders and the "Letter from CISIC" to the Independent Board Committee as contained in this Composite Document.

THE OFFER

Principal terms of the Offer

We are making the Offer for and on behalf of the Offeror, to acquire the Offer Shares on the following basis:

For each Offer Share . . . . HK$2.40 in cash

The price of HK$2.40 for each Offer Share is the same as the purchase price paid for each Purchase Share by the Offeror pursuant to the Share Purchase Agreement.

As at the Latest Practicable Date, there were 300,000,000 Shares in issue and the Target did not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares.

The procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance and Transfer.

Comparisons of value

The offer price of HK$2.40 per Offer Share represents:

- a discount of approximately 27.9% to the closing price of HK$3.33 per Share as quoted on the Stock Exchange on 11 February 2014, being the Last Trading Day;

- a discount of approximately 26.6% to the average closing price of approximately HK$3.27 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

- a discount of approximately 25.2% to the average closing price of approximately HK$3.21 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;

- a discount of approximately 18.9% to the average closing price of approximately HK$2.96 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

- a premium of approximately 166.7% to the audited consolidated net assets per Share of approximately HK$0.90 as at 31 March 2013 (being the date to which the latest audited consolidated annual results of the Target Group were made up), calculated based on the Target Group's audited consolidated net assets of approximately HK$270,942,000 as at 31 March 2013 and 300,000,000 Shares in issue as at the Latest Practicable Date;

- a premium of approximately 135.3% to the unaudited consolidated net assets per Share of approximately HK$1.02 as at 30 September 2013 (being the date to which the latest unaudited consolidated interim results of the Target Group were made up), calculated based on the Target Group's unaudited consolidated net assets of approximately HK$306,413,000 as at 30 September 2013 and 300,000,000 Shares in issue as at the Latest Practicable Date; and

- a discount of approximately 8.7% to the closing price of HK$2.63 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

The highest closing price per Share, based on the Share price as quoted on the Stock Exchange during the Relevant Period, was HK$3.33 on 11 February 2014.

The lowest closing price per Share, based on the Share price as quoted on the Stock Exchange during the Relevant Period, was HK$1.73 on 20 August 2013.

Total Consideration for the Offer Shares

Assuming that there is no change in the issued share capital of the Target from the Latest Practicable Date up to the Closing Date and based on the offer price of HK$2.40 per Share, the entire issued share capital of the Target is valued at HK$720,000,000. The Offer will be made to the Offer Shareholders, who in aggregate held 75,000,000 Shares as at the Latest Practicable Date. Based on the offer price of HK$2.40 per Share, the Offeror will be required to pay an aggregate amount of HK$180,000,000 under the Offer.

Financial resources available for the Offer

The Offeror will finance the consideration under the Offer by external financing granted by HSBC. No payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Target. HSBC, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the Offer Shareholders will sell their Shares free from all Encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, i.e., the date of this Composite Document, except the Special Dividend. Except for the Special Dividend, from the date of the Joint Announcement up to the Latest Practicable Date, there was no dividend or distribution declared, paid or made by the Target.

The Offer is unconditional in all respects and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Offer Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code, details of which are set out in paragraph 4 headed "Right of Withdrawal" in Appendix I to this Composite Document.

Overseas Shareholders

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration of filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdiction). Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer amounting to HK$1.00 for every HK$1,000.00 or part thereof of the amount payable in respect of relevant acceptances by the Offer Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Offer Shareholders who accept the Offer. The Offeror will then pay the stamp duty so deducted to the Stamp Office. The Offeror will bear buyer's ad valorem stamp duty.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by the Offeror Guarantor, which in turn is indirectly wholly-owned by the Offeror Parent. The Offeror Parent was established in the PRC, which, together with its key operating subsidiary in the PRC, Qingjian, is primarily engaged in domestic and international construction projects and investment, real estate development, capital management, logistics and design consulting businesses.

As the largest operating subsidiary of the Offeror Parent, Qingjian possesses the buildings construction main contractor top grade qualification. Further as one of the leading construction enterprises in the PRC, Qingjian has been named as one of the "China Top 500 Enterprises" ("中國企業500強") for many consecutive years, with a ranking of 290 in 2013. It has also been named as one of the "Top 60 Chinese Contractor Corporations" ("中國承包商企業60強") for ten consecutive years from 2004 to 2013 with a ranking of 21 in 2013, and as one of "The ENR Top 250 International Contractors" with a ranking of 95 in 2013, both by Engineering News-Record. Qingjian has also participated in the construction of numerous domestic landmark architectures including the 29th Olympic Sailing Centre, 2014 Qingdao International Horticulture Exposition and Qingdao Liu Ting International Airport and obtained numerous awards including 14 "Luban" award ("魯班獎"), which is one of the most prestigious awards in respect of the quality of construction works in China. Its numerous property projects have also received honours such as "National Comfortable Housing Demonstration Project" ("國家康居示範工程") and "China Habitat Environment Golden Construction Pilot Project" ("中國人居環境金牌建設試點項目").

The Offeror Parent group has entered the Singapore market in 1999. Members of the Offeror Parent group, Qingjian International (South Pacific) Group Development Co., Pte. Ltd. is qualified with the highest construction qualification in Singapore, namely, Grade A1 general building qualification, while Qingjian Realty (South Pacific) Group Pte. Ltd., which is principally engaged in real estate development, was recognized as one of the "Top Ten Developers 2013" in Singapore by BCI Asia. Qingjian International (South Pacific) Group Development Co., Pte. Ltd. has also participated in the construction of China Cultural Centre and Natura Loft in Singapore. As at the Latest Practicable Date, the Offeror Parent group was involved in contracts with a total contractual sum of over 1.9 billion Singapore dollars. Its numerous projects have also received awards such as "BCA Construction Excellence Award" and "BCA Construction Productivity Gold Award". Projects developed by it include public housing, high rise apartments and industrial facilities, including the Bishan "Design, Build and Sell Scheme" (DBSS) project in Singapore. Further, many of its projects have received "Singapore-BCA Green Mark Award (Gold Plus)", which is one of the most prestigious awards in respect of environment friendly construction in Singapore.

The Offeror Guarantor is an investment holding company incorporated in the Republic of Singapore, which has invested in certain private construction and renovation projects in Asia and certain public construction projects in the PRC. As at the Latest Practicable Date, the Offeror Parent is held as to (i) 41.3% by Qingjian Staff Union (through its wholly-owned subsidiary) whose major decisions are determined by a group of 13 member representatives of the Qingjian Staff Union, none of whom is a director of the Offeror or the Offeror Parent, and such member representatives make decision by voting on behalf of all members; (ii) as to 30% by Shanghai Heliyuan; (iii) as to 15% by Qingdao City Construction; and (iv) as to 13.7% by Qingdao Bohai Construction.

INFORMATION ON THE TARGET GROUP

The principal activity of the Target is investment holding. The Target Group is principally engaged in the foundation business and machinery rental business in Hong Kong and Macau.

REASONS FOR THE ACQUISITION AND THE OFFER AND INTENTIONS OF THE OFFEROR REGARDING THE TARGET GROUP

The Offeror intends to continue the existing business of the Target Group immediately following Completion. However, the Offeror also intends to review the operations and business activities of the Target Group to formulate a long-term business strategy for the Target Group. The Offeror plans to leverage on its parent's experience and network in construction and real estate development business in the PRC and other overseas countries and to seek to expand into the Hong Kong construction industry. The Offeror considers that the Acquisition and the Offer provide a platform to the Offeror and its parents for its construction and real estate development and investment business. The Offeror has no intention to redeploy the fixed assets of the Target.

Save as in connection with the Offeror's intention regarding the Target Group as set out above and the potential changes to the members of the Board, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Target Group.

Should there be any change to the Board, it will be made in compliance with the Takeovers Code and the Listing Rules. A further announcement will be made upon any appointment of new Directors.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE TARGET

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Target, being 25% of the issued Shares, are held by the public at all time, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares. Each of the Offeror and the Target will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror intends to maintain the listing of the Shares on the Stock Exchange.

PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, Offer Shareholders should complete the accompanying Form(s) of Acceptance and Transfer for the Shares in accordance with the instructions printed thereon. The Form(s) of Acceptance and Transfer form part of the terms of the Offer. The completed Form(s) of Acceptance and Transfer should then be forwarded, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of the Shares in respect of which you intend to tender under the Offer, by post or by hand, to the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (from the date of this Composite Document to 30 March 2014) or at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (from 31 March 2014 to the Closing Date) in an envelope marked "Sunley Holdings Limited Share Offer" as soon as possible after the receipt of this Composite Document but in any event not later than 4:00 p.m. on the Closing Date. No acknowledgement of receipt of any Form(s) of Acceptance and Transfer and the title documents will be given.

Your attention is drawn to the paragraph 1 headed "General procedures for acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance and Transfer.

Settlement of the Offer

Provided that the accompanying Form(s) of Acceptance and Transfer for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Offer Shareholder in respect of the Shares tendered under the Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Offer Shareholder by ordinary post at its own risk as soon as possible but in any event within 7 Business Days from the date of receipt of all relevant documents (receipt of which renders such acceptance complete and valid) by the Registrar in accordance with the Takeovers Code. The consideration to which any accepting Offer Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty) set out in this Composite Document (including Appendix I to this Composite Document) and the accompanying Form(s) of Acceptance and Transfer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Offer Shareholder.

Tax Implications

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, the Offeror Parent, the Target, their respective ultimate beneficial owners and parties acting in concert with them, HSBC, CISIC, PwC, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise of any powers of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

GENERAL

To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Offer Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Offer Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form(s) of Acceptance and Transfer completed, returned and received by the Registrar. None of the Offeror, the Offeror Parent, the Target, their respective ultimate beneficial owners and parties acting in concert with them, HSBC, CISIC, PwC, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance and Transfer, which form part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the "Letter from CISIC" contained in this Composite Document.

Yours faithfully,
For and on behalf of
The Hongkong and Shanghai Banking Corporation Limited
Ivan So
Managing Director, Banking, China

SUNLEY HOLDINGS LIMITED
新利控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1240)

Executive Directors:
Dr. Ho Kar Chung
Mr. Cheng Wing On, Michael
Mr. Ho Chi Ling

Non-executive Director:
Mr. Leung Chee Hon

Independent Non-executive Directors:
Mr. Chuck Winston Calptor
Mr. Ching Kwok Hoo, Pedro
Mr. Tam Tak Kei, Raymond

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

Head Office and Principal Place of Business in Hong Kong:
Room 201, 2/F, Marina House
68 Hing Man Street
Shau Kei Wan
Hong Kong

21 March 2014

To the Offer Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED ON BEHALF OF CNQC DEVELOPMENT LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF SUNLEY HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY CNQC DEVELOPMENT LIMITED AND/OR PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

It was announced on 14 February 2014 that the Vendor, the Guarantors, the Offeror and the Offeror Guarantor entered into the Share Purchase Agreement dated 11 February 2014, pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 225,000,000 Shares, representing 75% of the entire issued share capital of the Target, for a cash consideration of HK$540,000,000 (being HK$2.40 per Share).

Completion took place on 17 March 2014. The Board noted from the "Letter from HSBC" in this Composite Document that, following Completion, the Offeror and parties acting in concert with it were interested in 225,000,000 Shares, representing 75% of the entire issued share capital of the Target. The Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

Further details of the Offer are set out in the "Letter from HSBC" and Appendix I to this Composite Document of which this letter forms part, and in the accompanying Form(s) of Acceptance and Transfer.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Target and the Offer, the recommendation of the Independent Board Committee to the Offer Shareholders and the "Letter from CISIC" to the Independent Board Committee in relation to the Offer.

THE OFFER

As disclosed in the "Letter from HSBC", HSBC is making the Offer for and on behalf of the Offeror on the following basis:

For each Offer Share . . . . HK$2.40 in cash

The price of HK$2.40 for each Offer Share is the same as the price for each Purchase Share paid by the Offeror to the Vendor pursuant to the Share Purchase Agreement.

The Shares to be acquired under the Offer shall be fully paid, free from all Encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, i.e. the date of this Composite Document, except the Special Dividend. The Offer is unconditional in all respects. Acceptance of the Offer tendered by the Offer Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code.

Your attention is drawn to the further details regarding the procedures for acceptance of the offer, settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance and Transfer.

INFORMATION OF THE TARGET

The Target is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The principal activity of the Target is investment holding. The Target Group is principally engaged in the foundation business and machinery rental business in Hong Kong and Macau.

The following table sets out the shareholding structure of the Target (a) immediately before the Completion; and (b) immediately after the Completion and as at the Latest Practicable Date:

	Immediately before the Completion		**Immediately after the Completion and as at the Latest Practicable Date**	
	Number of Shares	*%*	*Number of Shares*	*%*
Offeror and parties acting in concert with it	—	—	225,000,000	75.0
Vendor	225,000,000	75.0	—	—
Public	75,000,000	25.0	75,000,000	25.0
Total	300,000,000	100.0	300,000,000	100.0

Save for the 300,000,000 Shares in issue, the Target did not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares as at the Latest Practicable Date.

FINANCIAL INFORMATION ON THE TARGET GROUP

Set out below is a summary of the audited consolidated financial results of the Target for the financial years ended 31 March 2012 and 31 March 2013, prepared in accordance with Hong Kong Financial Reporting Standards:

	For the financial year ended	
	31 March 2012	**31 March 2013**
	(HK$'000)	*(HK$'000)*
Revenue	313,122	597,991
Profit before income tax	31,882	78,149
Profit after income tax	25,756	65,181
Net assets	165,451	270,942

Based on the interim report of the Target Group prepared in accordance with Hong Kong Financial Reporting Standards, the unaudited consolidated net asset value of the Target Group as at 30 September 2013 was HK$306,413,000.

As disclosed in the announcement of the Target dated 11 March 2014 regarding the Profit Alert (the "**Announcement**"), based on the unaudited consolidated management accounts of the Target and existing construction contracts of the Target Group, the Target Group is expected to record a significant increase in revenue and net profit for the financial year ending 31 March 2014 as compared to that of the financial year ended 31 March 2013, unless there is any material adverse change to the Target Group from the date of the Announcement to 31 March 2014. The expectation of increase in revenue and net profit is mainly attributable to the increase in average contract sum of the construction projects that contributed to the revenue and net profits to the Target Group, as compared to that of the financial year ended 31 March 2013.

The Profit Alert is regarded as a profit forecast under Rule 10 of the Takeovers Code and the Target is required to comply with the reporting requirement set out in Rule 10.4 of the Takeovers Code with respect to the Profit Alert. PwC, the auditor of the Target, is of the opinion that, so far as the calculations and accounting policies are concerned, the Profit Alert has been properly compiled by the Directors on the following basis: the forecast of the consolidated profit attributable to equity holders of the Target Group for the year ending 31 March 2014 has been properly compiled in accordance with the bases and assumptions made by the Directors as further detailed in the paragraph headed "Basis and assumptions in preparing the forecast of the consolidated profit attributable to the equity holders of the Target Group for the year ending 31 March 2014" below and is presented on a basis consistent in all material respects with the accounting policies adopted by the Target Group as set out in the audited consolidated financial statements of the Target Group for the year ended 31 March 2013 and the new/revised accounting standards introduced that were effective for the accounting period beginning on 1 April 2013, where applicable, as set out in the unaudited interim financial statements of the Target Group for the six months ended 30 September 2013. CISIC is of the opinion that the Profit Alert, for which the Directors are solely responsible for, has been made with due care and consideration. Your attention is drawn to the reports from PwC and CISIC on the Profit Alert as set out in Appendices III and IV to this Composite Document, respectively.

BASES AND ASSUMPTIONS IN PREPARING THE FORECAST OF THE CONSOLIDATED PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE TARGET GROUP FOR THE YEAR ENDING 31 MARCH 2014

The Directors of the Target have prepared the forecast of the consolidated profit attributable to the equity holders of the Target Group based on the unaudited consolidated results of the Target Group based on management accounts for the nine months ended 31 December 2013 and a forecast of the consolidated results of the Target Group for the remaining three months ending 31 March 2014. The profit forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Target Group as set out in the audited consolidated financial statements of the Target Group for the year ended 31 March 2013 and the new/revised accounting standards introduced that were effective for the accounting period beginning on 1 April 2013, where applicable, as set out in the unaudited interim financial statements of the Group for the six months ended 30 September 2013, and on the following principal bases and assumptions:

- There will be no material changes in the political, legal, fiscal, market or economic conditions in the territories in which the Target Group currently operates;
- There will be no changes in legislation, regulations or rules in the territories in which the Target Group currently operates or any other territories with which the Target Group has arrangements or agreements, which may materially adversely affect the Target Group's businesses or operations;
- There will be no material changes in inflation rates, interest rates or exchange rates from those currently prevailing in the context of the Target Group's operations;
- There will be no material changes in the applicable tax rates, surcharges or other government levies in the territories in which the Target Group operates;
- There will be no material adverse incidences occurred during the forecast period which is outside the control of the directors of the Target Group;
- There will be no wars, military incidents, pandemic diseases, or natural disasters that will have a material impact on the Target Group's businesses and operating activities; and
- The Target Group's operations will not be adversely affected by the occurrence of labour shortages and disputes, change of key management or staff, or any other factors outside the control of the directors of the Target Group. In addition, the Target Group will be able to recruit enough employees to meet its operating requirements during the forecast period.

INTENTIONS OF THE OFFEROR REGARDING THE TARGET GROUP

Your attention is drawn to the paragraphs headed "Information on the Offeror" and "Reasons for the Acquisition and the Offer and Intentions of the Offeror Regarding the Target Group" in the "Letter from HSBC" as set out in this Composite Document. The Board is aware of the intentions of the Offeror regarding the Target Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Target and the Offer Shareholders as a whole.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE TARGET

The Board noted from the "Letter from HSBC" that the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Target, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares. Each of the Offeror and the Target will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

RECOMMENDATION

The Independent Board Committee, comprising all the independent non-executive Directors of the Target, namely, Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro and Mr. Tam Tak Kei, Raymond has been established to advise the Offer Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer. Mr. Leung, a non-executive Director of the Target, will not form part of the Independent Board Committee as he is also a Guarantor and a shareholder of Join Together. Your attention is drawn to the "Letter from the Independent Board Committee" and the "Letter from CISIC" as set out in this Composite Document containing their respective advice and recommendation in respect of the Offer and principal factors considered by it in arriving at its recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form(s) of Acceptance and Transfer for further details in respect of the procedures for acceptance of the Offer.

