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Ngai Shun Holdings Limited

毅信控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01246)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

The board of directors (the “**Director(s)**”) (the “**Board**”) of Ngai Shun Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2016, together with the comparative figures for previous year. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000 (Re-presented)
REVENUE	7	532,194	558,150
Cost of sales		(480,404)	(408,371)
Gross profit		51,790	149,779
Other income and gains, net	7	13,148	22,755
Selling and distribution expenses		(2,251)	—
Administrative expenses		(88,508)	(61,155)
Other expenses		(103,184)	(3,497)
Finance costs	8	(71,176)	(1,186)
(LOSS)/PROFIT BEFORE TAX	9	(200,181)	106,696
Income tax credit/(expense)	10	6,788	(16,134)
(LOSS)/PROFIT FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT		(193,393)	90,562
			(Restated)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	HK(0.78) cents	HK0.44 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 March 2016*

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
(LOSS)/PROFIT FOR THE YEAR	<u>(193,393)</u>	<u>90,562</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	3,450	1,560
Exchange differences on translation of foreign operations	<u>(1,437)</u>	<u>—</u>
NET OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>2,013</u>	<u>1,560</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>(191,380)</u>	<u>92,122</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Re-presented)
NON-CURRENT ASSETS			
Property, plant and equipment	13	77,971	58,972
Investment properties		—	41,400
Goodwill		17,336	—
Available-for-sale investments		7,800	4,350
Total non-current assets		<u>103,107</u>	<u>104,722</u>
CURRENT ASSETS			
Inventories		469	—
Completed properties held for sale		406,444	—
Properties under development		811,421	—
Trade and retention receivables	14	73,760	117,193
Prepayment, deposit and other receivables		135,338	2,721
Equity investments at fair value through profit or loss		237,164	65,320
Tax recoverable		21,626	—
Restricted cash		18,541	—
Cash and bank balances		108,901	254,815
Total current assets		<u>1,813,664</u>	<u>440,049</u>
CURRENT LIABILITIES			
Trade payables	15	43,824	35,626
Other payables and accruals		321,675	43,003
Due to a related company		120,000	120,000
Promissory notes	16	241,485	—
Interest-bearing bank and other borrowings		359,169	12,333
Tax payable		353	1,374
Total current liabilities		<u>1,086,506</u>	<u>212,336</u>
NET CURRENT ASSETS		<u>727,158</u>	<u>227,713</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>830,265</u>	<u>332,435</u>
NON-CURRENT LIABILITIES			
Provision for long service payments		4,848	4,730
Interest-bearing other borrowings		514,214	—
Deferred tax liabilities		122,164	6,281
Total non-current liabilities		<u>641,226</u>	<u>11,011</u>
Net assets		<u>189,039</u>	<u>321,424</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		24,900	4,150
Other reserves		164,139	317,274
Total equity		<u>189,039</u>	<u>321,424</u>

NOTES:

1. CORPORATE AND GROUP INFORMATION

Ngai Shun Holdings Limited is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered address of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Unit 2102, 21/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

During the year, the Group was involved in the following principal activities:

- Foundation business
- Property development business
- Investment securities
- Provision of catering services

2. BASIS OF PRESENTATION

Notwithstanding that (i) the Group incurred a loss attributable to owners of the parent of HK\$193,393,000 for the year ended 31 March 2016; and (ii) the Group has capital commitments of HK\$200,869,000, a loan from a related company of HK\$120,000,000, interest-bearing bank and other borrowings of HK\$873,383,000 and promissory notes with an aggregate principal amount of HK\$245,000,000, as at 31 March 2016, in the opinion of the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration the following:

- (i) potential receipt of net proceeds of HK\$879,870,000 from the proposed rights issue by the Company and details are set out in the Company’s prospectus dated 27 June 2016; and
- (ii) receipt of net proceed from pre-sale of the properties under development and completed properties held for sale.

Accordingly, the consolidated financial statements have been prepared on the going concern basis.

3. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS(s)**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKAS(s)**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain of equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, and (ii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

Annual Improvements to HKFRSs 2010–2012 Cycle

Annual Improvements to HKFRSs 2011–2013 Cycle

The nature and the impact of each amendment is described below:

- (a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.
- (b) The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
 - *HKFRS 8 Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.
 - *HKAS 16 Property, Plant and Equipment* and *HKAS 38 Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- *HKAS 24 Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.
- (c) The *Annual Improvements to HKFRSs 2011–2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
- *HKFRS 3 Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.
 - *HKFRS 13 Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
 - *HKAS 40 Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group did not acquire any investment properties during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

5. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investments Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
HKFRS 16	<i>Leases</i> ⁵
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs ¹

- ¹ Effective for annual periods beginning on or after 1 January 2016
- ² Effective for annual periods beginning on or after 1 January 2018
- ³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
- ⁴ No mandatory effective date is determined but is available for early adoption
- ⁵ Effective for annual periods beginning on or after 1 January 2019

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

6. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into four reportable operating segments as follows:

- (a) Foundation piling: Contracts for foundation business
- (b) Property development: Sale of properties
- (c) Investment securities: Trading of securities and investment in long-term securities
- (d) Food and beverage: Provision of catering services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's (loss)/profit before tax except that bank interest income, gain on bargain purchase, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude amount due to a related company, interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Foundation piling		Property development		Investment securities		Food and beverage		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Revenue from external customers	411,405	558,150	116,638	N/A	—	N/A	4,151	N/A	532,194	558,150
Segment results	6,957	93,413	(25,082)	N/A	(101,963)	N/A	1,134	N/A	(118,954)	93,413
<i>Reconciliation:</i>										
Interest income									136	168
Gain on bargain purchase									7,046	—
Corporate and other unallocated (expenses)/income, net									(17,233)	14,301
Finance costs									(71,176)	(1,186)
(Loss)/profit before tax									<u>(200,181)</u>	<u>106,696</u>

	Foundation piling		Property development		Investment securities		Food and beverage		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	236,571	432,226	1,356,879	N/A	245,944	N/A	24,301	N/A	1,863,695	432,226
<i>Reconciliation:</i>										
Corporate and other unallocated assets									53,076	112,545
Total assets									<u>1,916,771</u>	<u>544,771</u>
Segment liabilities	115,753	211,069	265,190	N/A	10	N/A	4,062	N/A	385,015	211,069
<i>Reconciliation:</i>										
Corporate and other unallocated liabilities									1,342,717	12,278
Total liabilities									<u>1,727,732</u>	<u>223,347</u>

Other segment information

	Foundation piling		Property development		Investment securities		Food and beverage		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividend income	—	—	—	N/A	(1,193)	N/A	—	N/A	(1,193)	—
Depreciation	29,200	20,889	98	N/A	—	N/A	58	N/A	29,356	20,889
Fair value losses on equity investments at fair value through profit or loss	—	—	—	N/A	55,028	N/A	—	N/A	55,028	—
Loss on disposal of equity investments at fair value through profit or loss	—	—	—	N/A	48,076	N/A	—	N/A	48,076	—

Geographical Information:

The revenue information is based on the location of customers. The non-current assets are based on the locations of the assets and exclude available-for-sale investments.

	Revenue from external customers		Non-current assets	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	415,556	558,150	94,305	100,372
Mainland China	116,638	—	1,002	—
	<u>532,194</u>	<u>558,150</u>	<u>95,307</u>	<u>100,372</u>

Information About Major Customers

During the year, the Group had transactions with two customers (2015: two customers) who each contributed over 10% of the Group's total revenue for the year. A summary of revenue earned from each of these major customers is set out below:

	2016 HK\$'000	2015 HK\$'000
Customer A	185,779	262,463
Customer B	58,503	N/A*
Customer C	<u>N/A*</u>	<u>109,888</u>

* The corresponding revenue of these customers is not disclosed as they individually did not contribute over 10% of the Group's total revenue for the relevant year.

7. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains, net is as follow:

	2016 HK\$'000	2015 HK\$'000
Revenue		
Contracts income	411,405	558,150
Sales of properties	116,638	—
Provision of catering services	<u>4,151</u>	<u>—</u>
	<u>532,194</u>	<u>558,150</u>
Other income and gains, net		
Bank interest income	136	168
Commission income	—	1,034
Dividend income from equity investments at fair value through profit or loss	1,193	—
Fair value gains on investment properties, net	—	4,100
Gain on disposal of items of property, plant and equipment	1,610	2,770
Gain on disposal of investment properties	—	9,876
Gain on bargain purchase	7,046	—
Property management fee income	—	1,243
Rental income	403	2,454
Others	<u>2,760</u>	<u>1,110</u>
	<u>13,148</u>	<u>22,755</u>

8. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on bank and other loans	63,425	657
Interest on finance leases	1	85
Interest on loan from a related company	6,012	444
Interest on promissory notes	1,738	—
	<u>71,176</u>	<u>1,186</u>

9. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Re-presented)
Auditor's remuneration	1,130	750
Cost of properties sold	127,071	—
Cost of inventories sold	436	—
Depreciation	29,368	20,889
Direct operating expenses arising on rental-earning investment properties	20	99
Foreign exchange differences, net	10,340	—
Fair value losses on equity investments at fair value through profit or loss	55,028	2,474
Gain on bargain purchase	(7,046)	—
Impairment of available-for-sale investments	—	2,105
Loss/(gain) on disposal of subsidiaries	80	(1,082)
Loss on disposal of equity investments at fair value through profit or loss	48,076	—
Minimum lease payments under operating leases	2,667	966
Employee benefit expenses (excluding Directors' and chief executive remuneration):		
— Wages and salaries	127,206	125,934
— Pension scheme contributions	3,721	3,802
	<u>130,927</u>	<u>129,736</u>

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The People's Republic of China (the "PRC") Corporate Income Tax in respect of operations in the PRC has been calculated at the applicable tax rate based on existing legislation, interpretations and practices in respect thereof.

The PRC Land Appreciation Tax ("PRC LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including all property development expenditures and borrowing costs.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current – Hong Kong		
— Charge for the year	394	14,448
— Underprovision/(overprovision) in prior years	90	(345)
Current – PRC LAT	<u>3,704</u>	<u>—</u>
	4,188	14,103
Deferred	<u>(10,976)</u>	<u>2,031</u>
Total tax (credit)/charge for the year	<u>(6,788)</u>	<u>16,134</u>

11. DIVIDENDS

The Directors did not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted (loss)/earnings per share are based on:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss)/earnings:		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	<u>(193,393)</u>	<u>90,562</u>

Number of shares

2016 <i>'000</i>	2015 <i>'000</i>
	(Restated)

Shares

Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation as adjusted for share issued on pursuant to the placing, share subdivision and bonus issue of shares which was completed on 23 April 2015, 4 June 2015 and 2 September 2015, respectively (2015: as adjusted for share subdivision and bonus issue of shares which was completed on 4 June 2015 and 2 September 2015 respectively)

<u>24,651,000</u>	<u>20,750,000</u>
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The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2016 and 2015.

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 March 2016, the Group had additions of property, plant and equipment at a total cost of HK\$46,909,000 (2015: HK\$35,521,000).

14. TRADE AND RETENTION RECEIVABLES

Trade receivables mainly consist of receivables from the provision of catering services and contract receivables. The Group's trading terms with its customers in relation to the provision of catering services are mainly on 30-day credit period. Contract and retention receivables are past due when a counterparty has failed to make a payment when contractually due and their credit period granted to customers is generally for a period of one month or otherwise the payment terms of contract work are stipulated in the related contract. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. An aged analysis of the trade receivables as at the end of the reporting period is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Re-presented)
Trade receivables:		
Within 30 days	19,831	28,818
31–60 days	17,670	41,015
61–90 days	—	—
Over 90 days	1,240	593
	<hr/>	<hr/>
	38,741	70,426
Retention receivables	35,019	46,767
	<hr/>	<hr/>
	73,760	117,193

15. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	39,294	29,396
31–60 days	742	4,848
61–90 days	682	1,382
Over 90 days	3,106	—
	<hr/>	<hr/>
	43,824	35,626

The trade payables are non-interest-bearing and are normally settled on terms of one to three months.

16. PROMISSORY NOTES

On 29 September 2015 and 4 November 2015, the Company entered into a sale and purchase agreement and supplement agreement, respectively, with Landing International Development Limited (the “Vendor”), for the acquisition of 100% equity interest of Double Earn Holdings Limited and its subsidiaries. The consideration of HK\$1,000,000,000 payable by the Company through cash of HK\$755,000,000 and issuance of the promissory notes at the aggregate principal amount of HK\$245,000,000 to the Vendor. The unsecured promissory notes are interest-bearing at 15% per annum with interest payable on the maturity date on 23 November 2016. The fair value of the promissory notes at its initial recognition was measured using valuation techniques by which all significant inputs are directly or indirectly based on observable market data, which is categorised as level 2 valuation. Further details are set out in the Company's circular dated 6 November 2015.

17. EVENTS AFTER THE REPORTING PERIOD

On 24 March 2016, the Company proposed share consolidation on the basis of every twenty-five (25) issued and unissued shares of the Company of HK\$0.001 each into one (1) consolidated share of the Company of HK\$0.025 each (the “**Consolidated Share(s)**”) (the “**Share Consolidation**”) and the Company proposes to raise approximately HK\$904 million, before expenses, by way of the rights issue of 5,478,000,000 rights shares of the Company of HK\$0.025 each (the “**Rights Share(s)**”) to the qualifying shareholders of the Company at the subscription price of HK\$0.165 per Rights Share on the basis of eleven (11) Rights Shares for every two (2) Consolidated Shares held on the record date of 24 June 2016 (the “**Rights Issue**”). Moreover, in order to facilitate the Rights Issue, the Company proposed to increase its authorised share capital from HK\$200,000,000 divided into 8,000,000,000 Consolidated Shares to HK\$400,000,000 divided into 16,000,000,000 Consolidated Shares by creating an additional 8,000,000,000 unissued Consolidated Shares (the “**Increase in Authorised Share Capital**”). The relevant ordinary resolutions of the Share Consolidation, Increase in Authorised Share Capital and Rights Issue were passed at the extraordinary general meeting of the Company held on 14 June 2016, thus the Share Consolidation and the Increase in Authorised Share Capital have become effective on 15 June 2016. The Rights Issue is expected to be completed on 20 July 2016.

For further details of the Share Consolidation, Increase in Authorised Share Capital and Rights Issue, please refer to the announcements of the Company dated 24 March 2016, 20 April 2016, 9 May 2016, 16 May 2016, 23 May 2016, 26 May 2016, 14 June 2016 and 15 June 2016, the circular of the Company dated 27 May 2016 and the prospectus of the Company dated 27 June 2016.

18. COMPARATIVE AMOUNTS

Certain comparative amounts have been represented to conform to the presentation of current year.

BUSINESS REVIEW

Foundation Business

One of the principal businesses of the Group is foundation business which the Group engages as a foundation subcontractor. The Group undertakes foundation projects in both the public sector and the private sector in Hong Kong. During the year ended 31 March 2016, the Group has completed 16 projects, 22 projects were in progress which included 15 public projects and 7 private projects, and we were awarded 23 new contracts that worth approximately HK\$371.4 million.

As at 31 March 2016, the total contract sum in hand (including contracts in progress and contracts of which our work is yet to commence) amounted to approximately HK\$996.1 million and the outstanding contract sum was HK\$166.1 million. The Group's major public contracts on hand include Shatin Central Link Contract 1121 NSL Cross Harbour Tunnels, Public Rental Housing Development at Fung Shing Street and Tai Wai Station Property Development. Major private contracts on hand include Commercial Development at North Point Estate, