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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

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 unaudited consolidated results for the six months ended 30 September 2012, together with the comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

		Six months ended 30 September	
		2012	2011
	<i>Note</i>	HK\$’000	HK\$’000
		Unaudited	Unaudited
Revenue	6	182,315	126,325
Cost of sales		(151,202)	(102,140)
Gross profit		31,113	24,185
Other income and net gains		122	157
Administrative expenses		(13,196)	(11,929)
Operating profit	7	18,039	12,413
Finance costs		(1,793)	(832)
Profit before income tax		16,246	11,581
Income tax expense	8	(2,871)	(2,311)
Profit and total comprehensive income for the period attributable to equity holders of the Company		13,375	9,270
Basic and diluted earnings per share (<i>HK cents</i>)	9	5.9	4.1
Dividend	10	20,000	–

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	<i>Note</i>	30 September 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	11	192,485	172,427
Deferred taxation		–	84
Goodwill	11	13,022	13,022
		<u>205,507</u>	<u>185,533</u>
Current assets			
Trade and other receivables	12	103,544	88,034
Amounts due from customers for contract work	13	7,492	2,762
Cash and cash equivalents		18,084	46,609
		<u>129,120</u>	<u>137,405</u>
Total assets		<u>334,627</u>	<u>322,938</u>
EQUITY			
Capital and reserves			
Share capital	16	10	–
Reserve		158,816	165,451
Total equity		<u>158,826</u>	<u>165,451</u>
LIABILITIES			
Non-current liabilities			
Borrowings	14	83,567	79,770
Deferred taxation		18,573	17,877
		<u>102,140</u>	<u>97,647</u>
Current liabilities			
Trade and other payables	15	22,056	28,884
Borrowings	14	48,005	28,874
Tax payable		3,600	2,082
		<u>73,661</u>	<u>59,840</u>
Total liabilities		<u>175,801</u>	<u>157,487</u>
Total equity and liabilities		<u>334,627</u>	<u>322,938</u>
Net current assets		<u>55,459</u>	<u>77,565</u>
Total assets less current liabilities		<u>260,966</u>	<u>263,098</u>

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND GROUP REORGANISATION

(a) General information

The Company is a limited liability company incorporated in 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 Group is principally engaged in the foundation business and machinery rental business in Hong Kong.

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.

(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"), pursuant to which, inter alia, the Company allotted and issued 999,999 ordinary shares of HK\$0.01 each on 11 September 2012 to Leading Win Management Limited ("Leading Win"), credited as fully paid, as consideration for acquiring 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 PRESENTATION

This unaudited condensed interim financial information for the six months ended 30 September 2012 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 combined financial information for the years ended 31 March 2010, 2011 and 2012 as set out in the accountant's report (the "Accountant's Report") included in Appendix I to the prospectus of the Company in connection with the initial public offering of the Company's shares dated 27 September 2012.

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 2012 are consistent with those adopted for the preparation of the financial information for the years ended 31 March 2010, 2011 and 2012 as set out in the Accountant's Report.

The Group has adopted the following amendments to standards for accounting periods beginning on or after 1 April 2012:

HKAS 12 Amendment	Income Taxes (Amendments made by Deferred Tax: Recovery of Underlying Assets)
HKFRS 7 Amendment	Disclosures — Transfers of Finance Assets

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 new or revised standards, 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	Disclosures — Offsetting Financial Assets and Financial Liabilities	1 April 2013
HKAS 1 Amendment	Presentation of Items of Other Comprehensive 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
HKFRS 10	Consolidated Financial statements	1 April 2013
HKFRS 11	Joint Arrangements	1 April 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 April 2013
HKFRS 13	Fair Value Measurement	1 April 2013
HKAS 31 Amendment	Presentation — Offsetting Financial Assets and Financial Liabilities	1 April 2014
HKFRS 9	Financial Instruments	1 April 2015

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 results of operations and its financial position.

4. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the Accountant's Report.

During the six months ended 30 September 2012, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financing assets and liabilities.

There were no reclassifications of financial assets.

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 described in the Accountant's Report.

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	
	2012	2011
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Turnover		
Construction contracts income	178,353	125,910
Rental income on machinery	3,962	415
	<u>182,315</u>	<u>126,325</u>

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. Also, the Group generated revenue only in Hong Kong during the reporting period. Therefore, no segment information is presented.

7. OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Cost of sales		
Construction materials costs	78,785	46,571
Subcontracting charges	33,151	21,487
Staff costs, including directors' emoluments	30,665	26,721
Depreciation of owned assets (<i>Note 11</i>)	6,116	8,333
Depreciation of assets under finance leases (<i>Note 11</i>)	9,751	5,974
Legal and professional fees	1,441	520
Operating lease rental on land and buildings	971	1,280
	<u>161,880</u>	<u>110,886</u>

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30 September 2012 on the estimated assessable profit for the period.

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Hong Kong profits tax		
— Current year	2,091	1,198
Deferred income tax	780	1,113
	<hr/>	<hr/>
Income tax expense	2,871	2,311
	<hr/>	<hr/>

9. 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, details of which are set out in Note 16 below.

	Six months ended 30 September	
	2012	2011
	Unaudited	Unaudited
Profit attributable to equity holders of the Company (HK\$'000)	13,375	9,270
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>in thousand</i>)	225,000	225,000
Basic earnings per share (HK cents)	5.9	4.1

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.

10. DIVIDEND

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Dividend paid	<u>20,000</u>	<u>–</u>

During the six months ended 30 September 2012, the Group declared and paid a dividend of HK\$20,000,000 to its then shareholders.

11. PROPERTY, PLANT AND EQUIPMENT AND GOODWILL

	Property, plant and equipment HK\$'000	Goodwill HK\$'000	Total HK\$'000
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	<u>(15,867)</u>	<u>–</u>	<u>(15,867)</u>
Closing amount as at 30 September 2012	<u>192,485</u>	<u>13,022</u>	<u>205,507</u>
Six months ended 30 September 2011 (Unaudited)			
Net book value			
Opening amount as at 1 April 2011	157,981	13,022	171,003
Additions	32,138	–	32,138
Disposals	(17)	–	(17)
Depreciation	<u>(14,307)</u>	<u>–</u>	<u>(14,307)</u>
Closing amount as at 30 September 2011	<u>175,795</u>	<u>13,022</u>	<u>188,817</u>

12. TRADE AND OTHER RECEIVABLES

	30 September 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
Contract receivables	69,569	59,398
Retention receivables	16,027	19,452
	<hr/>	<hr/>
Total trade receivables	85,596	78,850
Other receivables, deposits and prepayments (<i>Note (d)</i>)	17,948	9,184
	<hr/>	<hr/>
	103,544	88,034
	<hr/>	<hr/>

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 aging analysis of the contract receivables based on invoice date is as follows:

	30 September 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
0–30 days	64,323	58,706
31–60 days	2,164	353
61–90 days	–	–
Over 90 days	3,082	339
	<hr/>	<hr/>
	69,569	59,398
	<hr/>	<hr/>

Contract receivables of HK\$64,323,000 and HK\$58,706,000 as at 30 September 2012 and 31 March 2012 were not yet past due and HK\$5,246,000 and HK\$692,000 as at 30 September 2012 and 31 March 2012 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 2012 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 prepayments for insurance and purchase of materials.

13. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	30 September 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
Costs plus attributable profits less foreseeable losses	26,980	13,144
Less: progress billings to date	(19,488)	(10,382)
Amounts due from customers for contract work	<u>7,492</u>	<u>2,762</u>

There were no advances received from customers for contract work as at 30 September 2012 and 31 March 2012. Progress billings to date include retention receivables of HK\$2,362,700 and HK\$1,254,000 as at 30 September 2012 and 31 March 2012.

14. BORROWINGS

	30 September 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
Non-current		
Finance lease liabilities (<i>Note (b)</i>)	<u>83,567</u>	<u>79,770</u>
	<u>83,567</u>	<u>79,770</u>
Current		
Bank borrowings (<i>Note (a)</i>)	16,265	10,563
Finance lease liabilities (<i>Note (b)</i>)	<u>31,740</u>	<u>18,311</u>
	<u>48,005</u>	<u>28,874</u>
Total borrowings	<u>131,572</u>	<u>108,644</u>

Notes:

(a) Bank borrowings

Bank borrowings mature until 2015 and bear interest at the prime rate and 2% to 2.5% above one-month Hong Kong Interbank Offered Rate ("HIBOR") per annum respectively, and are subject to annual review.

The bank borrowings are 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 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
Within 1 year	12,376	4,527
Between 1 and 2 years	2,979	4,225
Between 2 and 5 years	910	1,811
	16,265	10,563

(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 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
Gross finance lease liabilities — minimum lease payments		
— Within 1 year	35,574	21,527
— Later than 1 year and no later than 5 years	87,464	83,696
	123,038	105,223
Future finance charges on finance leases	(7,731)	(7,142)
Present value of finance lease liabilities	115,307	98,081

The present value of finance lease liabilities is as follows:

	30 September 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
Within 1 year	31,740	18,311
Later than 1 year and no later than 5 years	83,567	79,770
	115,307	98,081

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

- (c) As at 30 September 2012, the Group had committed banking facilities (including the finance lease facilities) of HK\$800,000 (31 March 2012: HK\$800,000) and HK\$165,796,000 (31 March 2012: HK\$140,678,000) which bear interest at the current prime rate and 2% to 3.5% per annum above HIBOR respectively.

These committed banking facilities are subject to annual review. As at 30 September 2012 and 31 March 2012, the undrawn banking facilities amounted to HK\$31,831,602 and HK\$18,980,000 respectively.

These banking facilities are secured by:

- (i) The Group's machinery with an aggregate net book value of HK\$128,671,000 and HK\$131,465,000 as at 30 September 2012 and 31 March 2012 respectively (Note 11); and
- (ii) Personal guarantees given by certain directors as at 30 September 2012 and 31 March 2012 respectively. These guarantees had been released subsequent to 30 September 2012.

15. TRADE AND OTHER PAYABLES

	30 September 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
Trade payables	18,753	25,499
Accruals for construction costs	1,097	1,372
Other accruals (<i>Note (d)</i>)	2,206	2,013
	<u>22,056</u>	<u>28,884</u>

Notes:

- (a) The carrying amounts of 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 aging analysis of trade payables based on the invoice date is as follows:

	30 September 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
0–30 days	16,452	23,313
31–60 days	933	1,413
61–90 days	37	97
Over 90 days	1,331	676
	<u>18,753</u>	<u>25,499</u>

- (c) The carrying amounts of the Group's trade and other payables are denominated in Hong Kong dollars.
- (d) Other accruals mainly arise from the purchase of machinery.

16. SHARE CAPITAL

	Number of ordinary shares	Nominal amount <i>HK\$</i>
Authorised:		
Ordinary shares of HK\$0.01 each as at 31 March 2012	38,000,000	380,000
Ordinary shares of HK\$0.01 each as at 30 September 2012	2,000,000,000	20,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each as at 31 March 2012	1	–
Ordinary shares of HK\$0.01 each as at 30 September 2012	1,000,000	10,000

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 of a par value of HK\$0.01 each. At the time of its incorporation, the Company issued 1 ordinary share to the subscriber, which was later transferred to Leading Win on 15 April 2011.

On 11 September 2012, pursuant to the sole 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 a par value 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 allotted and issued a total of 224,000,000 ordinary shares of the Company credited as fully paid at par to the sole holder of the Company's shares on the register of members at the close of business on 10 September 2012 by way of capitalization of the 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 (the "Capitalisation Issue").

17. COMMITMENTS

(a) Capital commitments

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

	30 September 2012 <i>HK\$'000</i> Unaudited	31 March 2012 <i>HK\$'000</i> Audited
Contracted but not provided for	16,682	20,145

(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 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
Not later than 1 year	1,331	1,331
1–5 years	697	1,426
	<u>2,028</u>	<u>2,757</u>

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. None of the leases includes contingent rentals.

(c) Operating lease commitments — Group as lessor

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

	30 September 2012 HK\$'000 Unaudited	31 March 2012 HK\$'000 Audited
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.

18. 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 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	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	
	2012	2011
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Rent paid to		
— Super Ease Holdings Limited	143	212
— Sunnic Holdings Limited	143	213
	<u>286</u>	<u>425</u>

(c) **Key management compensation**

	Six months ended 30 September	
	2012	2011
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Salaries, wages and allowances	2,726	2,561
Retirement benefits expenses	42	36
	<u>2,768</u>	<u>2,597</u>

19. CONTINGENT LIABILITIES

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

	30 September 2012	31 March 2012
	HK\$'000	HK\$'000
	Unaudited	Audited
Guarantees on performance bonds in respect of construction contracts	<u>8,227</u>	<u>5,492</u>

(b) **Pending litigation**

As at 30 September 2012, there were two outstanding personal injuries 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 sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The directors of the Company assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the condensed financial statements.

Further, as at 30 September 2012, there were twenty one potential claims under which the injured employees of the Group were still on sick leave for their injuries. These injured employees had not yet commenced their claims for employee's compensation and/or personal injuries. These cases were within the limitation period of 3 years from the date of the relevant incidents. The claims, when filed, will be handled by solicitors appointed by their insurers. Whilst the directors of the Company are not in a position to assess the likely quantum of such potential claims, they confirmed that the Group has insurance covered for its liabilities of all these incidents should the claims arise.

In August 2012, two charges were laid by the Labour Department of the Government of the Hong Kong Special Administrative Region to the Group in relation to an accident which occurred in March 2012 alleging the Group's failure to provide a safe environment to its workers working on site. No pleas had been taken for both summonses during the Group's first and second appearance at the Magistrates' Court held in September 2012 and November 2012. The hearing was further adjourned to January 2013. The Group believes that it had, so far as reasonably practicable, provided safe environment to all its workers working on site and will resist both charges. In the event the Group is unsuccessful and convicted, the Group may be subject to a fine at a maximum amount of HK\$1,000,000 which will not be covered by the Group's insurance policies. The management of the Group considers that it is too early to make a reliable estimate of the amount of liability, if any, in connection with the two charges. In addition, the controlling shareholders of the Group have 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 two proceedings. In the event the Group exercises the deed of indemnity, such indemnities will be recognised as a credit to equity as contribution from the controlling shareholders of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the reporting period, the Group had two major source of incomes, 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.

Revenue from the construction contracts for the six months ended 30 September 2012 was approximately HK\$178,353,000 (2011: approximately HK\$125,910,000). The increase was mainly due to the increase in the number of construction projects undertaken by the Group. During the six months ended 30 September 2012, there were 32 construction projects that contributed revenue incomes for the period as compared with 20 construction projects for the same period in last year.

Machinery leasing

In addition to undertaking construction works, the Group also leased the unutilised machinery in a short period to third party machinery company and contractors during the reporting period. Revenue from the machinery leasing for the six months ended 30 September 2012 was approximately HK\$3,962,000 (2011: approximately HK\$415,000). The increase was mainly attributable to the increase in the number and time for the machinery not allocated for construction works as the Group had newly acquired machinery over HK\$30 million during the reporting period.

Geographical information

During the reporting period, all of the Group's income was derived from Hong Kong, accounting for 100% of the Group's total revenue.

Financial Review

Turnover

The Group's total turnover for the six months ended 30 September 2012 was approximately HK\$182,315,000, representing an increase of approximately 44.3% from approximately HK\$126,325,000 of the same period in last year. This was mainly attributable to the growth in revenue from construction projects.

Gross Profit Margin

The gross profit margin decreased by approximately 2.0% from approximately 19.1% for the six months ended 30 September 2011 to approximately 17.1% for the six months ended 30 September 2012. The major reason was the profit margin of the construction projects having been affected by the increase in both construction material cost and subcontractor charges during the period as compared with the same period last year.

General and Administrative Expenses

The Group's administrative expenses for the six months ended 30 September 2012 were approximately HK\$13,196,000 (2011: approximately HK\$11,929,000) representing an increase of approximately 10.6% over the corresponding period in 2011. This was mainly attributable to the increase in listing expenses incurred.

Net Profit

For the six months ended 30 September 2012, the Group recorded a net profit of approximately HK\$13,375,000, representing an increase of approximately 44.3% as compared to the net profit of approximately HK\$9,270,000 for the corresponding period last year. The increase was mainly attributable to the increase in both revenue and gross profit from construction business and machinery leasing.

Prospects

With the listing of the shares of the Company on the Stock Exchange on 18 October 2012 and the receipt of proceeds, net of listing expenses according to latest estimation, of approximately HK\$48.3 million from the placing and public offer of 75,000,000 shares of the Company, the Company has the resources to increase the productivity and to bring value to its shareholders. Details of the application of such net proceeds were announced by the Company in its announcement dated 17 October 2012 and in its prospectus dated 27 September 2012 (the "Prospectus").

Debts and Charge on Assets

The Group had total interest bearing bank borrowings including bank loans and finance leases which increased from approximately HK\$108,644,000 as at 31 March 2012 to approximately HK\$131,572,000 as at 30 September 2012. 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. As at 30 September 2012, the amount of banking facilities of approximately HK\$31,832,000 (31 March 2012: approximately HK\$18,980,000) remained unutilized.

These banking facilities are secured by the Group's machinery with an aggregate net book value of HK\$128,671,000 and HK\$131,465,000 as at 30 September 2012 and 31 March 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 of the Company on 18 October 2012.

As at 30 September 2012, the Group had cash and bank balances of approximately HK\$18,084,000 (31 March 2012: approximately HK\$46,609,000) of which 99.7% was held in Hong Kong dollar. The decrease was mainly due to the HK\$20,000,000 dividend payment to the Group's then shareholders in May 2012. The gearing ratio of the Group as at 30 September 2012 (defined as total interest-bearing debts divided by shareholder's equity) was approximately 82.8% (31 March 2012: approximately 65.7%).

During the six months ended 30 September 2012, 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 six months ended 30 September 2012.

Material Acquisitions and Disposal of Subsidiaries and Associated Companies

During the reporting period, there was no acquisition or disposal of subsidiaries and associated companies by the Company save as disclosed in the Prospectus.

Capital Commitments

Save as disclosed in note 17 of the financial statements, the Group had no other capital commitments as at 30 September 2012 and 31 March 2012.

Contingent Liabilities

Save as disclosed in note 19 of the financial statements, the Group had no other contingent liabilities as at 30 September 2012 and 31 March 2012.

Events after the Reporting Period

The shares of the Company were listed on the Main Board of the Stock Exchange on 18 October 2012. Save as disclosed above, no significant events occurred since the end of the reporting period.

Employees and Remuneration Policy

As at 30 September 2012, the Group had 183 employees (30 September 2011: 159).

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 the six months ended 30 September 2012 was approximately HK\$30,665,000 (2011: approximately HK\$26,721,000).

Purchase, Sale and Redemption of the Company's Securities

The Company was not listed on the Stock Exchange as at 30 September 2012. Accordingly, neither the Company nor any of the subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Interim Dividend

During the six months ended 30 September 2012, the Group declared and paid a dividend of HK\$20,000,000 to its then shareholders, (2011: Nil). The Board did not recommend the declaration or payment of any further interim dividend for the reporting period.

Corporate Governance Code

As the Company's shares were yet to be listed on the Stock Exchange as at 30 September 2012, the Company had not adopted the principles and code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 September 2012. The Company has adopted the Corporate Governance Code upon its listing on the Stock Exchange and has been in compliance with all the code provisions in the Corporate Governance Code since the listing of the Company on 18 October 2012 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 a 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 during the period from the listing of the Company on 18 October 2012 up to the date of this announcement.

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 this announcement and the interim report of the Company for the six months ended 30 September 2012.

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

Hong Kong, 30 November 2012

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.