Yours faithfully,
On behalf of the board of directors of
Sunley Holdings Limited
Ho Kar Chung
Chairman

SUNLEY HOLDINGS LIMITED
新利控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 1240)

21 March 2014

To the Offer Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED ON BEHALF OF CNQC DEVELOPMENT LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF SUNLEY HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY CNQC DEVELOPMENT LIMITED AND/OR PARTIES ACTING IN CONCERT WITH IT)

We refer to this Composite Document dated 21 March 2014 jointly issued by the Target and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in this Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. Offer Shareholders) as to whether or not the terms of the Offer are fair and reasonable and to make recommendation in respect of acceptance of the Offer or not. CISIC has been appointed as the Independent Financial Adviser to make recommendation to us in respect of the terms of Offer and, in particular, whether the Offer is fair and reasonable and to make recommendation in respect of the acceptance of the Offer or not. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the "Letter from CISIC" on pages 23 to 42 of this Composite Document.

We also wish to draw your attention to the "Letter from the Board", the "Letter from HSBC" and the additional information set out in the appendices to this Composite Document.

Taking into account the terms of the Offer and the independent advice and recommendations from CISIC, we consider that the terms of the Offer are not fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders not to accept the Offer. Offer Shareholders are recommended to read the full text of the "Letter from CISIC" set out in this Composite Document.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Sunley Holdings Limited
Mr. Chuck Winston Calptor **Mr. Ching Kwok Hoo, Pedro** **Mr. Tam Tak Kei, Raymond**
Independent non-executive directors

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee, which has been prepared for the purpose of inclusion in this composite document.

中投证券(香港)
CHINA INVESTMENT SECURITIES (HK)

China Investment Securities International Capital Limited
63th Floor,
Bank of China Tower,
1 Garden Road,
Central,
Hong Kong

21 March 2014

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

To the Independent Board Committee

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
ON BEHALF OF CNQC DEVELOPMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF
SUNLEY HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE
ACQUIRED BY CNQC DEVELOPMENT LIMITED
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer, details of which are set out in the letter from the Board (the "Letter from the Board") contained in the Composite Document dated 21 March 2014, of which this letter forms part. The capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

This letter contains our advice to the Independent Board Committee as to whether the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned.

BASIS OF OUR ADVICE

In formulating our advice and recommendations, we have relied on the accuracy of the information, facts and opinions contained or referred to in the Composite Document and supplied or expressed by the Target, its Directors and its management to us. We have assumed that all statements of belief and intention made by the Directors and the management of the Target and contained in the Composite Document were made after due enquiry. We have also assumed that all information, representations and opinion made or referred to in the Composite Document were true, accurate and complete at the time they were made and continued to be so at the Latest Practicable Date. The Target will notify the Shareholders of any material changes during the Offer Period as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Offer Shareholders will also be informed when there are any material changes to the information contained or referred to herein and our opinion as soon as possible after the Latest Practicable Date and throughout the Offer Period. We have also relied on the responsibility statements made by the Directors, the directors of the Offeror and the directors of the Offeror Parent contained in the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Target, the Directors, the management of the Target, the directors of the Offeror and the directors of the Offeror Parent, and have been advised by the Directors, the management of the Target, the directors of the Offeror and the directors of the Offeror Parent that no material facts have been omitted from the information provided and referred to in the Composite Document.

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our recommendation. We have not, however, conducted any form of in-depth investigation into the business affairs, financial position or future prospects of the Target or the Offeror or the Offeror Parent or any of their respective subsidiaries or associates, nor carried out any independent verification of the information supplied, representations made or opinions expressed by the Target, the Directors, the management of the Target, the directors of the Offeror and the directors of the Offeror Parent.

We have not considered the tax implications on the Offer Shareholders in respect of the Offer since these depend on their individual circumstances. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. The Offer Shareholders who are overseas residents or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

On 14 February 2014, the Offeror and the Target jointly announced that, on 11 February 2014, the Vendor, the Guarantors, the Offeror and the Offeror Guarantor entered into the Share Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 225,000,000 Shares, representing 75% of the entire issued share capital of the Target as at the date of the Joint Announcement and the Latest Practicable

Date, for a total cash consideration of HK$540,000,000 (being HK$2.40 per Share). The Offeror and the Target jointly announced on 17 March 2014 that the conditions under the Share Purchase Agreement were satisfied and Completion took place on 17 March 2014.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it held in aggregate 225,000,000 Shares, representing 75% of the entire issued share capital of the Target. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

HSBC, on behalf of the Offeror, is making the Offer to acquire the Offer Shares on the following basis:

For each Offer Share . . . . HK$2.40 in cash

The price of HK$2.40 for each Offer Share is the same as the purchase price paid for each Purchase Share by the Offeror pursuant to the Share Purchase Agreement.

As at the Latest Practicable Date, there were 300,000,000 Shares in issue and the Target did not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares.

Assuming that there is no change in the issued share capital of the Target from the Latest Practicable Date up to the Closing Date and based on the offer price of HK$2.40 per Share, the entire issued share capital of the Target is valued at HK$720,000,000. The Offer is made to the Offer Shareholders. As the Offeror and parties acting in concert with it held in aggregate 225,000,000 Shares as at the Latest Practicable Date, 75,000,000 Shares are subject to the Offer. Based on the offer price of HK$2.40 per Share, the total consideration of the Offer would be HK$180,000,000.

The Shares to be acquired under the Offer shall be fully paid, free from all Encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, i.e. the date of the Composite Document, except the Special Dividend. The Offer is unconditional in all respects. Acceptance of the Offer tendered by the Offer Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code.

Details of the terms of the Offer are contained in the Letter from HSBC (the "Letter from HSBC") contained in the Composite Document and Appendix I to the Composite Document. The Offer Shareholders are urged to read the relevant sections in the Composite Document in full.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have taken into consideration the following principal factors and reasons:

1. Information on the Target Group

The principal activity of the Target is investment holding. The Target Group is principally engaged in the foundation business and machinery rental business in Hong Kong and Macau Special Administrative Region of the PRC ("Macau").

Financial information on the Target Group

(a) Financial performance

Set out below is a summary of the consolidated results of the Target for the three years ended 31 March 2013, as extracted from the annual report of the Target for the year ended 31 March 2013 (the "2013 Annual Report") and the prospectus of the Target dated 27 September 2012 (the "Prospectus"), and for the six months ended 30 September 2012 and 30 September 2013 as extracted from the interim report of the Target for the six months ended 30 September 2013 (the "2013 Interim Report"). Further details of the results and other financial information of the Target Group are set out in Appendix II to the Composite Document.

	For the six months ended 30 September		For the year ended 31 March		
	2013	2012	2013	2012	2011
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue	638,266	182,315	597,991	313,122	257,505
Cost of sales	(556,698)	(151,202)	(483,830)	(253,452)	(186,660)
Gross profit	81,568	31,113	114,161	59,670	70,845
Other income and net gains	1,568	122	5,828	122	4,093
Administrative expenses	(15,337)	(13,196)	(37,919)	(25,813)	(31,492)
Operating profit	67,799	18,039	82,070	33,979	43,446
Finance costs	(2,454)	(1,793)	(3,921)	(2,097)	(426)
Profit before income tax	65,345	16,246	78,149	31,882	43,020
Income tax expense	(8,874)	(2,871)	(12,968)	(6,126)	(7,656)
Profit and total comprehensive income for the year attributable to equity holders of the Target	56,471	13,375	65,181	25,756	35,364
Basic and diluted earnings per Share *(HK cents)*	18.8	5.9	25.2	11.4	N/A

(i) Revenue

	For the six months ended 30 September		For the year ended 31 March		
	2013	**2012**	**2013**	**2012**	**2011**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Construction contracts income	638,255	178,353	593,742	302,571	257,003
Rental income on machinery	11	3,962	4,249	10,551	502
Total	638,266	182,315	597,991	313,122	257,505

The Target Group had two major sources of revenue, namely, construction contracts income and rental income on machinery. For the three years ended 31 March 2013 and the six months ended 30 September 2013 and 30 September 2012 (the "Relevant Review Period"), the Target Group's principal source of revenue was derived from its construction contracts income, which accounted for approximately 99.8%, 96.6% and 99.3% of the total revenue of the Target Group for the years ended 31 March 2011, 2012 and 2013 respectively and approximately 97.8% and 99.9% for the six months ended 30 September 2012 and 2013 respectively. Rental income on machinery represented the remaining total revenue of the Target Group which accounted for approximately 0.2%, 3.4% and 0.7% of the total revenue of the Target Group for the years ended 31 March 2011, 2012 and 2013 respectively and approximately 2.2% and 0.1% for the six months ended 30 September 2012 and 2013 respectively.

The construction projects undertaken by the Target Group can be broadly divided into foundation works and ancillary services with particular specialisation in piling works. The Target Group undertakes foundation work related projects in both the public sector, including building and infrastructure related projects, and the private sector in both Hong Kong and Macau. The increase in revenue from the construction contracts income for the Relevant Review Period was mainly attributable to the increase in average contract sum of construction projects undertaken by the Target Group. In addition, the increase in revenue from the construction contracts income of the Target Group for the year ended 31 March 2013 and the six months ended 30 September 2013 was mainly due to (i) the increase in average contract sum of construction projects undertaken by the Target Group; and (ii) the increase in construction capacity resulting from the addition of new machinery and equipment and staff by using the proceed received by the Target for its listing in 2012. As disclosed in the 2013 Annual Report, the Target Group utilized approximately HK$31.2 million and HK$4.4 million, for purchase of machinery and equipment to increase construction capacity to the Target and hiring of additional staff for the Target to increase construction capacity and providing staff training on safety and environmental protection, respectively.

In addition to undertaking construction works, the Target Group also leased certain unutilised machinery on a short term basis to third party machinery companies and contractors in order to maximize utilization of idling resources. The decrease in rental income on machinery for the year ended 31 March 2013 and the six months ended 30 September 2013 was mainly attributable to the increase in utilisation rate for the machinery allocated for construction works and less idle time for the machinery to be leased out. The increase in rental income on machinery for the year ended 31 March 2012 was mainly attributable to the decrease in utilisation rate for the machinery allocated for the construction projects undertaken by the Target Group.

Geographically, Hong Kong continues to be the Target Group's key market, which accounted for 100%, 100% and approximately 87.2% of total revenue of the Target Group for the years ended 31 March 2011, 2012 and 2013 respectively and 100% and approximately 69.6% for the six months ended 30 September 2012 and 2013 respectively. The Target Group considered Macau as a new emerging market for the business and representing nil, nil and approximately 12.8% of total revenue of the Target Group for the years ended 31 March 2011, 2012 and 2013 respectively and nil and approximately 30.4% for the six months ended 30 September 2012 and 2013 respectively.

(ii) Gross profit margin

The gross profit margins of the Target Group were approximately 27.5%, 19.1% and 19.1% for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 respectively. The decrease in the gross profit margin of the Target Group for the year ended 31 March 2012 as compared with that for the year ended 31 March 2011 was mainly due to increase in labor cost is higher than the increase in revenue. Despite the continuing increase in labor cost, construction material cost and subcontractor charges during the year ended 31 March 2013 as compared with that for the year ended 31 March 2012, the Target Group had adjusted the tender price of the construction projects correspondingly in order to reflect the increase in costs and to maintain the gross profit margin for the year ended 31 March 2013.

The gross profit margin of the Target Group decreased by approximately 4.3% from approximately 17.1% for the six months ended 30 September 2012 to approximately 12.8% for the six months ended 30 September 2013, and it was mainly attributable to the increase in the construction material cost and subcontractor charges is higher than the increase in the revenue for the six months ended 30 September 2013 as compared with that for the six months ended 30 September 2012, resulting in the decrease in the gross profit margin of the construction projects.

(iii) Other income and net gains

The following table sets out the summary of other income and net gains for the Relevant Review Period:

	For the six months ended 30 September		For the year ended 31 March		
	2013	**2012**	**2013**	**2012**	**2011**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Gain on disposal of fixed assets	1,125	110	112	64	3,318
Interest income	72	—	—	37	1
Reimbursement of legal fees	—	—	5,203	—	—
Gain on disposal of a subsidiary	—	—	—	—	336
Other	371	12	513	21	438
Total	1,568	122	5,828	122	4,093

Other income and net gains mainly includes (i) gain on a disposal of fixed assets; (ii) reimbursement of legal fees; and (iii) gain on disposal of interest in a subsidiary of the Target Group. During the Relevant Review Period, the Target Group disposed certain fixed assets, which mainly included machines, with sales proceeds, leading to gain on disposal of fixed assets. In addition, the Target Group disposed a subsidiary of the Target Group (the "Disposed Subsidiary"), which was engaged in property holding business, for the year ended 31 March 2011 with a gain of approximately HK$336,000. As disclosed in the Prospectus, the Disposed Subsidiary held two properties in Hong Kong before the disposal. In view of the entire different business mode of the Disposed Subsidiary from that of the Target Group and in preparation for the listing, the Target Group decided to dispose of the two properties held by the Disposed Subsidiary by way of disposing of the shares in Disposed Subsidiary at a consideration of approximately HK$342,000. The then carrying amount of the net assets of Disposed Subsidiary was approximately HK$6,000 and thus a gain on disposal of interest in a subsidiary of approximately HK$336,000 was accordingly recognized in the year ended 31 March 2011.

(iv) Expenses and profit and total comprehensive income attributable to equity holders of the Target

Administrative expenses consist primarily of legal expenses, staff costs, operating lease rental on land and buildings, transportation expenses and depreciation expenses. The Target Group's administrative expenses for the six months ended 30 September 2013 have increased by approximately 16.2% over that for the six months ended 30 September 2012 and it was mainly attributable to the increase in staff costs, including Directors' emoluments. The Target Group's administrative expenses for the year ended 31 March 2013 have increased by approximately 46.9% over that for the year ended 31 March 2012 and it was mainly attributable to the one-off listing expenses, post-listing professional fees as well as staff costs including the Directors' emoluments incurred. The Target Group's administrative expenses for the year ended 31 March 2012 have decreased by approximately 18.1% over that for the year ended 31 March 2011 mainly due to legal expenses incurred for dispute project for the year ended 31 March 2011 partially offset by the increase in other professional fees for its listing in 2012.

Finance costs consist primarily of interest on finance leases and interest on bank borrowings. The increase in finance costs for the Relevant Review Period was mainly due to the increase in investments in machinery which were mainly financed by bank borrowings and finance leases.

For the six months ended 30 September 2013, the Target Group recorded net profit of approximately HK$56,471,000, representing an increase of approximately 322.2% as compared to that of approximately HK$13,375,000 for the six months ended 30 September 2012. For the year ended 31 March 2013, the Target Group recorded a net profit of approximately HK$65,181,000, representing an increase of approximately 153.1% as compared to that of approximately HK$25,756,000 for the year ended 31 March 2012. The increase in net profit of the Target Group for the six months ended 30 September 2013 and the year ended 31 March 2013 was mainly attributable to the significant increase in both revenue and gross profit contributed by the construction contract income. The increase in revenue contributed by the construction contract income of the Target Group for the six months ended 30 September 2013 and the year ended 31 March 2013 was mainly due to (i) the increase in average contract sum of construction projects undertaken by the Target Group; and (ii) the increase in construction capacity resulting from the addition of new machinery and staff by using the proceed received by the Target for its listing in 2012.

The Target Group's net profit for the year ended 31 March 2012 was approximately HK$25,756,000, representing a decrease of approximately 27.2% as compared to that for the year ended 31 March 2011 of approximately HK$35,360,000 and it is mainly attributable to (i) a gain on disposal of fixed assets and an additional income recorded for the year ended 31 March 2011 from prior year project; and (ii) the Target Group incurred additional professional fees in connection with the listing in 2012 for the year ended 31 March 2012.

In addition, as disclosed in the Profit Alert, the Target Group is expected to record a significant increase in revenue and net profit for the year ending 31 March 2014 as compared to that of the year ended 31 March 2013.

We noted that although the gross profit margin of the Target Group is decreasing from approximately 27.5% for the year ended 31 March 2011 to approximately 12.8% for the six months ended 30 September 2013 and it was mainly due to the continuing increase in labor cost, construction material cost and subcontractor charges over the Relevant Review Period, the revenue and net profit of the Target Group in general was on an increasing trend during the Relevant Review Period and expected to be increased for the year ending 31 March 2014.

(b) Financial position

Set out below is the summary of the consolidated statements of financial position of the Target Group as at 30 September 2013, 31 March 2013, 31 March 2012 and 31 March 2011 as extracted from the 2013 Interim Report, the 2013 Annual Report and the Prospectus respectively:

	As at 30 September	**As at 31 March**		
	2013	**2013**	**2012**	**2011**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
	(Unaudited)	(Audited)	(Audited)	(Audited)
Total assets	720,507	502,910	322,938	297,201
Total liabilities	414,094	231,968	157,487	148,206
Net assets	306,413	270,942	165,451	148,995

As at 31 March 2012, the net assets of the Target Group amounted to approximately HK$165,451,000, representing an increase of approximately 11.0% as compared to that as at 31 March 2011. Such increase was mainly due to the contribution of net profit from the respective year.

As at 31 March 2013, the net assets of the Target Group accounted to approximately HK$270,942,000, representing an increase of approximately 63.8% as compared to that as at 31 March 2012. Such increase was mainly due to the proceed received by the Target for its listing in 2012 and the contribution of net profit from the respective year.

As at 30 September 2013, the net assets of the Target Group amounted to approximately HK$306,413,000, representing an increase of approximately 13.1% as compared to that as at 31 March 2013. Such increase was mainly due to contribution of net profit from the respective period.

2. Information on the Offeror and its intentions regarding the future of the Target Group

(a) Information on the Offeror

As disclosed in the Letter from HSBC, the Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by the Offeror Guarantor, which in turn is indirectly wholly-owned by the Offeror Parent. The Offeror Parent was established in the PRC, which, together with its key operating subsidiary in the PRC, Qingjian, is primarily engaged in domestic and international construction projects and investment, real estate development, capital management, logistics and design consulting businesses.

As the largest operating subsidiary of the Offeror Parent, Qingjian processes the buildings construction main contractor top grade qualification. Further as one of the leading construction enterprises in the PRC, Qingjian has been named as one of the "China Top 500 Enterprises" ("中國企業500強") for many consecutive years, with a ranking of 290 in 2013. It has also been named as one of the "Top 60 Chinese Contractor Corporations" ("中國承包商60強") for ten consecutive years from 2004 to 2013 with a ranking of 21 in 2013, and as one of "The ENR Top 250 International Contractors" with a ranking of 95 in 2013, both by Engineering News-Record. Qingjian has also participated in the construction of numerous domestic and overseas landmark architectures including the 29th Olympic Sailing Centre, 2014 Qingdao International Horticulture Exposition and Qingdao Liu Ting International Airport and obtained numerous awards including 14 "Luban" award ("魯班獎"), which is one of the most prestigious awards in respect of the quality of construction works in China. Its numerous property projects have also received honours such as "National Comfortable Housing Demonstration Project" ("國家康居示範工程") and "China Habitat Environment Golden Construction Pilot Project" ("中國人居環境金牌建設試點項目").

The Offeror Parent group has entered the Singapore market in 1999. Members of the Offeror Parent group, Qingjian International (South Pacific) Group Development Co., Pte. Ltd. is qualified with the highest construction qualification in Singapore, namely, Grade A1 general building qualification, while Qingjian Realty (South Pacific) Group Pte. Ltd. was recognized as one of the "Top Ten Developers 2013" in Singapore by BCI Asia. Qingjian International (South Pacific) Group Development Co., Pte. Ltd. has also participated in the construction of China Cultural Centre in Singapore. As at the Latest Practicable Date, the Offeror Parent group was involved in contracts with a total contractual sum of over 1.9 billion Singapore dollars. Its numerous projects have also received awards such as "BCA Construction Excellence Award" and "BCA Construction Productivity Gold Award". Projects developed by it include public housing, high rise apartments and industrial facilities, including the Bishan "Design, Build and Sell Scheme" (DBSS) project in Singapore. Further, many of its projects have received "Singapore-BCA Green Mark Award (Gold Plus)", which is one of the most prestigious awards in respect of environment friendly construction in Singapore.

The Offeror Guarantor is an investment holding company incorporated in the Republic of Singapore, which has invested in certain private construction projects in Asia and certain infrastructure projects in the PRC. As at the Latest Practicable Date, the Offeror Parent was held as to (i) 41.3% by Qingjian Staff Union (through its wholly-owned subsidiary) whose major decisions are determined by a group of 13 member representatives of the Qingjian Staff Union, none of whom is a director of the Offeror or the Offeror Parent, and such member representatives make decision by voting on behalf of all members; (ii) as to 30% by 上海和利源投資有限公司 (Shanghai Heliyuan Investment Co Ltd), a company incorporated in the PRC, which is majority controlled by Mr. Du Bo; (iii) as to 15% by Qingdao City Construction; and (iv) as to 13.7% by Qingdao Bohai Construction.

(b) Reasons for the Acquisition and the Offer and intentions of the Offeror regarding the Target Group

As disclosed in the Letter from HSBC, the Offeror intends to continue the existing business of the Target Group immediately following Completion. However, the Offeror also intends to review the operations and business activities of the Target Group to formulate a long-term business strategy for the Target Group. The Offeror plans to leverage on its parent's experience and network in construction and real estate development business in the PRC and other overseas countries and to seek to expand into the Hong Kong construction industry. The Offeror considers that the Acquisition and the Offer provide a platform to the Offeror and its parents for its construction and real estate development and investment business. The Offeror has no intention to redeploy the fixed assets of the Target.

Save as in connection with the Offeror's intention regarding the Target Group as set out above and the potential changes to the Board, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Target Group.

3. Prospects of the Target Group

As set out in the 2013 Annual Report published on June 2013, in view of the increasing expenditure by the Hong Kong government on public works projects and the current growth prospects for private development projects, as well as the blooming development projects in Cotai, Macau, the Directors believe that the value of construction works output will continue to rise and the foundation works available to the Target Group will grow steadily.

The Target Group experienced a growth in revenue for the Relevant Review Period in its foundation business. Despite the fierce competition in tender bidding with other competitors in the construction industry both Hong Kong and Macau, the foundation business of the Target Group was still able to achieve a significant growth, reflecting that the Target Group has implemented a successful strategy and seized the opportunity to expand. As such, despite the continuing increase in labor cost, construction material cost and subcontractor charges during the year ended 31 March 2013 as compared with that for the year ended 31 March 2012, the Target Group had adjusted the tender price of the construction projects correspondingly in order to reflect the increase in costs and to maintain the gross profit margin for the year ended 31 March 2013. The Target Group will continue with and to accelerate the implementation of its strategies, focusing on the three main sources of its success, i.e. (i) increasing construction capacity by acquiring new and advanced machineries for effective production; (ii) enhancing the Target Group's marketing activities and expanding network to further participate in bidding construction projects; and (iii) hiring experienced and competent staff to take part in the growing businesses of the Target Group.

As set out in the 2013 Interim Report, apart from strengthening the construction business in Hong Kong, the Target Group has made its best effort to explore business opportunities in Macau. The Directors consider that Macau as a fast-growing market for the construction business and the Target Group will be greatly benefited if it continues to actively participate in the Macau construction projects. Revenue from Macau market represented nil, nil and approximately 12.8% of total revenue of the Target Group for the years ended 31 March 2011, 2012 and 2013 respectively and nil and approximately 30.4% for the six months ended 30 September 2012 and 2013 respectively.

In addition, as disclosed in the Profit Alert, the Target Group is expected to record a significant increase in revenue and net profit for the year ending 31 March 2014 as compared to that of the year ended 31 March 2013.

According to the 2014-2015 Budget of Hong Kong, labour shortage in the construction sector would affect the delivery of infrastructure projects. In addition, according to "Principal indicators of construction sector – 4th Quarter/2013", a statistic published on the website of Statistics and Census Service, Government of Macau, the average daily wages of construction workers in 2013 was increased by approximately 9.0% as compared to that in 2012. As mentioned in the paragraph headed "Financial information on the Target Group" above , revenue of the Group from Macau market represented an increasing trend, from approximately 12.8% of total revenue of the Target Group for the year ended 31 March 2013 to approximately 30.4% for the six months ended 30 September 2013 and the Target Group will make its best effort to explore business opportunities in Macau, we are of the view that the increase in labour cost in Macau will affect the operation of the Target Group in the foreseeable future.

As (i) the gross value of piling and related foundation works decreased by approximately 8.9% from approximately HK$16,822 million in 2012 to approximately HK$15,237 million in 2013 according to "Report on the Quarterly Survey of Construction Output — 4th Quarter/ 2013", a report published by Census and Statistic Department, Hong Kong; and (ii) the labour cost in construction industry will continue to increase in the foreseeable future as mentioned in the paragraph headed "Financial information on the Target Group" above, we are of the view that the construction industry in both Hong Kong and Macau is facing challenge.

We noted that, although gross profit margin of the Target Group was decreasing from approximately 27.5% for the year ended 31 March 2011 to approximately 12.8% for the six months ended 30 September 2013, the revenue and net profit of the Target Group in general was on an increasing trend in the Relevant Review Period. Accordingly, we concur with the Directors that the Target Group has successfully implemented its strategies and seized the opportunity to expand so as to further strengthen its financial performance and overwhelmed the challenge in the construction industry in both Hong Kong and Macau.

Also, as set out in the Letter from HSBC that the Offeror intends to continue the existing business of the Target Group immediately following Completion and plans to leverage on its parent's experience and network in construction and real estate development business in the PRC and other overseas countries and to seek to expand into the Hong Kong construction industry.

Based on the above, although the Target is still facing the challenge in the construction industry in both Hong Kong and Macau and gross profit margin of the Target Group was decreasing in the Relevant Review Period, we are of the view that (i) the prospects of the Target Group remain favourable as the Target could successfully implement its strategies and seize the opportunity to expand so as to further strengthen its financial performance; and (ii) the Target Group may be benefited from the experience and network in construction and real estate development business in the PRC and other overseas countries of the Offeror Parent group.

4. Analysis of the price performance and trading liquidity of the Shares

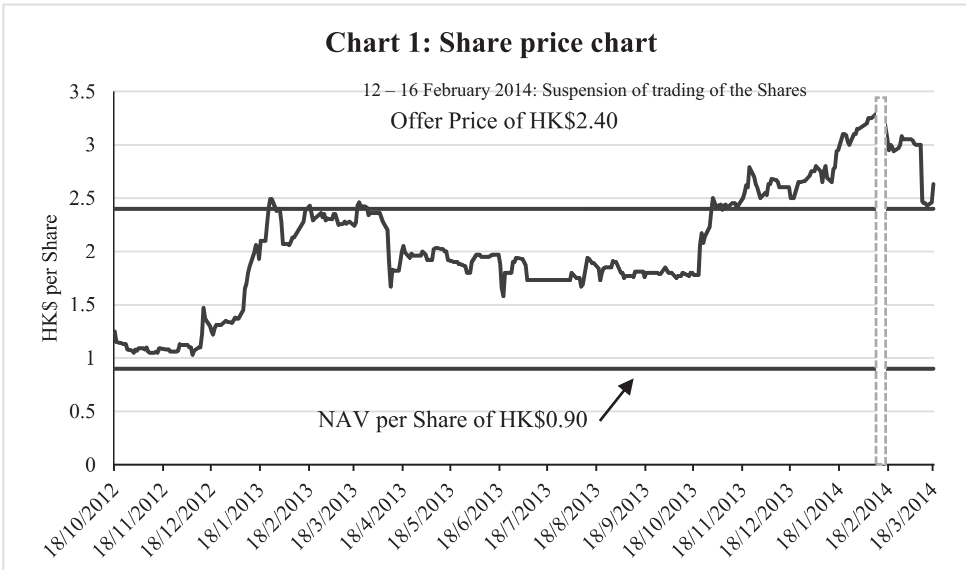
(a) *Historical price performance of the Shares*

The offer price of HK$2.40 per Offer Share represents:

- a discount of approximately 27.9% to the closing price of HK$3.33 per Share as quoted on the Stock Exchange on 11 February 2014, being the Last Trading Day;
- a discount of approximately 26.6% to the average closing price of approximately HK$3.27 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day (the "**Five Days Average Closing Price**");
- a discount of approximately 25.2% to the average closing price of approximately HK$3.21 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day (the "**Ten Days Average Closing Price**");
- a discount of approximately 18.9% to the average closing price of approximately HK$2.96 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day (the "**30 Days Average Closing Price**");
- a discount of approximately 5.5% to the average closing price of approximately HK$2.54 per Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 10.6% over the average closing price of approximately HK$2.17 per Share as quoted on the Stock Exchange for the period from 12 February 2013, being one year prior to the Last Trading Day, to the Last Trading Day;
- a premium of approximately 20.0% over the average closing price of approximately HK$2.00 per Share as quoted on the Stock Exchange for the period from 18 October 2012, being the first day of trading of the Shares on the Stock Exchange, to the Last Trading Day;
- a premium of approximately 166.7% over the audited consolidated net assets per Share of approximately HK$0.90 as at 31 March 2013 (being the date to which the latest audited consolidated annual results of the Target Group were made up), calculated based on the Target Group's audited consolidated net assets of approximately HK$270,942,000 as at 31 March 2013 and 300,000,000 Shares in issue as at the Latest Practicable Date;
- a premium of approximately 135.3% over the unaudited consolidated net assets per Share of approximately HK$1.02 as at 30 September 2013 (being the date to which the latest unaudited consolidated interim results of the Target Group were made up), calculated based on the Target Group's unaudited consolidated net assets of approximately HK$306,413,000 as at 30 September 2013 and 300,000,000 Shares in issue as at the Latest Practicable Date; and

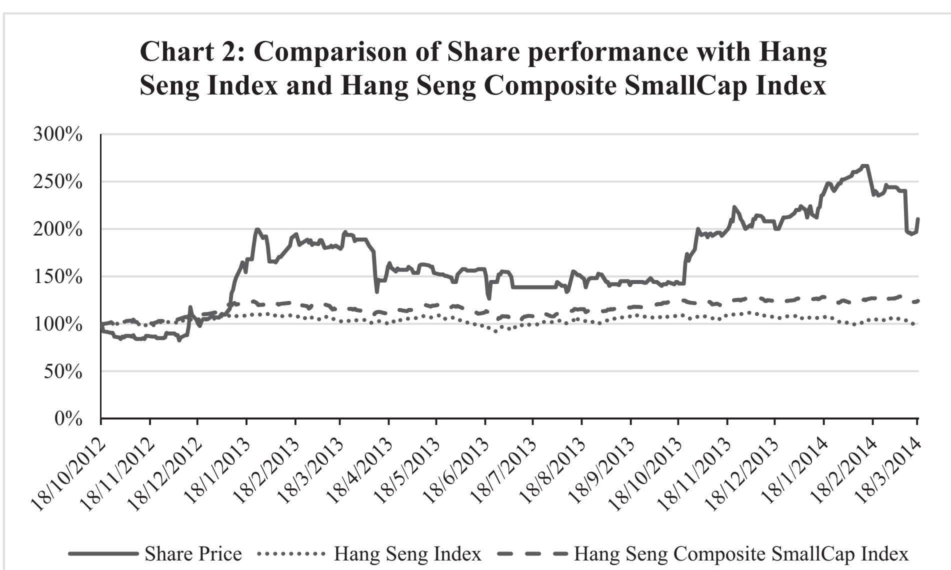
- a discount of approximately 8.7% to the closing price of HK$2.63 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Set out below is the chart showing the daily closing price of the Shares from 18 October 2012, being the first day of trading of the Shares on the Stock Exchange, up to and including the Latest Practicable Date (the "**Review Period**"):



Source: Bloomberg

Set out below is the chart comparing the daily closing price of the Shares with Hang Seng Index and Hang Seng Composite SmallCap Index for the Review Period:



Source: Bloomberg

The Target went public on 18 October 2012 with a closing price of HK$1.25 per Share. The price of the Shares was relatively stable during the period from 18 October 2012 to 7 January 2013, with the closing price fluctuating between HK$1.03 per Share to HK$1.47 per Share.

The price of the Shares fluctuated between a range of HK$1.58 to HK$2.49 per Share for the period from 8 January 2013 to 27 October 2013. The fluctuation was generally in line with the fluctuation of the Hang Seng Index and the Hang Seng Composite SmallCap Index but the Shares out-performed both the Hang Seng Index and the Hang Seng Composite SmallCap Index. In addition, the improvement in the performance of the Shares may have been supported by the improved 2012 interim results of the Target.

The price of the Shares presented an upward trend after 28 October 2013 when the Target issued a positive profit alert announcement in the interim results for the six months ended 30 September 2013.

From 1:00 p.m. on 11 February 2014, the trading of the Shares was suspended as requested by the Target pending the release of the Joint Announcement. On 17 February 2014, being the first trading day of the Shares after the publication of the Joint Announcement, the closing price of the Shares dropped to HK$3.06 per Share from the closing price of HK$3.33 per Share in the Last Trading Day. Price of the Shares was relatively stable during the period from 18 February 2014 to 10 March 2014, with the closing price fluctuating between HK$2.94 per Share to HK$3.08 per Share. On 11 March 2014, the closing price of the Shares dropped significantly to HK$2.47 per Share. On 11 March 2014 (after trading hours),where the Profit Alert was made, the closing price of the Share on 12 March 2014 was HK$2.45 per Share which was slightly lower than the closing price of the Shares on the previous day of HK$2.47 per Share. As at the Latest Practicable Date, the closing price of the Shares was HK$2.63.

Except for the daily closing price of the Shares after 28 October 2013, being the date the Target issued a positive profit alert announcement in the interim results for the six months ended 30 September 2013, we note that the Shares were generally traded below the Offer Price during the Review Period. In addition, the Offer Price had been above or equal to the closing prices of the Shares on 243 trading days out of the total 346 trading days (representing approximately 70.23% of the total number of trading days) in the entire Review Period. After the publication of the Joint Announcement and the Profit Alert was made, the price of the Shares still presented a downward trend. It is uncertain whether the surge in the prices of the Shares will continue in the future.

We noted that the Offer Price (i) represents a premium of approximately 20.0% over the average closing price of approximately HK$2.00 per Share as quoted on the Stock Exchange for the period from 18 October 2012, being the first day of trading of the Shares on the Stock Exchange, to the Last Trading Day and a premium of approximately 135.3% over the unaudited consolidated net assets per Share as at 30 September 2013 (being the date to which the latest unaudited consolidated interim results of the Target

Group were made up) and (ii) had been above or equal to the closing prices of the Shares on 243 trading days out of the total 346 trading days (representing approximately 70.23% of the total number of trading days) in the entire Review Period.

Given that the Offer Price presents discounts to the closing prices per Share on the Latest Practicable Date and Last Trading Day, the Five Days Average Closing Price, the Ten Days Average Closing Price and the 30 Days Average Closing Price, respectively, we consider that the Offer Price is not fair and reasonable.

(b) Trading volume of the Shares

The table below sets out average daily trading volume of the Shares and the percentages of average daily trading volume to the total number of issued Shares and to the total number of Shares held by public Shareholders during the Review Period:

Month	**Average daily trading volume** *(Note 1)* *Number of shares*	**Percentage to the total number of issued Shares** *(Note 2)* *% (approximately)*	**Percentage to the total number of Shares held by public Shareholders** *(Note 3)* *% (approximately)*
18 October 2012 (date of listing) to 31 October 2012	2,126,389	0.709	2.835
November 2012	118,295	0.039	0.158
December 2012	282,500	0.094	0.377
January 2013	3,653,409	1.218	4.871
February 2013	4,072,206	1.357	5.430
March 2013	3,633,625	1.211	4.845
April 2013	936,560	0.312	1.249
May 2013	42,500	0.014	0.057
June 2013	11,711	0.004	0.016
July 2013	26,136	0.009	0.035
August 2013	13,929	0.005	0.019
September 2013	2,000	0.001	0.003
October 2013	162,976	0.054	0.217
November 2013	73,081	0.024	0.097
December 2013	35,875	0.012	0.048
January 2014	176,548	0.059	0.235
February 2014	414,844	0.138	0.553
From 1 March 2014 to the Latest Practicable Date	438,750	0.146	0.585

Notes:

1. Calculated by dividing the total trading volume for the period/month by the number of trading days during the period/month which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

2. Calculated based on the entire issued share capital of the Target of 300,000,000 Shares as at the Latest Practicable Date.

3. Calculated based on a total of 75,000,000 issued Shares held by public Shareholders as at the Latest Practicable Date.

As illustrated in the above table, during the Review Period, the average daily trading volume of the Shares as a percentage of the total number of issued Shares ranged from approximately 0.001% to approximately 1.357%, while the average daily trading volume of the Shares as a percentage of the total number of issued Shares held by public Shareholders ranged from approximately 0.003% to approximately 5.430%. We are of the view that the trading of the Shares was relatively thin and inactive during the Review Period.

5. Comparison with comparable companies

The Target Group is principally engaged in the foundation business and machinery rental business in Hong Kong and Macau. For comparison purpose, we have conducted a search on Bloomberg for companies listed on the Stock Exchange which are principally engaged in construction work and identified 16 companies. In view of the fact that the business nature, huge market capitalization and net asset value may impact on our comparison, we shortlisted the following eight comparables (the "**Comparables**"), being companies listed on the Stock Exchange which (i) are principally engaged in construction work with revenue derived from foundation business; (ii) revenue derived from the construction works income represents not less than 50% of the latest published total revenue; (iii) have market capitalization of less than HK$5,000,000,000; and (iv) have the latest published net asset value of less than HK$2,000,000,000. Based on the aforesaid criteria, we consider that the Comparables to be exhaustive and represent a fair and representative samples. It should be noted that the business nature, scale of operations and future prospects of the Target is not exactly the same as that of the Comparables and as such, the Comparables may only be used to provide a general reference only. Price to earnings multiple ("**P/E Ratio**") have been used in the analysis. The table below sets out the P/E Ratio of the Comparables and the P/E Ratio and the P/B Ratio of the Target Group based on the Offer Price:

Company name (stock code)	**Principal activities**	**P/E ratio** *(Notes 1&2)* *(times)*	**Market capitalisation as at the Latest Practicable Date** *(Note 3)* *(HK$ million)*	**Latest published net asset value** *(Note 4)* *(HK$ million)*
Peace Map Holding Limited (402)	Provision of maintenance & construction work on civil engineering contract, provision of water supply service, provision of renovation services as well as mining & exploration of mineral resource	N.A.	1,564.2	711.4

Company name (stock code)	Principal activities	P/E ratio *(Notes 1&2)* *(times)*	Market capitalisation as at the Latest Practicable Date *(Note 3)* *(HK$ million)*	Latest published net asset value *(Note 4)* *(HK$ million)*
Vantage International (Holdings) Limited (15)	Provision of wide range of construction, civil engineering, renovation and other contract works in public and private sectors; property investment; and property development	3.28	1,048.0	1,692.4
Hanison Construction Holdings Limited (896)	Building construction, interior and renovation works, supply and installation of building materials, property investment, property agency and management and property development	2.90	536.3	1,264.7
Chun Wo Development Holdings Limited (711)	Civil engineering, electrical and mechanical engineering, foundation and building construction work, property development, property investment, professional services including provision of security and property management services	6.68	519.9	1,605.4
Ngai Shun Holdings Limited (1246)	Foundation business as a foundation subcontractor	6.85	427.5	93.3
Deson Development International Holdings Limited (262)	Provision of construction works and property development and investment	5.90	287.7	870.3
Excel Development (Holdings) Limited (1372)	Provision of civil engineering construction services to the public and private sectors	4.99	200.0	162.5
Build King holdings Limited (240)	Provision of civil engineering construction services	12.29	248.4	303.1
	Average	**6.13**		
	Maximum	**12.29**		
	Minimum	**2.90**		
The Target	**Foundation business and machinery leasing business**	**11.05** *(Note 5)*	**720.0** *(Note 6)*	**306.4**

Notes:

1. P/E ratio of the Comparables are calculated based on their respective audited consolidated net profits and their respective closing market capitalization as at the Latest Practicable Date.

2. N.A. refers to net loss in latest audited published financial statement.

3. Market capitalization figure of the Comparables is sourced from Bloomberg.

4. Net asset values of the Comparables are extracted from their respective latest published financial statement.

5. Calculated based on the Offer Price and the net profit of the Target Group as extracted from the 2013 Annual Report divided by the total number of issued Shares as at the Latest Practicable Date.

6. Calculated based on the Offer Price and the total number of issued Shares as at the Latest Practicable Date.

As illustrated in the above table, the P/E ratio of the Comparables ranges from approximately 2.90 times to approximately 12.29 times, with an average P/E ratio of approximately 6.13 times. The P/E ratio of approximately 11.05 times implied by the Offer Price falls in the range of the P/E ratio of the Comparables and is higher than the average P/E ratio of the Comparables. Thus the Offer Price appears attractive as compared to the share prices of the Comparables relative to their respective earnings and net assets value.

RECOMMENDATION AND CONCLUSION

After taking into account the above principal factors and reasons, in particular:

- the prospects of the Target Group remain favorable as the Target could successfully implement its strategies and seize the opportunity to expand so as to further strengthen its financial performance as mentioned in the paragraph headed "Prospects of the Target Group" above; and

- the Offer Price presented discounts to the closing prices per Share on the Latest Practicable Date and Last Trading Date, the Five Days Average Closing Price, the Ten Days Average Closing Price and the 30 Days Average Closing Price, respectively as mentioned in the paragraph headed "Analysis of the price performance and trading liquidity of the Shares".

We consider that the terms of the Offer are neither fair nor reasonable to, nor in the interest of the Offer Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Offer Shareholders not to accept the Offer.

We also note that the trading of the Shares was relatively thin and inactive during the Review Period and the Offer Price only represented a discount of approximately 8.7% to the closing price of HK$2.63 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As mentioned above, those Offer Shareholders who consider retaining their Shares or tendering less than all their Shares under the Offer should carefully consider the potential difficulties they may encounter in disposing their investments in the Shares after the close of the Offer in view of the historical low liquidity of the Shares and there is no guarantee that such increase in Share price will sustain during and after the Offer Period.

Those Offer Shareholders who intend to accept the Offer (especially those with less sizable holdings in the Shares) are reminded to closely monitor the market price and the liquidity of the Shares during the period when the Offer remains open for acceptance and should consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer after having regard to the market price and the liquidity of the Shares.

The Offer Shareholders are also reminded that their decisions to dispose of or hold their investment in the Shares are subject to their individual circumstances and investment objectives. The Offer Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the Form of Acceptance and Transfer, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
China Investment Securities International Capital Limited
Tony Wu
Managing Director and
Head of Investment Banking Department

* *In this letter, the English names of the PRC entities and terms are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form(s) of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed Form(s) of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (from the date of this Composite Document to 30 March 2014) or at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (from 31 March 2014 to the Closing Date) in an envelope marked "Sunley Holdings Limited Share Offer" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Target may jointly announce with the consent of the Executive in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form(s) of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Target through the Registrar, and send the duly completed Form(s) of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar).

(c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form(s) of Acceptance and Transfer should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form(s) of Acceptance and Transfer and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to HSBC and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form(s) of Acceptance and Transfer.

(e) Acceptance of the Offer will be treated as valid only if the completed Form(s) of Acceptance and Transfer is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance to the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

(f) If the Form(s) of Acceptance and Transfer is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(g) Seller's ad valorem stamp duty for transfer of Shares registered in the seller's name by the Target through the Registrar arising in connection with acceptance of the Offer will be payable by the relevant Offer Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Offer Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(h) No acknowledgement of receipt of any Form(s) of Acceptance and Transfer, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form(s) of Acceptance and Transfer must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form(s) of Acceptance and Transfer, and the Offer will be closed on the Closing Date.

(b) The Offeror and the Target will jointly issue an announcement through the websites of the Stock Exchange and the Target no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.

(c) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Offer Shareholders who have not accepted the Offer.

(d) If the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

(e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form(s) of Acceptance and Transfer to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so extended.

3. ANNOUNCEMENT

(a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of Listing Rules by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.

Such announcement must state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror, Offeror Parent and parties acting in concert with any of them before the Offer Period;

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror, Offeror Parent and parties acting in concert with any of them during the Offer Period;

(iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Target which the Offeror, Offeror Parent and parties acting in concert with any of them has borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and

(v) the percentages of the relevant classes of issued share capital of the Target and the percentages of voting rights of the Target represented by these numbers.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

(c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Target (www.sunley-fdn.com.hk).

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in paragraph 3 of this Appendix I headed "Announcement" above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Offer Shareholders who have tendered acceptance to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Offer Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance and Transfer to the relevant Offer Shareholder(s).

5. SETTLEMENT OF THE OFFER

Provided that the accompanying Form(s) of Acceptance and Transfer for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Offer Shareholder in respect of the Shares tendered under the Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Offer Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 7 Business Days from the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Offer Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this Appendix I) and the accompanying Form(s) of Acceptance and Transfer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

6. OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes). The Offeror, the Target, their respective ultimate beneficial owners and parties acting in concert, HSBC, CISIC, PwC, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes they may be required to pay. Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

7. TAX IMPLICATIONS

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, the Offeror Parent, the Target, their respective ultimate beneficial owners and parties acting in concert, HSBC, CISIC, PwC, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

8. GENERAL

(a) All communications, notices, Form(s) of Acceptance and Transfer, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Target, the Offeror, the Offeror Parent and their respective ultimate beneficial owners and parties acting in concert with them, HSBC, CISIC, PwC, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.

(b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and HSBC that the Shares tendered under the Offer (together with all rights accruing or attaching to them as at the date of this Composite Document or subsequently being attached to them, including, without limitation, the rights to receive all future dividends and other distributions, declared, made or paid, if any, by the Target on or after the date on which the Offer is made, i.e., the date of this Composite Document), except the Special Dividend are sold by such person or persons free from all Encumbrances.

(c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form(s) of Acceptance and Transfer is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.

(d) The provisions set out in the accompanying Form(s) of Acceptance and Transfer form part of the terms of the Offer.

(e) The accidental omission to despatch this Composite Document and/or the accompanying Form(s) of Acceptance and Transfer or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.

(f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(g) Due execution of Form(s) of Acceptance and Transfer will constitute an authority to the Offeror and/or HSBC and/or such person or persons as any of them may direct to complete and execute on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.

(h) The Offer is made in accordance with the Takeovers Code.

(i) References to the Offer in this Composite Document and in the Form(s) of the Acceptance and Transfer shall include any extension and/or revision thereof.

(j) The English text of this Composite Document and of the accompanying Form(s) of Acceptance and Transfer shall prevail over the Chinese text.

1. SUMMARY OF THE FINANCIAL INFORMATION

The following is a summary of (i) the audited financial results of the Target Group for each of the three years ended 31 March 2011, 2012 and 2013; (ii) the assets and liabilities as at 31 March 2011, 2012 and 2013 as extracted from the audited consolidated financial statements of the Target Group for the financial years ended 31 March 2011, 2012 and 2013; (iii) unaudited financial results of the Target Group for the six months ended 30 September 2013; and (iv) the assets and liabilities as at 30 September 2013 as extracted from the unaudited condensed consolidated financial statements of the Target Group for the six months ended 30 September 2013.

PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the auditor of the Target, did not issue any qualified opinion on the consolidated financial statements of the Target Group for each of the three years ended 31 March 2011, 2012 and 2013. The Target Group had no exceptional or extraordinary items because of size, nature or incidence for each of the three years ended 31 March 2011, 2012 and 2013 and the six months ended 30 September 2013. The Target Group did not record any non-controlling interests for each of the three years ended 31 March 2011, 2012 and 2013 and the six months ended 30 September 2013. All profit of the Target Group for each of the three years ended 31 March 2011, 2012 and 2013 and the six months ended 30 September 2013 was attributable to owners of the Target.

Consolidated statements of comprehensive income

	Six months ended 30 September		Year ended 31 March		
	2013	**2012**	**2013**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited	Unaudited			
Revenue	638,266	182,315	597,991	313,122	257,505
Cost of sales	(556,698)	(151,202)	(483,830)	(253,452)	(186,660)
Gross profit	81,568	31,113	114,161	59,670	70,845
Other income and net gains	1,568	122	5,828	122	4,093
Administrative expenses	(15,337)	(13,196)	(37,919)	(25,813)	(31,492)
Operating profit	67,799	18,039	82,070	33,979	43,446
Finance costs	(2,454)	(1,793)	(3,921)	(2,097)	(426)
Profit before income tax	65,345	16,246	78,149	31,882	43,020
Income tax expense	(8,874)	(2,871)	(12,968)	(6,126)	(7,656)

	Six months ended 30 September		Year ended 31 March		
	2013	**2012**	**2013**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited	Unaudited			
Profit and total comprehensive income for the year attributable to equity holders of the Company	56,471	13,375	65,181	25,756	35,364
Basic and diluted earnings per share	18.8	5.9	25.2	N/A	N/A
Dividend	—	20,000	41,000	9,300	—
Dividend per share (in HK cents)	—	N/A	7	N/A	—
		Note 1	*Note 2*	*Note 1*	

Note 1:

Pursuant to the board resolutions of certain subsidiaries comprising the Target Group passed on 6 October 2011 and 28 May 2012, these subsidiaries declared and paid interim/special dividends relating to the year ended 31 March 2012 and 2013 amounting to HK$9,300,000 and HK$20,000,000 respectively. These dividends were paid prior to the completion of the group reorganisation and the initial public offering of the Company which took place in September and October 2012 respectively. The rates of dividend and the number of Shares ranking for these dividends are not presented above as such information is not meaningful.

Note 2:

At a meeting held on 27 June 2013, the Directors recommended the payment of a final dividend for the year ended 31 March 2013 of HK7 cents per Share, totalling HK$21,000,000. The special dividends declared on 28 May 2012 amounting to HK$20,000,000 as described in Note 1 above is excluded in the calculation of dividend per Share.

Consolidated statements of financial position

	As at 30 September 2013	As at 31 March 2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited			
ASSETS				
Non-current assets				
Property, plant and equipment	300,913	246,585	172,427	157,981
Deferred taxation	—	71	84	115
Goodwill	13,022	13,022	13,022	13,022
	313,935	259,678	185,533	171,118
Current assets				
Trade and other receivables	227,776	163,836	88,034	77,508
Amounts due from customers for contract work	30,503	21,301	2,762	3,856
Amount due from a related company	—	—	—	59
Tax recoverable	—	—	—	—
Cash and cash equivalents	148,293	58,095	46,609	44,660
	406,572	243,232	137,405	126,083
Total assets	720,507	502,910	322,938	297,201
EQUITY				
Capital and reserves				
Share capital	3,000	3,000	—	—
Share premium	57,320	57,320	—	—
Other reserve	97,897	97,897	97,907	97,907
Retained earnings	148,196	112,725	67,544	51,088
Total equity	306,413	270,942	165,451	148,995
LIABILITIES				
Non-current liabilities				
Borrowings	88,332	88,305	79,770	62,484
Deferred taxation	23,406	23,880	17,877	15,628
	111,738	112,185	97,647	78,112

	As at 30 September 2013	As at 31 March 2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited			
Current liabilities				
Trade and other payables, including provision for claims	210,083	63,080	28,884	34,329
Amount due to a shareholder	—	—	—	—
Borrowings	80,454	53,665	28,874	29,399
Tax payable	11,819	3,038	2,082	6,366
	302,356	119,783	59,840	70,094
Total liabilities	414,094	231,968	157,487	148,206
Total equity and liabilities	720,507	502,910	322,938	297,201
Net current assets	104,216	123,449	77,565	55,989
Total assets less current liabilities	418,151	383,127	263,098	227,107

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

The following is the full text of the audited consolidated financial statements of the Target for the years ended 31 March 2013 extracted from the annual report of the Target for the year ended 31 March 2013.

Consolidated statement of comprehensive income
For the year ended 31 March 2013

	Note	**2013** *HK$'000*	**2012** *HK$'000*
Revenue	*5*	597,991	313,122
Cost of sales	*6*	(483,830)	(253,452)
Gross profit		114,161	59,670
Other income and net gains	*5*	5,828	122
Administrative expenses	*6*	(37,919)	(25,813)
Operating profit		82,070	33,979
Finance costs	*9*	(3,921)	(2,097)
Profit before income tax		78,149	31,882
Income tax expense	*10*	(12,968)	(6,126)
Profit and total comprehensive income for the year attributable to equity holders of the Company		65,181	25,756
Basic and diluted earnings per share (HK cents)	*11*	25.2	11.4
Dividend	*12*	41,000	9,300

Consolidated statement of financial position
As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	246,585	172,427
Deferred taxation	21	71	84
Goodwill	14	13,022	13,022
		259,678	185,533
Current assets			
Trade and other receivables	15	163,836	88,034
Amounts due from customers for contract work	16	21,301	2,762
Cash and cash equivalents	18	58,095	46,609
		243,232	137,405
Total assets		502,910	322,938
EQUITY			
Capital and reserves			
Share capital	23	3,000	—
Share premium	23	57,320	—
Other reserves	24	97,897	97,907
Retained earnings		112,725	67,544
Total equity		270,942	165,451

	Note	2013 HK$'000	2012 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*19*	88,305	79,770
Deferred taxation	*21*	23,880	17,877
		112,185	97,647
Current liabilities			
Trade and other payables	*20*	63,080	28,884
Borrowings	*19*	53,665	28,874
Tax payable		3,038	2,082
		119,783	59,840
Total liabilities		231,968	157,487
Total equity and liabilities		502,910	322,938
Net current assets		123,449	77,565
Total assets less current liabilities		383,127	263,098

Statement of financial position
As at 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Investment in a subsidiary	17	10	—
Loan to a subsidiary	17	28,000	—
		28,010	—
Current assets			
Amounts due from subsidiaries	17	11,446	—
Cash and cash equivalents	18	6,912	—
		18,358	—
Total assets		46,368	—
EQUITY			
Capital and reserves			
Share capital	23	3,000	—
Share premium	23	57,320	—
Accumulated losses	24	(14,736)	—
Total equity		45,584	—
LIABILITIES			
Current liabilities			
Trade and other payables	20	784	—
		784	—
Total liabilities		784	—
Total equity and liabilities		46,368	—
Net current assets		17,574	—
Total assets less current liabilities		45,584	—

Consolidated statement of changes in equity
For the years ended 31 March 2013

	Share capital (Note 23) HK$'000	Share Premium (Note 23) HK$'000	Merger Reserve (Note 24) HK$'000	Capital Reserve (Note 24) HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 April 2011	—	—	39,193	58,714	51,088	148,995
Profit and total comprehensive income for the year	—	—	—	—	25,756	25,756
Transactions with owners						
Dividend	—	—	—	—	(9,300)	(9,300)
Balance at 31 March 2012	—	—	39,193	58,714	67,544	165,451
Balance at 1 April 2012	—	—	39,193	58,714	67,544	165,451
Profit and total comprehensive income for the year	—	—	—	—	65,181	65,181
Transactions with owners						
Issuance of shares upon group reorganisation	10	—	(10)	—	—	—
Shares issued pursuant to the capitalisation issue	2,240	(2,240)	—	—	—	—
Gross proceeds from public offering of shares	750	65,250	—	—	—	66,000
Share issuance costs	—	(5,690)	—	—	—	(5,690)
Dividend	—	—	—	—	(20,000)	(20,000)
Total transactions with owners	3,000	57,320	(10)	—	(20,000)	40,310
Balance at 31 March 2013	3,000	57,320	39,183	58,714	112,725	270,942

Consolidated statement of cash flows
For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Net cash generated from operations	25(a)	57,579	47,240
Tax paid		(5,996)	(8,130)
Interest paid		(3,921)	(2,097)
Net cash generated from operating activities		47,662	37,013
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		9,202	81
Purchases of property, plant and equipment		(73,769)	(42,606)
Net cash used in investing activities		(64,567)	(42,525)
Cash flows from financing activities			
Proceeds from public offering of shares, net of share issuance costs		60,310	—
Inception of finance lease		6,610	37,038
Drawdown of bank borrowings		10,000	—
Repayment of finance lease		(16,216)	(16,506)
Repayment of bank borrowings		(12,313)	(3,771)
Dividends paid		(20,000)	(9,300)
Net cash generated from financing activities		28,391	7,461
Net increase in cash and cash equivalents		11,486	1,949
Cash and cash equivalents at 1 April		46,609	44,660
Cash and cash equivalents at 31 March		58,095	46,609

Notes to the consolidated financial statements

1 GENERAL INFORMATION AND GROUP REORGANISATION

(a) General information

Sunley Holdings Limited (the "Company") is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the foundation business and machinery rental business in Hong Kong and Macau. The ultimate holding company is Join Together Management Limited which is incorporated in the British Virgin Island ("the BVI") with a controlling interest and owned by the controlling shareholders of the Company, Mr. Leung Chee Hon ("Mr. Leung") and Dr. Ho Kar Chung ("Dr. Ho") (together, the "Controlling Shareholders").

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

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 October 2012 pursuant to its share offering under which 75,000,000 new ordinary shares of HK$0.01 each were issued by the Company (the "Share Offering").

These consolidated financial statements are presented in thousands of Hong Kong Dollar ("HK$'000") unless otherwise stated, and have been approved for issue by the Board of Directors on 27 June 2013.

(b) Group reorganisation

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

Upon completion of the Reorganisation and up to 31 March 2013, the Company has direct or indirect interests in the following subsidiaries:

Name	Place of incorporation	Date of incorporation	Principal activities and place of operation	Issued and fully paid share capital	Equity interest held 31 March 2013	2012
Directly held						
One Million International Limited ("One Million")	The British Virgin Islands	5 January 2010	Investment holding	US$3, 3 shares of US$1 each	100%	100%
Indirectly held						
Sunley Engineering & Construction Company Limited ("Sunley")	Hong Kong	27 July 1982	General contracting, building and civil engineering and rental of machinery in Hong Kong	HK$39,193,000, 391,930 shares of HK$100 each	100%	100%

Name	Place of incorporation	Date of incorporation	Principal activities and place of operation	Issued and fully paid share capital	Equity interest held 31 March 2013	2012
Sunnic Engineering Limited (“Sunnic”)	Hong Kong	27 May 1993	General contracting, building and civil engineering and rental of machinery in Hong Kong	HK$9,300,000, 9,300,000 shares of HK$1 each	100%	100%
Full Gain Engineering Limited (“Full Gain”)	Hong Kong	1 December 2000	General contracting, building and civil engineering and rental of machinery in Hong Kong	HK$100, 100 shares of HK$1 each	100%	100%
Sunley Foundation Engineering (Macau) Company Limited (“Sunley Macau”)	Macau	22 November 2012	General contracting, building and civil engineering in Macau	MOP$100,000, 1 share of MOP$99,000 and 1 share of MOP$1,000	100%	—

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The principal accounting policies applied in the preparation of the financial statements which are in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements set out in this report has been prepared under the historical cost convention.

Prior to and following the Reorganisation, the Company and its subsidiaries were and are directly or indirectly controlled by the same shareholders. Accordingly, the Reorganisation has been accounted for as a reorganisation of businesses under common control in a manner similar to a uniting of interests. The consolidated financial statements of the Group for the year ended 31 March 2013 including the comparative figures have been prepared on the merger basis as if the Company has been the holding company of these companies comprising the Group since 1 April 2011, or since the dates of their incorporation or establishment.

(i) Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 April 2012. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKFRS 1 (amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (amendment)	Disclosures — transfers of financial assets
HKAS 12 (amendment)	Deferred tax — recovery of underlying assets

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

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

		Effective for accounting periods of the Group beginning on or after
HKFRSs (amendment)	Improvements to HKFRSs 2011	1 April 2013
HKFRS 1 (amendment)	Government loans for the first time adopters	1 April 2013
HKFRS 7 (amendment)	Disclosures — offsetting financial assets and financial liabilities	1 April 2013
HKFRS 7 (amendment)	Mandatory effect date of HKFRS 9 and transition disclosures	1 April 2015
HKFRS 9 (amendment)	Financial instruments	1 April 2015
Additions to HKFRS 9	Financial instruments — financial liabilities	1 April 2013
HKFRS 10	Consolidated financial statement	1 April 2013
HKFRS 11	Joint arrangements	1 April 2013
HKFRS 12	Disclosure of interests in other entities	1 April 2013
HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangement and disclosure of interests in other entities: Transition guidance	1 April 2013
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendment)	Investment entities	1 April 2014
HKFRS 13	Fair value measurements	1 April 2013
HKAS 1 (amendment)	Presentation of financial statements	1 April 2013
HKAS 19 (2011)	Employee benefits	1 April 2013
HKAS 27 (2011)	Separate financial statements	1 April 2013
HKAS 28 (2011)	Investments in associates and joint ventures	1 April 2013
HKAS 32 (amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities	1 April 2014
HK(IFRIC) Int 20	Stripping costs in the production phase of a surface mine	1 April 2013

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

(b) Consolidation

Subsidiaries are all entities (including special purpose entities) 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. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

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.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(i) Business combinations

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

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(c) 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.

(d) Segment reporting

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

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign exchange gains and losses are presented in the statement of comprehensive income within "Other income and net gains/(losses)".

(iii) Group companies

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

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

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

(iii) all resulting exchange 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 the statement of 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.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders 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 exchange 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 jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(f) Property, plant and equipment

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

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

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

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

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

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

Gains and losses on disposal of all property, plant and equipment are the difference between the net disposal proceeds and the carrying amount of the relevant asset, and are recognised in profit or loss on the date of retirement or disposal within "Other income and net gains/(losses)" in the consolidated statement of comprehensive income.

(g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment (note 14).

(h) Impairment of non-financial assets

Assets that have indefinite useful life, for example, goodwill, are not subject to amortisation and are tested annually for impairment.

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

(i) Leases and hire purchase contracts

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

The Group as lessee

Assets held under hire purchase contracts are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as an obligation under finance lease. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs as stated in the policy below.

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

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

(j) Construction contracts in progress

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

The Group presents as an asset the gross 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).

(k) Loans and receivables

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

(l) Impairment of financial assets

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

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

— Significant financial difficulty of the issuer or obligor;

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

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

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

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

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

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

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

The Group first assesses whether objective evidence of impairment exists.

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

(m) Trade and other receivables

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

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

(n) Cash and cash equivalents

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

(o) Share capital

Ordinary shares are classified as equity.

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

(p) Trade and other payables

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

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

(q) Borrowings

Borrowings are 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.

(r) Borrowing costs

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

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

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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 during the year in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

(t) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits 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 during the year are discounted to present value.

(iv) 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.

(u) Provisions

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

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

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

(v) Contingent liabilities and contingent assets

Financial guarantee

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

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

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

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

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

(w) Revenue recognition

Revenue 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.

(a) Construction contracts income

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

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

Revenue from contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to the construction works certified by an independent surveyor.

(b) Rental income on machinery

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

(c) Interest income

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

(x) Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

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

(i) Interest rate risk

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

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

As at 31 March 2013 and 2012, if the interest rate on all borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax for the year would have been decreased/increased by approximately HK$1,416,000 (2012: HK$1,086,000) respectively, 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, amounts due from customers for contract work and cash at bank. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

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

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

As at 31 March 2013 and 2012, there were 3 (2012: 2) customers which individually contributed over 10% of the Group's trade and other receivables each year end date. The aggregate amount of trade and other receivables from these customers amounted to 46% (2012: 76%) 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 year end date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the year end date and the earliest date the Group may be required to pay:

Group

	Within one year	**Between one and two years**	**Between two and five years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2013				
Trade and other payables	61,739	—	—	61,739
Borrowings	58,040	35,555	56,611	150,206
	119,779	35,555	56,611	211,945
At 31 March 2012				
Trade and other payables	28,884	—	—	28,884
Borrowings	32,455	25,982	57,715	116,152
	61,339	25,982	57,715	145,036

Company

	Within one year	**Between one and two years**	**Between two and five years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2013				
Trade and other payables	784	—	—	784
At 31 March 2012				
Trade and other payables	—	—	—	—

(b) Capital risk management

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

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

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

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

	2013	**2012**
	HK$'000	*HK$'000*
Total borrowings *(Note 19)*	141,970	108,644
Total equity	270,942	165,451
Gearing ratio	52.4%	65.7%

(c) Fair value estimation

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

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

(b) Impairment of receivables

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

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

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. For the purpose of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on five-year financial budgets approved by management and estimated terminal value at the end of the five-year period. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budgets. Key assumptions include the growth rates and selection of discount rates to reflect the risks involved. Management prepares the financial budgets reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions could affect these cash flow projections and therefore the results of the impairment reviews. As at 31 March 2012 and 2013, management was not aware of any impairment on goodwill based on the assessment.

(d) Construction contracts

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

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

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

(e) Provision for litigation

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

5 REVENUE AND SEGMENT INFORMATION

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

	2013	**2012**
	HK$'000	*HK$'000*
Turnover		
Construction contracts income	593,742	302,571
Rental income on machinery	4,249	10,551
	597,991	313,122

	2013	**2012**
	HK$'000	*HK$'000*
Other income and net gains		
Reimbursement of legal fees	5,203	—
Gain on disposal of property, plant and equipment	112	64
Others	513	58
	5,828	122

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

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

	2013	**2012**
	HK$'000	*HK$'000*
Hong Kong	521,272	313,122
Macau	76,719	—
	597,991	313,122

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

There were 2 (2012: 4) customers which individually contributed over 10% of the Group's revenue for the year ended 31 March 2013. The aggregate amount of revenue from these customers amounted to approximately 37% (2012: approximately 48%) of the Group's total revenue for the year ended 31 March 2013.

6 EXPENSES BY NATURE

	2013	2012
	HK$'000	*HK$'000*
Cost of sales		
Construction materials costs	226,878	115,442
Subcontracting charges	144,992	56,638
Staff costs *(Note 7)*	77,305	54,234
Depreciation of owned assets *(Note 13)*	15,999	10,220
Depreciation of assets under finance lease *(Note 13)*	18,656	16,918
	483,830	253,452
Administrative expenses		
Auditor's remuneration	1,720	730
Building management fee	318	303
Staff costs, including directors' emoluments *(Note 7)*	14,524	9,561
Depreciation *(Note 13)*	1,111	1,005
Operating lease rental on land and buildings	1,943	2,615
Transportation	2,134	1,975
Legal and professional fees	9,103	5,362
Insurance	1,998	821
Repair and maintenance	2,816	1,405
Other expenses	2,252	2,036
	37,919	25,813
Total cost of sales and administrative expenses	521,749	279,265

7 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2013	2012
	HK$'000	*HK$'000*
Salaries, wages and allowances	89,207	61,943
Retirement benefit expenses		
— defined contribution plan	2,622	1,852
	91,829	63,795

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

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

At 31 March 2013, there was no forfeited contributions (2012: Nil).

8 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

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

	Fee	Salaries, wages and allowances	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2013					
Executive directors					
Dr. Ho Kar Chung	1,000	—	—	—	1,000
Mr. Ho Chi Ling	—	911	228	15	1,154
Mr. Cheng Wing On, Michael	—	960	—	15	975
Independent non-executive directors					
Mr. Chuck Winston Calptor	132	—	—	—	132
Mr. Ching Kwok Hoo, Pedro	132	—	—	—	132
Mr. Tam Tak Kei, Raymond	132	—	—	—	132
Non-executive director					
Mr. Leung Chee Hon	158	—	—	—	158
	1,554	1,871	228	30	3,683
Year ended 31 March 2012					
Executive directors					
Dr. Ho Kar Chung	—	—	—	—	—
Mr. Ho Chi Ling	—	780	132	12	924
Mr. Cheng Wing On, Michael	—	960	200	12	1,172
Independent non-executive directors					
Mr. Chuck Winston Calptor	—	—	—	—	—
Mr. Ching Kwok Hoo, Pedro	—	—	—	—	—
Mr. Tam Tak Kei, Raymond	—	—	—	—	—
Non-executive director					
Mr. Leung Chee Hon	—	—	—	—	—
	—	1,740	332	24	2,096

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

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, three (2012: two) of them are directors whose emoluments are disclosed above. The emoluments of the remaining two (2012: three) highest paid individuals for the year ended 31 March 2013 are as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Salaries, wages and allowances	1,920	2,580
Discretionary bonuses	—	510
Retirement benefits expenses	15	24
	1,935	3,114

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

	2013	**2012**
HK$Nil–HK$1,000,000	2	1
HK$1,000,001–HK$1,500,000	—	2
	2	3

During the year, 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. No such emoluments were agreed to be waived by the relevant individuals.

9 FINANCE COSTS

	2013	**2012**
	HK$'000	*HK$'000*
Interest on finance leases	3,504	1,793
Interest on bank borrowings wholly repayable within 5 years	417	304
	3,921	2,097

No interest (2012: Nil) was capitalised during the year ended 31 March 2013.

10 INCOME TAX EXPENSE

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

	2013	**2012**
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	5,578	3,846
— Macau profits tax	1,394	—
Over-provision in prior years		
— Hong Kong profits tax	(20)	—
Deferred income tax	6,016	2,280
Income tax expense	12,968	6,126

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:

	2013 *HK$'000*	2012 *HK$'000*
Profit before income tax	78,149	31,882
Calculated at a tax rate of 16.5% (2012: 16.5%)	12,895	5,261
Effect of different tax rate in other jurisdiction	(559)	—
Income not subject to tax	(43)	(36)
Expenses not deductible for tax purposes	1,650	920
Temporary difference not recognised	(957)	—
Tax losses for which no deferred income tax assets was recognised	2	—
Over-provision in prior year	(20)	(19)
Income tax expense	12,968	6,126

11 EARNINGS PER SHARE

Basic

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

	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	65,181	25,756
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	258,699	225,000
Basic earnings per share (HK cents)	25.2	11.4

Diluted

Diluted earnings per share is the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year ended 31 March 2013 (2012: Nil).

12 DIVIDEND

	2013 *HK$'000*	2012 *HK$'000*
Interim paid *(note i)*	—	9,300
Special paid *(note ii)*	20,000	—
Final, proposed, of HK7 cents per ordinary share *(note iii)*	21,000	—
	41,000	9,300

Notes:

(i) Pursuant to the respective resolution passed on 6 October 2011, certain subsidiaries comprising the Group declared interim dividends relating to the year ended 31 March 2012 amounting to HK$9,300,000, the amount of which were paid on 6 October 2011.

(ii) Pursuant to the respective resolution passed on 28 May 2012, certain subsidiaries comprising the Group declared a special dividend relating to the year ended 31 March 2013 amounting to HK$20,000,000 prior to the Company's share offer, the amount of which were paid in May 2012.

(iii) At a meeting held on 27 June 2013, the directors recommended the payment of a final dividend for the year ended 31 March 2013 of HK7 cents per ordinary share, totalling HK$21,000,000. This proposed dividend is not reflected as dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2014.

13 PROPERTY, PLANT AND EQUIPMENT

	Machinery	Office equipment	Motor vehicles	Furniture and fixtures	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost					
At 1 April 2011	187,901	1,457	2,345	534	192,237
Additions	42,276	—	330	—	42,606
Disposals	—	—	(172)	—	(172)
Written off	—	(1,022)	—	(277)	(1,299)
At 31 March 2012	230,177	435	2,503	257	233,372
Accumulated deprecation					
At 1 April 2011	32,136	946	640	534	34,256
Charge for the year *(Note 6)*	27,138	292	713	—	28,143
Disposals	—	—	(155)	—	(155)
Written off	—	(1,022)	—	(277)	(1,299)
At 31 March 2012	59,274	216	1,198	257	60,945
Net book value					
At 31 March 2012	170,903	219	1,305	—	172,427
Cost					
At 1 April 2012	230,177	435	2,503	257	233,372
Additions	117,593	630	791	—	119,014
Disposals	(11,986)	—	(108)	—	(12,094)
At 31 March 2013	335,784	1,065	3,186	257	340,292
Accumulated deprecation					
At 1 April 2012	59,274	216	1,198	257	60,945
Charge for the year *(Note 6)*	34,656	293	817	—	35,766
Disposals	(2,896)	—	(108)	—	(3,004)
At 31 March 2013	91,034	509	1,907	257	93,707
Net book value					
At 31 March 2013	244,750	556	1,279	—	246,585

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

The net book amount of machinery where the Group was a lessee under finance leases as at 31 March 2013 is analysed as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Cost — Capitalised finance leases	194,235	155,830
Accumulated amortisation	(51,301)	(37,902)
Net book amount	142,934	117,928

As at 31 March 2013, the Group's machinery with an aggregate net book value of approximately HK$12,390,000 (2012: approximately HK$13,537,000) was pledged for bank borrowings.

(b) Rental income amounting to approximately HK$4,249,000 (2012: approximately HK$10,551,000) for the year ended 31 March 2013 relating to the lease of machinery is included in the consolidated statement of comprehensive income (Note 5).

(c) Machinery includes the following amount as at the end of the reporting period where the Group was a lessor under an operating lease:

	2013	**2012**
	HK$'000	*HK$'000*
Cost	—	7,880
Accumulated depreciation	—	(3,308)
Net book amount	—	4,572

14 GOODWILL

	HK$'000
At 31 March 2012 and 2013	13,022

Impairment tests for goodwill

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

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

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

	2013	2012
Average growth rate *(Note a)*	5%	5%
Terminal growth rate	2%	2%
Discount rate *(Note b)*	14%	14%

(a) Average growth rate used in the budget for the five-year period ending 31 March 2018.

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

(c) Assuming the growth rate decreases by 50 basis points and the discount rate increases by 50 basis points, there is still sufficient headroom and no further impairment charge is required for the goodwill as at 31 March 2013.

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contract receivables	111,220	59,398	—	—
Retention receivables	41,272	19,452	—	—
Total trade receivables	152,492	78,850	—	—
Other receivables, deposits and prepayments *(Note d)*	11,344	9,184	—	—
	163,836	88,034	—	—

Notes:

(a) The credit periods granted to customers were 14 to 60 days. Trade receivables were denominated in Hong Kong dollars.

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

	2013	**2012**
	HK$'000	*HK$'000*
0–30 days	105,533	58,706
31–60 days	561	353
61–90 days	537	—
Over 90 days	4,589	339
	111,220	59,398

Contract receivables of approximately HK$105,533,000 (2012: approximately HK$58,706,000) as at 31 March 2013 were not yet past due and approximately HK$5,687,000 (2012: HK$692,000) as at 31 March 2013 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 2013, no trade receivables (2012: Nil) were impaired.

Retention receivables were not yet past due as at 31 March 2013 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.

(d) The amount as at 31 March 2013 mainly represented prepayments for purchase of materials. The amount as at 31 March 2012 mainly represented prepayments for purchases of materials and listing expenses.

16 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2013	2012
	HK$'000	*HK$'000*
Costs plus attributable profits less foreseeable losses	168,368	13,144
Less: progress billings to date	(147,067)	(10,382)
Amounts due from customers for contract work	21,301	2,762

There were no advances received from customers for contract work as at 31 March 2013. Progress billings to date include retention receivables of approximately HK$14,349,200 (2012: HK$1,254,000) as at 31 March 2013.

17 INTEREST IN A SUBSIDIARY — THE COMPANY

	2013	2012
	HK$'000	*HK$'000*
Investment in a subsidiary	10	—
Loans to a subsidiary *(note (a))*	28,000	—
	28,010	—
Amounts due from subsidiaries *(note (b))*	11,446	—

Notes:

(a) Loans to a subsidiary are unsecured and non-interest bearing. The loan shall not be repayable on demand by the Company on or before 31 March 2014; and Company shall not demand repayment of the loan unless and until all the other liabilities and commitments of the subsidiary to other creditors are fully settled and satisfied.

(b) Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. The carrying amounts of these balances are mainly denominated in Hong Kong Dollars and approximate their fair values due to their short maturities.

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at banks	57,957	46,551	6,912	—
Cash on hand	138	58	—	—
Cash and cash equivalents	58,095	46,609	6,912	—

Notes:

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollar	57,622	46,550	6,912	—
Macau Pataco	388	—	—	—
Euro	44	18	—	—
United States dollar	23	18	—	—
Australian dollar	18	23	—	—
	58,095	46,609	6,912	—

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

19 BORROWINGS

	2013	**2012**
	HK$'000	*HK$'000*
Non-current		
Finance lease liabilities *(Note b)*	88,305	79,770
	88,305	79,770
Current		
Bank borrowings *(Note a)*	8,250	10,563
Finance lease liabilities *(Note b)*	45,415	18,311
	53,665	28,874
Total borrowings	141,970	108,644

Note:

(a) Bank Borrowings

As at 31 March 2013, the Group had bank borrowings as followings:

— HK$2,215,000 (2012: Nil), which were repayable in full 6 months after each drawdown and bore interest at 3% above Hong Kong Interbank Offered Rate ("HIBOR") per annum;

— HK$189,000 (2012: HK$460,000), mature till November 2013 and bore interest at the current prime rate per annum;

— HK$3,580,000 (2012: HK$5,451,000), mature till 2014 and 2% above one-month HIBOR per annum, and were subject to annual review; and

— HK$2,266,000 (2012: HK$4,652,000), mature till 2015 and 2.5% above one-month HIBOR per annum, and were subject to annual review.

The bank borrowings were denominated in Hong Kong dollars.

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

	2013	**2012**
	HK$'000	*HK$'000*
Within 1 year	6,440	4,527
Between 1 and 2 years	1,810	4,225
Between 2 and 5 years	—	1,811
	8,250	10,563

(b) Finance Lease Liabilities

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

	2013	**2012**
	HK$'000	*HK$'000*
Gross finance lease liabilities — minimum lease payments		
Within 1 year	39,232	21,527
Later than 1 year and no later than 5 years	102,604	83,696
	141,836	105,223
Future finance charges on finance leases	(8,116)	(7,142)
Present value of finance lease liabilities	133,720	98,081

The present value of finance lease liabilities is as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Within 1 year	45,415	18,311
Later than 1 year and no later than 5 years	88,305	79,770
	133,720	98,081

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

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

As at 31 March 2012, the Group had committed banking facilities (including the finance lease facilities) of HK$800,000 which bore interest at the current prime rate and HK$130,678,000 which bore interest at 2% to 3.5% per annum above HIBOR, respectively.

These committed banking facilities were subject to annual review. As at 31 March 2013, the undrawn banking facilities amounted to HK$82,953,000 (2012: HK$18,980,000).

These banking facilities were secured by the Group's machinery with an aggregate net book value of HK$155,324,000 and HK$131,465,000 as at 31 March 2013 and 2012 respectively (Note 13).

20 TRADE AND OTHER PAYABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	55,221	25,499	—	—
Accruals for construction costs	4,854	1,372	—	—
Other accruals *(Note (c))*	3,005	2,013	784	—
	63,080	28,884	784	—

Notes:

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

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

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

	2013	**2012**
	HK$'000	*HK$'000*
0–30 days	36,432	23,313
31–60 days	6,974	1,413
61–90 days	9,847	97
Over 90 days	1,968	676
	55,221	25,499

(c) Other accruals mainly arose from the purchase of machinery and accrued legal and professional expenses.

21 DEFERRED TAXATION

The analysis of deferred taxation assets is as follows:

	2013	**2012**
	HK$'000	*HK$'000*
— Deferred tax assets to be settled after more than 12 months	71	84
— Deferred tax assets to be settled within 12 months	—	—
	71	84

The analysis of deferred taxation liabilities is as follows:

	2013	**2012**
	HK$'000	*HK$'000*
— Deferred tax liabilities to be settled after more than 12 months	(23,344)	(17,734)
— Deferred tax liabilities to be settled within 12 months	(536)	(143)
	(23,880)	(17,877)

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

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax assets/(liabilities)			
At 1 April 2011	(15,628)	115	(15,513)
Charged to consolidated statement of comprehensive income *(Note 10)*	(2,249)	(31)	(2,280)
At 31 March 2012	(17,877)	84	(17,793)
At 1 April 2012	(17,877)	84	(17,793)
(Charged)/credited to consolidated statement of comprehensive income *(Note 10)*	(8,652)	2,636	(6,016)
At 31 March 2013	(26,529)	2,720	(23,809)

22 FINANCIAL INSTRUMENTS BY CATEGORY

(a) Group

	Loans and receivables	
	2013	**2012**
	HK$'000	*HK$'000*
Assets as per balance sheet		
Trade and other receivables excluding prepayments	156,555	82,402
Amounts due from customers for contract work	21,301	2,762
Cash and cash equivalents	58,095	46,609
Total	235,951	131,773

	Financial liabilities at amortised cost	
	2013	**2012**
	HK$'000	*HK$'000*
Liabilities as per balance sheet		
Trade and other payables excluding non-financial liabilities	61,739	28,884
Borrowings (excluding finance lease liabilities)	8,250	10,563
Finance lease liabilities	133,720	98,081
Total	203,709	137,528

(b) Company

	Loans and receivables 2013	2012
	HK$'000	*HK$'000*
Assets as per balance sheet		
Loan due to a subsidiary	28,000	—
Amounts due from subsidiaries	11,446	—
Cash and cash equivalents	6,912	—
Total	46,358	—

	Financial liabilities at amortised cost 2013	2012
	HK$'000	*HK$'000*
Liabilities as per balance sheet		
Trade and other payables	784	—
Total	784	—

23 SHARE CAPITAL AND SHARE PREMIUM

	Ordinary shares of HK$0.01 each Number of shares	Nominal amount
		HK$'000
Authorised:		
Ordinary shares as at 31 March 2012	38,000,000	380
Ordinary shares as at 31 March 2013	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares as at 31 March 2012	1	—
Issuance of shares	999,999	10
Shares issued pursuant to the capitalisation issue	224,000,000	2,240
Shares issued pursuant to the share offer	75,000,000	750
Ordinary shares as at 31 March 2013	300,000,000	3,000

The Company was incorporated in the Cayman Islands on 15 April 2011, with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 each. At the time of its incorporation, the Company issued 1 ordinary share of HK$0.01 to the subscriber which was subsequently transferred to Leading Win.

On 11 September 2012, pursuant to a shareholder resolution the authorised share capital of the Company was increased to HK$20,000,000 divided into 2,000,000,000 ordinary shares of HK$0.01 each. On the same date, the Company allotted and issued 999,999 ordinary shares of HK$0.01 each to Leading Win in connection with the Reorganisation as described in Note 1(b) above, credited as fully paid.

On 18 October 2012, the Company issued 75,000,000 ordinary shares with a par value of HK$0.01 each during its share offer at an offer price of HK$0.88 per ordinary share. As a result, after capitalising HK$5,690,000 share issuance costs, HK$60,310,000 were recognised in equity of the consolidated statement of financial position including a credit of HK$59,560,000 to the share premium account. On the same date, the Company allotted and issued a total of 224,000,000 ordinary shares with a par value of HK$0.01 each, credited as fully paid, to the holders of the Company's shares on the register of members at the close of business on 11 September 2012 by way of capitalisation of a sum of HK$2,240,000 standing to the credit of the share premium account of the Company, pursuant to a resolution passed on 11 September 2012.

24 OTHER RESERVES

(a) Merger reserve

As at 31 March 2012, merger reserve represents the difference between the nominal value of the ordinary share issued by One Million to acquire the entire equity interest in Sunley on 18 May 2010 and the issued share capital of Sunley.

As at 31 March 2013, merger reserve represents the nominal value of the ordinary shares issued by the Company to acquire the entire equity interest in One Million and its subsidiaries during the Reorganisation and the merger reserve brought forward.

(b) Capital reserve

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

(c) The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$14,736,000 (2012: Nil).

25 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2013	**2012**
	HK$'000	*HK$'000*
Profit before income tax	78,149	31,882
Adjustments for:		
Depreciation	35,766	28,143
Gain on disposal of fixed assets	(112)	(64)
Interest expense	3,921	2,097
Operating profit before working capital changes	117,724	62,058
Increase in trade and other receivables	(75,802)	(10,526)
(Increase)/decrease in amounts due from customers for contract work	(18,539)	1,094
Decrease in balance with a related company	—	59
Increase/(decrease) in trade and other payables	34,196	(5,445)
Net cash generated from operations	57,579	47,240

(b) Non-cash transactions

There were machineries purchased under borrowings arrangements amounted to HK$45,245,000 for the year ended 31 March 2013.

26 COMMITMENTS

(a) Capital commitments — Group

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

	2013	2012
	HK$'000	*HK$'000*
Contracted but not provided for	—	20,145

(b) Operating lease commitments — Group as lessee

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

	2013	2012
	HK$'000	*HK$'000*
Not later than 1 year	2,270	1,331
1–5 years	137	1,426
	2,407	2,757

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

(c) Operating lease commitments — Group as lessor

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

	2013	2012
	HK$'000	*HK$'000*
Not later than 1 year	—	103

The Group is the lessor in respect of a number of items of machinery under operating leases. The leases had an initial period of one to two years, and did not include any contingent rentals.

27 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) During the years ended 31 March 2013 and 2012, the related parties that had transactions with the Group were as follows:

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

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

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

	2013	2012
	HK$'000	*HK$'000*
Rent paid to		
— Super Ease	285	285
— Sunnic Holdings	285	285
	570	570

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

28 CONTINGENT LIABILITIES

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

	2013	2012
	HK$'000	*HK$'000*
Guarantees on performance bonds in respect of construction contracts	14,122	5,492

(a) Pending litigation

As at 31 March 2013, there was one outstanding personal injury case made against the Group. The claim related to an employee of the Group who alleged to have suffered from bodily injuries during the course of employment on the Group's construction site. The claim is dealt with and handled by the insurer and is covered by mandatory insurance. The Directors of the Company assessed the case and believe that there would not be a material impact to the financial position of the Group. No provision has been made for the case in the consolidated financial statements.

In August 2012, two charges were laid by the Labour Department of the Government of the Hong Kong Special Administrative Region and in February 2013, one charge was laid by the Buildings Department of the Government of the Hong Kong Special Administrative Region on the Group in relation to an accident which occurred in March 2012 alleging the Group's failure to provide a safe environment and permission of works that caused injuries to its workers working on site. No pleas have been taken for all summonses up to the date of approval of these financial statements. The next hearing will be held in July 2013 at the Magistrates' Court. The Group believes that it had, so far as reasonably practicable, provided a safe environment to all its workers working on site and will resist all charges. In the event the Group is unsuccessful and being convicted, the Group may be subject to a fine at a maximum amount of HK$2,000,000, which will not be covered by the Group's insurance policies. The Board considers that it is too early for management to make a reliable estimate of the amount of liability, if any, in connection with the three charges. In addition, the Controlling Shareholders of the Group entered into a deed of indemnity with and in favour of the Group to provide indemnities in respect of all claims, payments, suits, damages, settlements payments and any associated costs and expenses which would be incurred or suffered by the Group as a result of these three proceedings. In the event the Group exercises the deed of indemnity, such indemnities will be recognised as a credit to equity as a contribution from the controlling shareholders.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

The following is the full text of the unaudited condensed consolidated financial statements of the Target for the six months ended 30 September 2013 as extracted from the interim report of the Target for the six months ended 30 September 2013.

Condensed consolidated statement of comprehensive income
For the six months ended 30 September 2013

		Six months ended 30 September	
		2013	**2012**
	Note	*HK$'000*	*HK$'000*
		Unaudited	Unaudited
Revenue	*6*	638,266	182,315
Cost of sales		(556,698)	(151,202)
Gross profit		81,568	31,113
Other income and net gains		1,568	122
Administrative expenses		(15,337)	(13,196)
Operating profit	*7*	67,799	18,039
Finance costs	*8*	(2,454)	(1,793)
Profit before income tax		65,345	16,246
Income tax expense	*9*	(8,874)	(2,871)
Profit and total comprehensive income for the period attributable to equity holders of the Company		56,471	13,375
Basic and diluted earnings per share (HK cents)	*10*	18.8	5.9
Dividend	*11*	—	20,000

Condensed consolidated statement of financial position
As at 30 September 2013

	Note	**30 September 2013** *HK$'000* Unaudited	**31 March 2013** *HK$'000* Audited
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	300,913	246,585
Deferred taxation		—	71
Goodwill	*12*	13,022	13,022
		313,935	259,678
Current assets			
Trade and other receivables	*13*	227,776	163,836
Amounts due from customers for contract work	*14*	30,503	21,301
Cash and cash equivalents		148,293	58,095
		406,572	243,232
Total assets		720,507	502,910
EQUITY			
Capital and reserves			
Share capital	*17*	3,000	3,000
Share premium		57,320	57,320
Other reserves		97,897	97,897
Retained earnings		148,196	112,725
Total equity		306,413	270,942
LIABILITIES			
Non-current liabilities			
Borrowings	*15*	88,332	88,305
Deferred taxation		23,406	23,880
		111,738	112,185

	Note	30 September 2013 HK$'000 Unaudited	31 March 2013 HK$'000 Audited
Current liabilities			
Trade and other payables	*16*	210,083	63,080
Borrowings	*15*	80,454	53,665
Tax payable		11,819	3,038
		302,356	119,783
Total liabilities		414,094	231,968
Total equity and liabilities		720,507	502,910
Net current assets		104,216	123,449
Total assets less current liabilities		418,151	383,127

Condensed consolidated statement of changes in equity
For the six months ended 30 September 2013

	Share capital *(Note 17)* *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Capital reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
Balance at 1 April 2012	—	—	39,193	58,714	67,544	165,451
Profit and total comprehensive income for the period	—	—	—	—	13,375	13,375
Transactions with owners:						
Issuance of shares upon group reorganization	10	—	(10)	—	—	—
Dividend	—	—	—	—	(20,000)	(20,000)
	10	—	(10)	—	(20,000)	(20,000)
Balance at 30 September 2012	10	—	39,183	58,714	60,919	158,826
Balance at 1 April 2013	3,000	57,320	39,183	58,714	112,725	270,942
Profit and total comprehensive income for the period	—	—	—	—	56,471	56,471
Transaction with owners:						
Dividend *(Note 11(ii))*	—	—	—	—	(21,000)	(21,000)
Balance at 30 September 2013	3,000	57,320	39,183	58,714	148,196	306,413

Condensed consolidated statement of cash flows
For the six months ended 30 September 2013

	Six months ended 30 September 2013	2012
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Cash flows from operating activities		
Net cash generated from operations	142,748	6,727
Tax paid	(496)	(573)
Interest paid	(2,454)	(1,793)
Net cash generated from operating activities	139,798	4,361
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	4,819	9,200
Purchases of property, plant and equipment	(81,236)	(45,014)
Net cash used in investing activities	(76,417)	(35,814)
Cash flows from financing activities		
Inception of finance leases	23,522	24,676
Drawdown of bank borrowings	37,021	7,785
Repayment of finance leases	(19,388)	(7,450)
Repayment of bank borrowings	(14,338)	(2,083)
Dividend paid	—	(20,000)
Net cash generated from financing activities	26,817	2,928
Net increase/(decrease) in cash and cash equivalents	90,198	(28,525)
Cash and cash equivalents at beginning of the period	58,095	46,609
Cash and cash equivalents at end of the period	148,293	18,084

Notes to the unaudited condensed consolidated interim financial information

1. GENERAL INFORMATION

Sunley Holdings Limited (the "Company") is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the foundation business and machinery rental business in Hong Kong and Macau. The ultimate holding company is Join Together Management Limited which is incorporated in the British Virgin Islands (the "BVI") and is owned by the controlling shareholders of the Company, Mr. Leung Chee Hon ("Mr. Leung") and Dr. Ho Kar Chung ("Dr. Ho") (together, the "Controlling Shareholders").

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

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

This condensed consolidated interim financial information is presented in thousands of Hong Kong Dollar ("HK$'000"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 25 November 2013.

2. BASIS OF PRESENTATION

This unaudited condensed interim financial information for the six months ended 30 September 2013 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting". The unaudited condensed interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 March 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied to prepare this unaudited condensed interim financial information for the six months ended 30 September 2013 are consistent with those of the annual financial statements for the year ended 31 March 2013.

The Group has adopted the following new or revised standards and amendments to existing standards for accounting periods beginning on or after 1 April 2013:

HKFRS 1 (amendment)	Government loans for the first time adopters
HKFRS 7 (amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 (amendment)	Presentation of Financial Statements
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC) Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009–2011 Cycle

The Group has assessed the impact of the adoption of these new amendments and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies.

The following amendments and interpretations to existing standards have been published but are not yet effective and which the Group has not early adopted:

		Effective for accounting periods of the Group beginning on or after
HKFRS 7 (amendment)	Mandatory effect date of HKFRS 9 and transition disclosures	1 April 2015
HKFRS 9 (amendment)	Financial instruments	1 April 2015
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendment)	Investment entities	1 April 2014
HKAS 32 (amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities	1 April 2014
HKAS 36 (amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 April 2014
HKAS 39 (amendment)	Novation of derivatives and continuation of hedge accounting	1 April 2014
HK (IFRIC) Interpretation 21	Levies	1 April 2014

The Group will adopt these amendments and interpretations in the period of initial application. It is not expected to have a significant impact on the Group's results of operations and its financial position.

4. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2013.

There have been no changes in the risk management policies since the last financial year.

(b) 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 long term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

(c) Fair value estimation

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

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the unaudited condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the unaudited condensed interim financial information, the critical accounting estimates and judgments applied are consistent with those that applied to the consolidated financial statements for the year ended 31 March 2013.

6. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents gross contract receipts on construction contracts and rental income on machinery in the ordinary course of business. Revenue recognised during the respective periods is as follows:

	Six months ended 30 September	
	2013	**2012**
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Turnover		
Construction contracts income	638,255	178,353
Rental income on machinery	11	3,962
	638,266	182,315

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 financial statements accordingly. Therefore, no segment information is presented.

7. OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 September	
	2013	**2012**
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Cost of sales		
Construction material costs	251,829	78,785
Subcontracting charges	224,719	33,151
Staff costs, including directors' emoluments	65,146	30,665
Depreciation of owned assets	12,002	6,116
Depreciation of assets under finance leases	11,211	9,751
Legal and professional fees	386	1,441
Operating lease rental on land and buildings	1,039	971

8. FINANCE COSTS

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Interest expense on bank borrowings	258	51
Interest expense on finance lease liabilities	2,196	1,742
	2,454	1,793

9. INCOME TAX EXPENSE

Hong Kong and Macau profits tax have been provided at the rate of 16.5% and 12% respectively for the six months ended 30 September 2013 on the estimated assessable profit for the period.

	Six months ended 30 September	
	2013	2012
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Current income tax		
— Hong Kong profits tax	4,732	2,091
— Macau profits tax	4,545	—
Deferred income tax	(403)	780
Income tax expense	8,874	2,871

10. EARNINGS PER SHARE

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the reorganisation on 11 September 2012 and the capitalisation issue of the ordinary shares which took place on 18 October 2012.

	Six months ended 30 September	
	2013	2012
	Unaudited	Unaudited
Profit attributable to equity holders of the Company (HK$'000)	56,471	13,375
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	300,000	225,000
Basic earnings per share (HK cents)	18.8	5.9

Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the period.

11. DIVIDEND

	Six months ended 30 September 2013 HK$'000 Unaudited	2012 HK$'000 Unaudited
Special, paid *(Note (i))*	—	20,000

Notes:

(i) Pursuant to the respective resolutions passed on 28 May 2012, certain subsidiaries comprising the Group declared special dividends relating to the year ended 31 March 2013 amounting to HK$20,000,000 prior to the Company's share offer, which were paid in May 2012.

(ii) At a Board meeting held on 27 June 2013, the directors of the Company recommended the payment of a final dividend for the year ended 31 March 2013 of HK7 cents per ordinary share, totaling HK$21,000,000 which was approved at the annual general meeting held on 5 September 2013 and paid to the shareholders of the Company on 7 October 2013, and has been reflected as an appropriation of retained earnings during the six months ended 30 September 2013.

12. PROPERTY, PLANT AND EQUIPMENT AND GOODWILL

	Property, plant and equipment HK$'000	Goodwill HK$'000	Total HK$'000
Six months ended 30 September 2013 (Unaudited)			
Net book value Opening amount as at 1 April 2013	246,585	13,022	259,607
Additions	81,236	—	81,236
Disposals	(3,695)	—	(3,695)
Depreciation	(23,213)	—	(23,213)
Closing amount as at 30 September 2013	300,913	13,022	313,935
Six months ended 30 September 2012 (Unaudited)			
Net book value Opening amount as at 1 April 2012	172,427	13,022	185,449
Additions	45,014	—	45,014
Disposals	(9,089)	—	(9,089)
Depreciation	(15,867)	—	(15,867)
Closing amount as at 30 September 2012	192,485	13,022	205,507

13. TRADE AND OTHER RECEIVABLES

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	Unaudited	Audited
Contract receivables	138,086	111,220
Retention receivables	83,548	41,272
Total trade receivables	221,634	152,492
Other receivables, deposits and prepayments *(Note (d))*	6,142	11,344
	227,776	163,836

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 14 to 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:

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	Unaudited	Audited
0–30 days	133,483	105,533
31–60 days	—	561
61–90 days	—	537
Over 90 days	4,603	4,589
	138,086	111,220

Contract receivables of HK$133,483,000 and HK$105,533,000 as at 30 September 2013 and 31 March 2013 respectively were not yet past due and HK$4,603,000 and HK$5,687,000 as at 30 September 2013 and 31 March 2013 respectively were past due but not impaired. These relate to contract receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made.

Retention receivables were not yet past due as at 30 September 2013 and were settled in accordance with the terms of respective contracts.

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

(d) The amount mainly represents site and machinery rental deposits.

14. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	Unaudited	Audited
Costs plus attributable profits less foreseeable losses	535,891	168,368
Less: progress billings to date	(505,388)	(147,067)
Amounts due from customers for contract work	30,503	21,301

There were no advances received from customers for contract work as at 30 September 2013 and 31 March 2013. Progress billings to date include retention receivables of HK$47,339,500 and HK$14,349,200 as at 30 September 2013 and 31 March 2013.

15. BORROWINGS

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	Unaudited	Audited
Non-current		
Finance lease liabilities *(Note (b))*	88,332	88,305
Current		
Bank borrowings *(Note (a))*	30,933	8,250
Finance lease liabilities *(Note (b))*	49,521	45,415
	80,454	53,665
Total borrowings	168,786	141,970

Note:

(a) Bank borrowings

As at 30 September 2013, the Group had bank borrowings which bore interest at the current prime rate or 2%-3% above one-month Hong Kong Interbank Offered Rate ("HIBOR"), respectively.

The bank borrowings were denominated in Hong Kong dollars.

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

	30 September 2013 *HK$'000* Unaudited	**31 March 2013** *HK$'000* Audited
Within 1 year	29,137	6,440
Between 1 and 2 years	1,235	1,810
Between 2 and 5 years	561	—
	30,933	8,250

(b) Finance lease liabilities

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

	30 September 2013 *HK$'000* Unaudited	**31 March 2013** *HK$'000* Audited
Gross finance lease liabilities minimum lease payments		
— Within 1 year	44,942	39,232
— Later than 1 year and no later than 5 years	100,484	102,604
	145,426	141,836
Future finance charges on finance leases	(7,573)	(8,116)
Present value of finance lease liabilities	137,853	133,720

The present value of finance lease liabilities is as follows:

	30 September 2013 *HK$'000* Unaudited	**31 March 2013** *HK$'000* Audited
Within 1 year	49,521	45,415
Later than 1 year and no later than 5 years	88,332	88,305
	137,853	133,720

The finance leases liabilities are denominated in Hong Kong dollars.

(c) As at 30 September 2013, the Group had committed banking facilities (including the finance lease facilities) of HK$2,048,000 which bore interest at the current prime rate, HK$765,000 which bore interest at a fixed rate of 2.5% per annum, HK$9,421,000 which bore interest at a fixed rate of 2.75% per annum and HK$267,191,000 which bore interest at 2% to 3.5% above HIBOR, respectively.

As at 31 March 2013, the Group had committed banking facilities (including the finance lease facilities) of HK$189,000 which bore interest at the current prime rate, HK$322,000 which bore interest at a fixed rate of 2.5% per annum and HK$224,412,000 which bore interest at 2% to 3.5% above HIBOR, respectively.

These committed banking facilities were subject to annual review. As at 30 September 2013, the undrawn banking facilities amounted to HK$110,639,000 (31 March 2013: HK$82,953,000).

These banking facilities were secured by the Group's machinery with an aggregate net book value of HK$156,257,000 and HK$155,324,000 as at 30 September 2013 and 31 March 2013 respectively.

16. TRADE AND OTHER PAYABLES

	30 September 2013	**31 March 2013**
	HK$'000	*HK$'000*
	Unaudited	Audited
Trade payables	180,963	55,221
Accruals for construction costs	3,857	4,854
Other accruals *(Note (d))*	4,263	3,005
Dividend payable	21,000	—
	210,083	63,080

Notes:

(a) The trade payables approximate their fair values and are denominated in Hong Kong dollars.

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

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

	30 September 2013	**31 March 2013**
	HK$'000	*HK$'000*
	Unaudited	Audited
0–30 days	110,455	36,432
31–60 days	46,548	6,974
61–90 days	17,699	9,847
Over 90 days	6,261	1,968
	180,963	55,221

(c) The other payables are denominated in Hong Kong dollars.

(d) Other accruals mainly arise from the provision of staff costs.

17. SHARE CAPITAL

	Number of ordinary shares	Nominal amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each as at 30 September 2013 and 31 March 2013	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each as at 30 September 2013 and 31 March 2013	300,000,000	3,000

18. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at each statement of financial position date not provided for were as follows:

	30 September 2013 *HK$'000* Unaudited	31 March 2013 *HK$'000* Audited
Contracted but not provided for	7,110	—

(b) Operating lease commitments — Group as lessee

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

	30 September 2013 *HK$'000* Unaudited	31 March 2013 *HK$'000* Audited
Not later than 1 year	5,207	2,270
1–5 years	—	137
	5,207	2,407

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

19. 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) During the six months ended 30 September 2013, the related parties that had transactions with the Group were as follows:

Name of related parties	**Relationship with the Group**
Super Ease Holdings Limited	A related company owned by certain directors of the Company
Sunnic Holdings Limited	A related company owned by certain directors of the Company

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

	Six months ended 30 September	
	2013	**2012**
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Rent paid to		
— Super Ease	143	143
— Sunnic Holdings	143	143
	286	286

(c) **Key management compensation**

	Six months ended 30 September	
	2013	**2012**
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Directors' fee, salaries, wages and allowances	3,876	2,726
Retirement benefit expenses	46	42
	3,922	2,768

20. CONTINGENT LIABILITIES

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

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	Unaudited	Audited
Guarantees on performance bonds in respect of contracts	22,583	14,122

(b) Pending litigation

As at 30 September 2013, there were nine outstanding personal injury cases made against 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 site. The claims are dealt with and handled by the insurer 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 this condensed consolidated interim financial information.

In August 2012, two charges were laid by the Labour Department of the Government of the Hong Kong Special Administrative Region and in February 2013, one charge was laid by the Buildings Department of the Government of the Hong Kong Special Administrative Region against the Group in relation to an accident which occurred in March 2012 alleging the Group's failure to provide a safe environment and permission of works that caused injuries to its workers working on site. No pleas have been taken for all summonses up to the date of approval of this financial information. The next hearing will be held in December 2013 at the Magistrates' Court. The Group believes that it had, so far as reasonably practicable, provided a safe environment to all its workers working on site and will resist all charges. In the event the Group is unsuccessful and convicted, the Group may be subject to a fine at a maximum amount of HK$2,000,000 which will not be covered by the Group's insurance policies. The Board considers that it is too early for management to make a reliable estimate of the amount of liability, if any, in connection with the three charges. In addition, the Controlling Shareholders of the Group entered into a deed of indemnity with and in favour of the Group to provide indemnities in respect of all claims, payments, suits, damages, settlements payments and any associated costs and expenses which would be incurred or suffered by the Group as a result of these three proceedings. In the event the Group exercises the deed of indemnity, such indemnities will be recognised as a credit to equity as a contribution from the Controlling Shareholders.

4. MATERIAL CHANGE

The Directors confirm that, save and except the following, there are no material changes in the financial or trading position or outlook of the Company since 31 March 2013 (being the date to which the latest audited account of the Company were made up) up to and including the Latest Practicable Date:

(i) The Target Group recorded a profit for the six months ended 30 September 2013 which increase significantly when compared to that for the six months ended 30 September 2012, as set out in the unaudited interim results announcement of the Target published on 25 November 2013; and

(ii) The Target Group is expected to record a significant increase in revenue and net profit for the financial year ending 31 March 2014 as compared to that of the financial year ended 31 March 2013, as disclosed in the profit alert announcement of the Target published on 11 March 2014.

5. INDEBTEDNESS

As at the close of business on 31 December 2013, being the latest practicable date for the preparation of the indebtedness statement in this Composite Document, the Target Group had the following contingent liabilities:

Borrowings

As at the close of business on 31 December 2013, being the latest practicable date for the purpose of this indebtedness statement in this composite document, the Target Group had secured non-current bank borrowings and finance lease liabilities of approximately HK$78 million and current bank borrowings and finance lease liabilities of approximately HK$55 million secured by legal charges over the Target Group's property, plant and equipment with net book value of HK$144 million.

Contingent liabilities

As at 31 December 2013, the Target Group had guarantees on performance bonds in respect of contracts of approximately HK$25 million.

As at 31 December 2013, there were ten outstanding personal injury cases made against the Target Group. The claims were related to employees of the Target Group who alleged to have suffered from bodily injuries during their course of employment in the Target Group's construction site. The claims are dealt with and handled by the insurer and are covered by mandatory insurance. No provision has been made for the cases in the indebtedness statement.

In August 2012, two charges were laid by the Labour Department of the Government of the Hong Kong Special Administrative Region and in February 2013, one charge was laid by the Buildings Department of the Government of the Hong Kong Special Administrative Region against the Target Group in relation to an accident which occurred in March 2012 alleging the Target Group's failure to provide a safe environment and permission of works that caused injuries to its workers working on site. No pleas have been taken for all summonses up to 31 December 2013. The next hearing will be held in March 2014 at the Magistrates' Court. The Target Group believes that it had, so far as reasonably practicable, provided a safe environment to all its workers working on site and will resist all charges. In the event the Target Group is unsuccessful and convicted, the Target Group may be subject to a fine at a maximum amount of HK$2,000,000 which will not be covered by the Target Group's insurance policies. The Board considers that it is too early for management to make a reliable estimate of the amount of liability, if any, in connection with the three charges. No provision has been made for these charges in the indebtedness statement.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and the normal trade bills and payables in the normal course of business, at the close of business on 31 December 2013, the Target Group did not have any loan capital issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchase or other finance lease commitments, guarantees or other material contingent liabilities.

The following is the text of a letter received from PwC, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Composite Document.

pwc 羅兵咸永道

21 March 2014

The Directors
Sunley Holdings Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit attributable to equity holders of Sunley Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ending 31 March 2014 (the "Profit Forecast") in connection with the profit alert statement (the "Statement") made by the Company in its announcement dated 11 March 2014.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND OURSELVES

The directors of the Company are solely responsible for preparing the Profit Forecast.

The Profit Forecast has been prepared by them based on the unaudited consolidated results of the Group based on management accounts for the nine months ended 31 December 2013 and a forecast of the consolidated results of the Group for the remaining three months ending 31 March 2014 based on the bases and assumption made by the directors of the Company as set out in the section headed "Letter from the Board — Bases and Assumptions in Preparing the Forecast of the Consolidated Profit Attributable to the Equity Shareholders of the Target Group for the Year Ending 31 March 2014" in the composite document of Sunley Holdings Limited and CNQC Development Limited dated 21 March 2014.

It is our responsibility to report, as required by Rule 10 of the Codes on Takeovers and Mergers and Share Buy-backs, on whether the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 March 2013 and the new/revised accounting standards introduced that were effective for the accounting period beginning on 1 April 2013 where applicable, as set out in the unaudited interim financial statements of the Group for the six months ended 30 September 2013. We report our

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this letter.

