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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 2013**

The board (the “Board”) of directors (the “Directors”) of Sunley Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to present the Group’s consolidated results for the year ended 31 March 2013 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2012 as follows:

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2013*

	<i>Note</i>	<b>2013 HK\$’000</b>	<b>2012 HK\$’000</b>
Revenue	3	<b>597,991</b>	313,122
Cost of sales		<b>(483,830)</b>	(253,452)
Gross profit		<b>114,161</b>	59,670
Other income and net gains	3	<b>5,828</b>	122
Administrative expenses		<b>(37,919)</b>	(25,813)
Operating profit	4	<b>82,070</b>	33,979
Finance costs	5	<b>(3,921)</b>	(2,097)
Profit before income tax		<b>78,149</b>	31,882
Income tax expense	6	<b>(12,968)</b>	(6,126)
Profit and total comprehensive income for the year attributable to equity holders of the Company		<b>65,181</b>	25,756
Basic and diluted earnings per share ( <i>HK cents</i> )	7	<b>25.2</b>	11.4
Dividend	8	<b>41,000</b>	9,300

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2013*

	<i>Note</i>	<b>2013</b> <b>HK\$'000</b>	<b>2012</b> <b>HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>246,585</b>	172,427
Deferred taxation		<b>71</b>	84
Goodwill		<b>13,022</b>	13,022
		<b>259,678</b>	185,533
<b>Current assets</b>			
Trade and other receivables	9	<b>163,836</b>	88,034
Amounts due from customers for contract work		<b>21,301</b>	2,762
Cash and cash equivalents		<b>58,095</b>	46,609
		<b>243,232</b>	137,405
<b>Total assets</b>		<b>502,910</b>	322,938
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	11	<b>3,000</b>	–
Share premium		<b>57,320</b>	–
Other reserves		<b>97,897</b>	97,907
Retained earnings		<b>112,725</b>	67,544
<b>Total equity</b>		<b>270,942</b>	165,451
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>88,305</b>	79,770
Deferred taxation		<b>23,880</b>	17,877
		<b>112,185</b>	97,647
<b>Current liabilities</b>			
Trade and other payables	10	<b>63,080</b>	28,884
Borrowings		<b>53,665</b>	28,874
Tax payable		<b>3,038</b>	2,082
		<b>119,783</b>	59,840
<b>Total liabilities</b>		<b>231,968</b>	157,487
<b>Total equity and liabilities</b>		<b>502,910</b>	322,938
<b>Net current assets</b>		<b>123,449</b>	77,565
<b>Total assets less current liabilities</b>		<b>383,127</b>	263,098

# NOTES TO 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”).

This consolidated financial information 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.

## 2 BASIS OF PREPARATION AND APPLICATION OF NEW ACCOUNTING STANDARDS

The principal accounting policies applied in the preparation of the financial information 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 information set out in this announcement 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 information 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.

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

### 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 gains recognised during the respective years are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Turnover</b>		
Construction contracts income	593,742	302,571
Rental income on machinery	4,249	10,551
	<u>597,991</u>	<u>313,122</u>
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Other income and net gains</b>		
Reimbursement of legal fees	5,203	–
Gain on disposal of property, plant and equipment	112	64
Others	513	58
	<u>5,828</u>	<u>122</u>

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 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Hong Kong		
Macau	521,272	313,122
	<u>76,719</u>	<u>–</u>
	<u>597,991</u>	<u>313,122</u>

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.

#### 4 OPERATING PROFIT

Operating profit is stated after charging the followings:

	2013 HK\$'000	2012 HK\$'000
Cost of sales		
Construction materials costs	226,878	115,442
Subcontracting charges	144,992	56,638
Staff costs	77,305	54,234
Depreciation of owned assets	15,999	10,220
Depreciation of assets under finance lease	18,656	16,918
	<u>483,830</u>	<u>253,452</u>
Administrative expenses		
Auditor's remuneration	1,720	730
Building management fee	318	303
Staff costs, including directors' emoluments	14,524	9,561
Depreciation	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
	<u>37,919</u>	<u>25,813</u>
Total cost of sales and administrative expenses	<u>521,749</u>	<u>279,265</u>

#### 5 FINANCE COSTS

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

## 6 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 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
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
	<u>12,968</u>	<u>6,126</u>
Income tax expense	<u>12,968</u>	<u>6,126</u>

## 7 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 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.

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

## 8 DIVIDEND

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interim paid ( <i>note i</i> )	—	9,300
Special paid ( <i>note ii</i> )	20,000	—
Final, proposed, of HK 7 cent per ordinary share ( <i>note iii</i> )	21,000	—
	<u>41,000</u>	<u>9,300</u>

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 HK 7 cents per ordinary share, totalling HK\$21,000,000. This proposed dividend is not reflected as dividend payable in this financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2014.

## 9 TRADE AND OTHER RECEIVABLES

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

Notes:

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

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

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 are 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.

## 10 TRADE AND OTHER PAYABLES

	<b>2013</b> <b>HK\$'000</b>	2012 <b>HK\$'000</b>
Trade payables	<b>55,221</b>	25,499
Accruals for construction costs	<b>4,854</b>	1,372
Other accruals ( <i>Note (c)</i> )	<b>3,005</b>	2,013
	<b>63,080</b>	28,884

*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:

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

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



## 11 SHARE CAPITAL

	Ordinary shares of HK\$0.01 each Number of shares	Nominal amount HK\$'000
<b>Authorised:</b>		
Ordinary shares as at 31 March 2012	38,000,000	380
Ordinary shares as at 31 March 2013	2,000,000,000	20,000
<b>Issued and fully paid:</b>		
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.

## 12 CAPITAL COMMITMENTS

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

	2013 HK\$'000	2012 HK\$'000
Contracted but not provided for	–	20,145

## 13 CONTINGENT LIABILITIES

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

	2013 HK\$'000	2012 HK\$'000
Guarantees on performance bonds in respect of construction contracts	<u>14,122</u>	<u>5,492</u>

(b) 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 information. 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

During the Reporting Period, the Group had two major sources of income, namely, construction business and machinery leasing.

#### *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. The 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.

Revenue from the construction contracts for the Reporting Period was approximately HK\$593,742,000 (2012: approximately HK\$302,571,000). The significant increase was mainly attributable to the increase in average contract sum of construction projects undertaken by the Group. During the Reporting Period, the Group has undertaken several sizable foundation projects such as Yuen Long Town Lot (contract sum: approximately HK\$661.0 million), Tung Chau Street (contract sum: approximately HK\$139.0 million), Tan Kwai Tsuen Road (contract sum: approximately HK\$106.9 million).

#### *Machinery Leasing*

In addition to undertaking construction works, the Group also leased certain unutilised machinery on a short term basis to third party machinery company and contractors during the Reporting Period in order to maximize utilization of idling resources.

Revenue from the machinery leasing for the Reporting Period was approximately HK\$4,249,000 (2012: approximately HK\$10,551,000). The decrease 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.

### **Financial Review**

#### *Turnover*

The Group's total turnover for the Reporting Period was approximately HK\$597,991,000 (2012: approximately HK\$313,122,000), representing an increase of approximately 91.0% compared to the corresponding period in 2012. The significant increase was mainly due to the growth in revenue contributed from several sizable construction projects.

#### *Gross Profit Margin*

The Group's gross profit margin maintained the same at approximately 19.1% for both the years ended 31 March 2012 and 2013. Despite the continuing increase in labour cost, construction material cost and subcontractor charges during the Reporting Period as compared with the corresponding period 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 administrative expenses for the Reporting Period were approximately HK\$37,919,000 (2012: approximately HK\$25,813,000) representing an increase of approximately 46.9% over the corresponding period in 2012. This was mainly attributable to the increase in the listing expenses, the professional fees after listing as well as 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\$65,181,000, representing an increase of approximately 153.1% as compared to the net profit of approximately HK\$25,756,000 for the corresponding period last year. The increase was mainly attributable to the significant increase in both revenue and gross profit contributed by the 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 99.3% of the total turnover of the Group (2012: approximately 96.6%). Machinery leasing accounted for the remaining total turnover of approximately 0.7%. (2012: approximately 3.4%).

### *Geographical Information*

Geographically, Hong Kong continues to be the Group's key market, representing approximately 87.2% of total turnover during the Reporting Period (2012: 100%). The Group considered Macau as a new emerging market for the business and representing approximately 12.8% of total turnover during the Reporting Period. (2012: Nil).

## **Use of Net Proceeds from Listing**

The Company's shares were listed on the Main Board of the Stock Exchange on 18 October 2012 (the "Listing"). The receipt of proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of comprehensive income and deducted from the share premium ("net proceeds") from the Company's Listing were approximately HK\$48.0 million. In accordance with the proposed applications set out in the section "Future Plans and Use of Proceeds" of the prospectus dated 27 September 2012 (the "Prospectus"), the net proceeds received were applied during the Reporting Period as follows:

	<b>Net proceeds (HK\$ million)</b>		
	<b>Available</b>	<b>Utilised</b>	<b>Unutilised</b>
Purchase of machinery and equipment to increase construction capacity	31.2	31.2	–
Hiring of additional staff for increase in construction capacity and provide staff training on safety and environmental protection	7.2	4.4	2.8
Repayment of finance lease liabilities	4.8	4.8	–
Increase of general working capital	4.8	4.8	–
	<u>48.0</u>	<u>45.2</u>	<u>2.8</u>

The unutilised balance of the net proceeds will be applied in the manner consistent with that mentioned in the Prospectus.

### **Future Outlook**

With the net proceeds of approximately HK\$48.0 million raised from the Share Offer of 75,000,000 shares of the Company, the Company has utilised approximately HK\$45.2 million to, among others, increase the productivity and reduce the bank borrowings in order to bring value to its shareholders in the near future. Details of the application of such net proceeds are set out in announcement of the Company dated 17 October 2012 and in the Prospectus dated 27 September 2012.

Apart from strengthening the construction business in Hong Kong, the Group will make its best effort to explore business opportunities in Macau. The Directors considered Macau as a fast-growing market for the construction business and the Group will greatly be benefited if it actively participates in bidding the Macau construction projects.

### **Debts and Charge on Assets**

The total interest bearing bank borrowings of the Group, including bank loans and finance leases, increased from approximately HK\$108,644,000 as at 31 March 2012 to approximately HK\$141,970,000 as at 31 March 2013. 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 machinery with an aggregate net book value of approximately HK\$155,324,000 and approximately HK\$131,465,000 as at 31 March 2013 and 2012 respectively.

### **Liquidity, Financial Resources and Capital Structure**

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

As at 31 March 2013, the Group had cash and bank balances of approximately HK\$58,095,000 (31 March 2012: approximately HK\$46,609,000) of which approximately 99.2% was held in Hong Kong dollar. The increase was mainly due to the more cash inflow from operating activities and financing activities such as issue of new shares upon the Listing. The gearing ratio of the Group as at 31 March 2013 (defined as total interest-bearing debts divided by shareholder's equity) was approximately 52.4% (31 March 2012: approximately 65.7%).

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 most of the revenue and transactions arising from its operations were settled in Hong Kong dollar, 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.

## **Capital Commitments**

Save as disclosed in note 12 to the financial information, the Group had no other capital commitments as at 31 March 2013 and 31 March 2012.

## **Contingent Liabilities**

Save as disclosed in note 13 to the financial information, the Group had no other contingent liabilities as at 31 March 2013 and 31 March 2012.

## **Events after the Reporting Period**

Sunley Engineering & Construction Company Limited, a wholly-owned subsidiary of the Company, entered into a machinery purchase contract (the "Machinery Purchase Contract") with a machinery manufacturer on 19 April 2013 in respect of the sale and purchase of two sets of crawler crane and the ancillary equipment at the total consideration of EUR2,300,000 (equivalent to approximately HK\$23,299,000) which constituted a disclosable transaction according to the Listing Rules. Details of the transaction are set out in the announcement of the Company dated 19 April 2013.

Apart from the above, there are no other significant subsequent events since the end of Reporting Period.

## **Employees and Remuneration Policy**

As at 31 March 2013, the Group had 241 full-time employees (31 March 2012: 164 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\$91,829,000 (2012: approximately HK\$63,795,000).

### **Proposed Final Dividend**

A final dividend of HK 7 cents per share in respect of the year ended 31 March 2013 has been proposed by the Board and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

### **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 from 18 October 2012 (the date of Listing) to 31 March 2013.

### **SUFFICIENCY OF PUBLIC FLOAT**

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 as at 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 period from the Listing on 18 October 2012 to 31 March 2013.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

Each of the Directors and their respective associates (as defined in the Listing Rules) has confirmed that none of them had any business or interest in any company that materially competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group 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 with the Company's management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the annual results for the Reporting Period, this announcement and the annual report of the Company for the year ended 31 March 2013.

By Order of the Board  
**Sunley Holdings Limited**  
**Ho Kar Chung**  
*Chairman*

Hong Kong, 27 June 2013

*As at the date of this announcement, the Company has (i) three executive Directors, namely Dr. Ho Kar Chung, Mr. Cheng Wing On, Michael and Mr. Ho Chi Ling; (ii) one non-executive Director, namely Mr. Leung Chee Hon; and (iii) three independent non-executive Directors, namely Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro and Mr. Tam Tak Kei, Raymond.*