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SUNLEY HOLDINGS LIMITED

新利控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1240)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

The board (the “Board”) of directors (the “Directors”) of Sunley Holdings Limited (the “Company” and its subsidiaries, collectively the “Group”) is pleased to present the Group’s consolidated results for the year ended 31 March 2014 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenue	3	1,218,198	597,991
Cost of sales	4	(989,861)	(483,830)
Gross profit		228,337	114,161
Other income and net (losses)/gains	3	(2,437)	5,828
General and administrative expenses	4	(39,117)	(37,919)
Operating profit		186,783	82,070
Finance income		190	–
Finance costs		(5,066)	(3,921)
Finance costs, net	5	(4,876)	(3,921)
Profit before income tax		181,907	78,149
Income tax expense	6	(26,111)	(12,968)
Profit and total comprehensive income for the year attributable to owners of the Company		155,796	65,181
Basic and diluted earnings per share (HK cents)	7	51.9	25.2
Dividend	8	150,000	41,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		315,959	246,585
Deferred taxation		43	71
Goodwill		13,022	13,022
		329,024	259,678
Current assets			
Trade and other receivables	9	177,392	163,836
Amounts due from customers for contract work		40,672	21,301
Cash and cash equivalents		188,885	58,095
Tax recoverable		480	–
		407,429	243,232
Total assets		736,453	502,910
EQUITY			
Capital and reserves			
Share capital	11	3,000	3,000
Share premium		57,320	57,320
Other reserves		97,897	97,897
Retained earnings		97,521	112,725
Total equity		255,738	270,942
LIABILITIES			
Non-current liabilities			
Borrowings		78,445	88,305
Deferred taxation		30,098	23,880
		108,543	112,185
Current liabilities			
Trade and other payables	10	89,374	63,080
Borrowings		118,570	53,665
Tax payable		14,228	3,038
Dividend payable		150,000	–
		372,172	119,783
Total liabilities		480,715	231,968
Total equity and liabilities		736,453	502,910
Net current assets		35,257	123,449
Total assets less current liabilities		364,281	383,127

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

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

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

(b) Group reorganisation

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

2 BASIS OF PREPARATION AND APPLICATION OF NEW ACCOUNTING STANDARDS

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

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

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

3 REVENUE AND SEGMENT INFORMATION

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Construction contracts income	1,218,187	593,742
Rental income on machinery	11	4,249
	1,218,198	597,991
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Other income and net (losses)/gains		
Impairment of property, plant and equipment	(4,151)	–
Gain on disposal of property, plant and equipment	1,320	112
Reimbursement of legal fees	–	5,203
Others	394	513
	(2,437)	5,828

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

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong		
Macau	885,437	521,272
	332,761	76,719
	1,218,198	597,991

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

4 EXPENSES BY NATURE

	2014 HK\$'000	2013 HK\$'000
Cost of sales		
Construction materials costs	480,459	226,878
Subcontracting charges	337,369	144,992
Staff costs	123,701	77,305
Depreciation of owned assets	21,042	15,999
Depreciation of assets under finance leases	27,290	18,656
	<u>989,861</u>	<u>483,830</u>
General and administrative expenses		
Auditor's remuneration	1,700	1,720
Building management fee	332	318
Staff costs, including directors' emoluments	18,392	14,524
Depreciation	996	1,111
Operating lease rental on land and buildings	2,175	1,943
Transportation	2,733	2,134
Legal and professional fees	3,435	9,103
Insurance	1,834	1,998
Repair and maintenance	4,450	2,816
Other expenses	3,070	2,252
	<u>39,117</u>	<u>37,919</u>
Total cost of sales and general and administrative expenses	<u>1,028,978</u>	<u>521,749</u>

5 FINANCE COSTS, NET

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

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

6 INCOME TAX EXPENSE

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

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

7 EARNINGS PER SHARE

Basic

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

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

Diluted

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

8 DIVIDEND

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Special, declared/paid (<i>note i</i>)	150,000	20,000
Final, proposed, of HK 7 cent per ordinary share (<i>note ii</i>)	<u>—</u>	<u>21,000</u>
	<u><u>150,000</u></u>	<u><u>41,000</u></u>

Notes:

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

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

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

9 TRADE AND OTHER RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
Contract receivables	87,011	111,220
Retention receivables	84,630	41,272
	<hr/>	<hr/>
Total trade receivables	171,641	152,492
Other receivables, deposits and prepayments (<i>Note d</i>)	5,751	11,344
	<hr/>	<hr/>
	177,392	163,836
	<hr/>	<hr/>

Notes:

- (a) The credit periods granted to customers were 14 to 60 days.
- (b) The aging analysis of the Group's contract receivables based on invoice date is as follows:

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

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

Retention receivables were not yet past due as at 31 March 2014 and will be settled in accordance with the terms of the respective contracts.

- (c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.
- (d) The amount as at 31 March 2014 mainly represented construction site deposits and prepayments for purchase of materials. The amount as at 31 March 2013 mainly represented prepayments for purchases of materials.
- (e) The carrying amounts of trade and other receivables approximate their fair values and are denominated in the following currencies:

	2014 HK\$'000	2013 <i>HK\$'000</i>
Hong Kong dollar	160,351	163,568
Macau Pataca	17,041	268
	<u>177,392</u>	<u>163,836</u>

10 TRADE AND OTHER PAYABLES

	2014 HK\$'000	2013 <i>HK\$'000</i>
Trade payables	82,674	55,221
Accruals for construction costs	–	4,854
Other accruals (<i>note c</i>)	6,700	3,005
	<u>89,374</u>	<u>63,080</u>

Notes:

- (a) The carrying amounts of trade and other payables approximate their fair values and are mainly denominated in Hong Kong dollars.
- (b) Payment terms granted by suppliers were 14 to 60 days from the invoice date of the relevant purchases.

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

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

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

11 SHARE CAPITAL

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

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

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

12 CONTINGENT LIABILITIES

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

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

(b) Pending litigation

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

MANAGEMENT DISCUSSION AND ANALYSIS

Change of controlling shareholder and the cash offer

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

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

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

Overview

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

Construction Business

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

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

Machinery Leasing

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

Financial Review

Turnover

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

Gross Profit Margin

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

General and Administrative Expenses

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

Net Profit

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

Business Review

Analysis by Source of Income

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

Geographical Analysis

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

Future Outlook

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

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

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

Debts and Charge on Assets

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

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

Liquidity, Financial Resources and Capital Structure

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

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

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

Foreign Exchange

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

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

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

Contingent Liabilities

Save as disclosed in note 12 to the financial information in this announcement, the Group had no other contingent liabilities as at 31 March 2013 and 31 March 2014.

Employees and Remuneration Policy

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

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

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

Dividend

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

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

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE CODE

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

SUFFICIENCY OF PUBLIC FLOAT

Upon the close of the Cash Offer on 11 April 2014, there were 34,210,000 shares, representing approximately 11.4% of the issued share capital of the Company, held by the public (as defined in the Listing Rules). Accordingly, the Company could not fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. A waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for the period of three months commencing from 11 April 2014 up to and including 10 July 2014 has been granted by the Stock Exchange. Following completion and settlement of the Placing scheduled to take place on 26 June 2014, the public float will be restored. Please also refer to the announcement of the Company dated 23 June 2014.

Save as the above and based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the total issued share capital of the Company is held by the public during the Reporting Period and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct of the Company regarding directors’ transactions of the listed securities of the Company.

The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have complied with the Model Code and its code of conduct during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company, comprising the three independent non-executive Directors, namely Mr. Tam Tak Kei, Raymond (chairman), Mr. Chuck Winston Calptor and Mr. Ching Kwok Hoo, Pedro, has reviewed the Group’s internal control and financial reporting process including interim and annual financial statements before recommending them to the Board for approval.

The consolidated financial statements for the year ended 31 March 2014 have been reviewed by the audit committee.

By Order of the Board
Sunley Holdings Limited
Du Bo
Chairman

Hong Kong, 25 June 2014

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Du Bo (Chairman), Mr. Cheng Wing On, Michael, Mr. Ho Chi Ling and Mr. Zhang Yuqiang; (ii) two non-executive Directors, namely Mr. Zhang Zhihua and Mr. Ding Hongbin; and (iii) three independent non-executive Directors, namely Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro and Mr. Tam Tak Kei, Raymond.