BASIS OF CONCLUSION

We conducted our work in accordance with Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

CONCLUSION

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 March 2013 and the new/revised accounting standards introduced that were effective for the accounting period beginning on 1 April 2013, where applicable, as set out in the unaudited interim financial statements of the Group for the six months ended 30 September 2013.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The following is the text of a letter received from CISIC for the purpose of incorporation in this Composite Document.

中投证券(香港)
CHINA INVESTMENT SECURITIES (HK)

China Investment Securities International Capital Limited
63th Floor,
Bank of China Tower,
1 Garden Road,
Central,
Hong Kong

21 March 2014

The Directors
Sunley Holdings Limited
Room 201, 2/F., Marina House
68 Hing Man Street
Shau Kei Wan
Hong Kong

Dear Sirs

Terms used in this letter have the same meanings as defined in the composite document of Sunley Holdings Limited and CNQC Development Limited dated 21 March 2014 (the "Composite Document"), of which this letter forms part, unless the context requires otherwise. We refer to the profit alert statement (the "Statement") made by the Target in its announcement dated 11 March 2014 in respect of the Target Group's revenue and net profit for the year ending 31 March 2014.

The Statement for which the Directors are solely responsible, has been prepared by them based on the unaudited consolidated results of the Target Group based on management accounts for the nine months ended 31 December 2013 and a forecast of the consolidated results of the Target Group for the remaining three months ending 31 March 2014 (the "Profit Forecast").

We have reviewed the Statement and the Profit Forecast and discussed with you and the senior management of the Target the bases made by the Directors as set out in the section headed "Letter from the Board — Bases and Assumptions in Preparing the Forecast of the Consolidated Profit Attributable to the Equity Holders of the Target Group for the Year Ending 31 March 2014" in the Composite Document upon which the Statement has been made. In addition, we have considered, and relied upon, the report on the profit alert by PricewaterhouseCoopers addressed to the Directors regarding the calculations and accounting policies adopted by the Target upon which the Statement has been made.

On the basis of the foregoing, we are of the opinion that the Statement, for which the Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,
For and on behalf of
China Investment Securities International Capital Limited
Tony Wu
Managing Director and Head of Investment Banking Department

1. RESPONSIBILITY STATEMENTS

The directors of the Offeror and the Offeror Parent jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document, other than that relating to the Vendor, the Guarantors and the Target Group, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than that expressed by the Vendor, the Guarantors and the Target Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained herein misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document, other than that relating to the Offeror and parties acting in concert with it, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than that expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Target of HK$0.01 each as at the Latest Practicable Date were as follows:

Authorised		*HK$*
2,000,000,000	Shares	20,000,000
Issued		
300,000,000	Shares	3,000,000

Save for the 300,000,000 Shares in issue, the Target did not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares as at the Latest Practicable Date.

All Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital. The Target has not issued any Shares since 31 March 2013, the date to which the latest published audited financial statements of the Target Group were made up, up to the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

Interests of the Offeror and parties acting in concert with it in the Shares

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Target held or controlled by the Offeror and parties acting in concert with it were as follows:

Name of Offeror/ parties acting in concert with it	Capacity	Number of Shares held/ interested	Approximate % of interest
The Offeror	Beneficial owner	225,000,000	75.00%
GUOTSING Group (HK) Limited	Interest of controlled corporation *(Note 1)*	225,000,000	75.00%
Offeror Guarantor	Interest of controlled corporation *(Note 2)*	225,000,000	75.00%
Guotsing Holding (South Pacific) Investment Pte. Ltd.	Interest of controlled corporation *(Note 3)*	225,000,000	75.00%
Offeror Parent	Interest of controlled corporation *(Note 4)*	225,000,000	75.00%
Qingdao Qingjian	Interest of controlled corporation *(Note 5)*	225,000,000	75.00%
Qingjian Staff Union	Interest of controlled corporation *(Note 6)*	225,000,000	75.00%

Notes:

1. The Offeror is a wholly-owned subsidiary of GUOTSING Group (HK) Limited. As such, GUOTSING Group (HK) Limited is deemed to be interested in all the Shares in which the Offeror is interested by virtue of the SFO.

2. GUOTSING Group (HK) Limited is a wholly-owned subsidiary of the Offeror Guarantor. As such, the Offeror Guarantor is deemed to be interested in all the Shares in which GUOTSING Group (HK) Limited is interested or deemed interested by virtue of the SFO.

3. The Offeror Guarantor is a wholly-owned subsidiary of Guotsing Holding (South Pacific) Investment Pte. Ltd.. As such, Guotsing Holding (South Pacific) Investment Pte. Ltd. is deemed to be interested in all the Shares in which the Offeror Guarantor is interested or deemed interested by virtue of the SFO.

4. Guotsing Holding (South Pacific) Investment Pte. Ltd. is a wholly-owned subsidiary of the Offeror Parent. As such, the Offeror Parent is deemed to be interested in all the Shares in which Guotsing Holding (South Pacific) Investment Pte. Ltd. is interested or deemed interested by virtue of the SFO.

5. Qingdao Qingjian controls approximately 41.3% of the total issued share capital of the Offeror Parent. As such, Qingdao Qingjian is deemed to be interested in all the Shares in which the Offeror Parent is interested or deemed interested by virtue of the SFO.

6. Qingdao Qingjian is a wholly-owned subsidiary of Qingjian Staff Union. As such, the Qingjian Staff Union is deemed to be interested in all the Shares in which Qingdao Qingjian is interested or deemed interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Offeror, the Offeror Parent and parties acting in concert with them had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Target.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

As at the Latest Practicable Date:

(a) none of the directors of the Offeror and the Offeror Parent had any interests in any Shares, convertible securities, warrants, options of the Target or any derivatives in respect of such securities, or had dealt for value in any Shares, convertible securities, warrants, options of the Target or any derivatives in respect of such securities during the Relevant Period;

(b) save as disclosed in the section headed "Disclosure of Interests — Interests of the Offeror and parties acting in concert with it in the Shares" in this Appendix V, and save for the acquisition of the Purchase Shares pursuant to the Share Purchase Agreement (which was completed on 17 March 2014) by the Offeror, none of the Offeror, the Offeror Parent, the ultimate beneficial owners of the Offeror Parent or any persons acting in concert with any of them owned or controlled any Shares, convertible securities, warrants, options of the Target or any derivatives in respect of such securities or had dealt for value in any Shares, convertible securities, warrants, options of the Target or any derivatives in respect of such securities during the Relevant Period;

(c) the Offeror had no intention, nor had it enter into any agreement, arrangement or understanding to transfer, charge or pledge the Shares acquired in pursuance with the Offer to any other persons;

(d) no person had irrevocably committed himself to accept or reject the Offer;

(e) none of the Offeror, the Offeror Parent, the ultimate beneficial owners of the Offeror Parent or any persons acting in concert with any of them, had entered into any arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other persons in relation to the Shares during the Relevant Period;

(f) none of the Offeror, the Offeror Parent, the ultimate beneficial owners of the Offeror Parent or any persons acting in concert with any of them, had borrowed or lent any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Target during the Relevant Period;

(g) save for the Share Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) exist between the Offeror, the Offeror Parent, the ultimate beneficial owners of the Offeror Parent or any persons acting in concert with any of them and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer;

(h) there is no agreement or arrangement to which the Offeror, the Offeror Parent, the ultimate beneficial owners of the Offeror Parent or any person acting in concert with any of them, is a party which relates to circumstances in which the Offeror may or may not seek to invoke a pre-condition or a condition to the Offer;

(i) the Target did not have any beneficial interest in the shares, convertible securities, warrants, options of the Offeror or any derivatives in respect of such securities, and the Target had not dealt for value in any shares, convertible securities, warrants, options of the Offeror or any derivatives in respect of such securities during the Relevant Period;

(j) none of the Directors had any interests in any shares, convertible securities, warrants, options of the Offeror or the Target or any derivatives in respect of such securities and accordingly, none of the Directors will be eligible to accept or reject the Offer; and save for the sale of the Purchase Shares pursuant to the Share Purchase Agreement (which was completed on 17 March 2014) by each of Mr. Leung, Dr. Ho and Mr. Cheng (each through their direct or indirect interests in the Vendor), none of the Directors had dealt for value in any shares, convertible securities, warrants, options of the Offeror or the Target or any derivatives in respect of such securities during the Relevant Period;

(k) none of (i) the subsidiaries of the Target; (ii) the pension fund of the Target or of a subsidiary of the Target; or (iii) any advisers to the Target (as specified in class (2) of the definition of "associate" under the Takeovers Code) had any interests in the Shares, convertible securities, warrants, options of the Target or any derivatives in respect of such securities, and none of them had dealt in any Shares, convertible securities, warrants, options of the Target or any derivatives in respect of such securities during the Relevant Period;

(l) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Target or with any person who is an associate of the Target by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code;

(m) no Shares, convertible securities, warrants, options of the Target or any derivatives in respect of such securities were managed on a discretionary basis by any fund managers connected with the Target and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Target during the Relevant Period;

(n) no Shares, convertible securities, warrants, options of the Target or any derivatives in respect of such securities had been borrowed or lent by any of the Directors or by the Target;

(o) no benefit was or will be given to any Director as compensation for loss of office in any members of the Target Group or otherwise in connection with the Offer;

(p) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and

(q) save for the Share Purchase Agreement and the Deed of Indemnity, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

5. MARKET PRICES

The table below sets out the closing prices of the Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

	Closing price *(HK$)*
30 August 2013	1.90
30 September 2013	1.85
31 October 2013	2.46
29 November 2013	2.50
31 December 2013	2.75
30 January 2014	3.15
11 February 2014 (being the Last Trading Day)	3.33
28 February 2014	3.05
18 March 2014 (being the Latest Practicable Date)	2.63

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$3.33 per Share on 11 February 2014 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$1.73 per Share on 20 August 2013.

6. LITIGATION

In August 2012, two charges were laid by the Labour Department of the Government of the Hong Kong and in February 2013, one charge was laid by the Buildings Department of the Government of the Hong Kong against the Target Group in relation to an accident which occurred in March 2012 alleging the Target Group's failure to provide a safe environment and permission of works that caused injuries to its workers working on site. As at the Latest Practicable Date, the summonses have been fixed for trial on 19 March 2014, where no evidence will be offered against the Target Group.

As at the Latest Practicable Date, no member of the Target Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Target Group.

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Target Group) have been entered into by the Target or any of its subsidiaries within the two years preceding the commencement of the Offer Period and ending on the Latest Practicable Date, which are or maybe material in relation to the business of the Target as a whole:

(i) the placing underwriting agreement dated 9 October 2012 entered into among the Target, Ample Capital Limited (as sponsor), SBI E2-Capital Financial Services Limited and Astrum Capital Management Limited (as joint lead managers), SBI E2-Capital Financial Services Limited, Astrum Capital Management Limited, Ample Orient Capital Limited, Cheong Lee Securities Limited and Sun International Securities Limited (as placing underwriters), Mr. Leung, Dr. Ho, Join Together and the Vendor (as covenantors) and Dr. Ho, Mr. Cheng and Mr. Ho Chi Ling (as executive Directors of the Target), in relation to the underwriting arrangements regarding the placing of the Shares;

(ii) the public offer underwriting agreement dated 26 September 2012 entered into among the Target, Ample Capital Limited (as sponsor), SBI E2-Capital Financial Services Limited and Astrum Capital Management Limited (as joint lead managers), SBI E2-Capital Financial Services Limited, Astrum Capital Management Limited, Ample Orient Capital Limited, Cheong Lee Securities Limited and Sun International Securities Limited (as public offer underwriters), Mr. Leung, Dr. Ho, Join Together and the Vendor (as covenantors) and Dr. Ho, Mr. Cheng and Mr. Ho Chi Ling (as executive Directors of the Target), in relation to the underwriting arrangements regarding the public offer of the Shares;

(iii) the deed of indemnity dated 26 September 2012 given by Mr. Leung, Dr. Ho, Join Together and One Million International Limited in favour of the Target (for itself and as trustee for its subsidiaries) containing certain indemnity in relation to, among others, taxation and litigations, to the Target Group;

(iv) the non-competition undertaking dated 11 September 2012 executed by Mr. Leung, Dr. Ho, Join Together and the Vendor in favour of the Target Group and its subsidiaries containing certain non-competition undertakings to the Target Group; and

(v) the sale and purchase agreement dated 11 September 2012 entered into between the Vendor as vendor, the Target as purchaser and Mr. Leung and Dr. Ho as warrantors, pursuant to which the Target acquired 3 shares of the One Million International Limited, being its entire issued share capital from the Vendor at a consideration to be satisfied by the issue and allotment of 999,999 Shares by the Target to the Vendor, credited as fully paid.

Save as disclosed above, as at the Latest Practicable Date, no contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Target Group) had been entered into by any member of the Target Group within the two years before the commencement of the Offer Period and ending on the Latest Practicable Date and are or may be material.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts contained in this Composite Document:

Name	Qualification
HSBC	a registered institution under the SFO, registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
CISIC	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee
PwC	Certified Public Accountants, Hong Kong

Each of HSBC, CISIC and PwC has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which they appears herein.

9. DIRECTORS' SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Target or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) have been entered into or amended within 6 months preceding the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed-term contracts with more than 12 months to run irrespective of the notice period:

Directors	**Date of service contract**	**Expiry date of service contract** *(Note)*	**Fixed annual remuneration under relevant service contract**
Dr. Ho	11 September 2012	10 September 2015	HK$1,000,000
Mr. Cheng	11 September 2012	10 September 2015	HK$960,000
Mr. Ho Chi Ling	11 September 2012	10 September 2015	HK$910,800

Note: The term of office of each of the aforesaid Directors is subject to retirement by rotation under the articles of association of the Target.

Each of Dr. Ho, Mr. Cheng and Mr. Ho Chi Ling is also entitled to discretionary bonus subject to approval by the Board based on the Target's profitability.

None of the Directors has entered into any service contact or has an unexpired service contract with the Target which is not determinable by the Target within one year without payment of compensation (other than statutory compensation).

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Target (www.sunley-fdn.com.hk); (ii) on the website of the SFC (www.sfc.hk) and; (iii) at the principal office of the Target at Room 201, 2/F, Marina House, 68 Hing Man Street, Shau Kei Wan, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. from the date of this Composite Document up to and including the Closing Date or the date on which the Offer lapses or is withdrawn (whichever is earlier) (except for Saturdays, Sundays and public holidays):

(a) the memorandum and articles of association of the Target;

(b) the memorandum and articles of association of the Offeror;

(c) the prospectus of the Target dated 27 September 2012;

(d) the annual report of the Target for the year ended 31 March 2013;

(e) the interim report of the Target for the six months ended 30 September 2013;

(f) the letter from HSBC, the text of which is set out on pages 7 to 14 of this Composite Document;

(g) the letter from the Board, the text of which is set out on pages 15 to 20 of this Composite Document;

(h) the letter from the Independent Board Committee to the Offer Shareholders, the text of which is set out on pages 21 and 22 of this Composite Document;

(i) the letter from CISIC to the Independent Board Committee, the text of which is set out on pages 23 to 42 of this Composite Document;

(j) the report on the Profit Alert prepared by PwC, the text of which is set out Appendix III to this Composite Document;

(k) the report on the Profit Alert prepared by CISIC, the text of which is set out in Appendix IV to this Composite Document;

(l) the written consents referred to under the paragraph headed "Experts and Consents" in this Appendix V;

(m) the Directors' service contracts referred to under the paragraph headed "Directors' Service Contracts" in this Appendix V;

(n) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix V;

(o) the Deed of Indemnity; and

(p) the Share Purchase Agreement.

11. MISCELLANEOUS

(a) The registered office of the Target is situated at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KYI-1108, Cayman Islands and its principal office in Hong Kong is located at Room 201, 2/F, Marina House, 68 Hing Man Street, Shau Kei Wan, Hong Kong.

(b) The registered address of the Offeror is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and the correspondence address of the Offeror is at No.5 Nan Hai Zhi Road, Shinan District, Qingdao, Shandong Province, China.

(c) As at the Latest Practicable Date, the chairman of the board of directors of the Offeror is Mr. Du Bo and the directors of the Offeror are Mr. Zhang Zhihua and Mr. Ding Hongbin. The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of the Offeror Parent.

(d) Set out below are details of the Offeror, the Offeror Parent and Shanghai Heliyuan (both being the principal person acting in concert with the Offeror) and their respective directors:

(i) Offeror

Registered Address	**Directors**
P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Mr. Du Bo *(Chairman)* Mr. Zhang Zhihua Mr. Ding Hongbin

Correspondence Address

No. 5 Nan Hai Zhi Road, Shinan District,
Qingdao, Shandong Province, China

(ii) Offeror Parent

Registered Address	**Directors**
Room 397, 3rd Floor, Unit C1, Block 1, No. 18 Keyuan Road, Da Xing Economic Development Zone, Da Xing District, Beijing, China	Mr. Du Bo *(Chairman)* Mr. Zhang Zhenan Mr. Zhang Zhihua Mr. Ding Hongbin Mr. Yuan Hongjun Mr. Cao Shujian Mr. Hu Ming

Correspondence Address

Room 397, 3rd Floor, Unit C1, Block 1,
No. 18 Keyuan Road,
Da Xing Economic Development Zone,
Da Xing District, Beijing, China

(iii) Shanghai Heliyuan

Registered Address	**Director**
Room 203A, No. 128 Northern Zhang Jia Bin Road, Pudong New Area, Shanghai, China	Mr. Du Bo

Correspondence Address

Room 2501, No. 5 Nan Hai Zhi Road,
Shinan District, Qingdao,
Shandong Province, China

(e) The branch share registrar and transfer agent of the Target in Hong Kong is Tricor Investor Services Limited, which is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (on or after 31 March 2014, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong).

(f) The registered office of HSBC is situated at Level 15, HSBC Main Building, 1 Queen's Road Central, Hong Kong.

(g) The registered office of the Independent Financial Adviser is situated at 63/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong.

(h) The registered office of PwC is situated at 22/F, Prince's Building, Central, Hong Kong.

(i) The English text of this Composite Document and the accompanying Form(s) of Acceptance and Transfer shall prevail over their respective Chinese text in case of inconsistency.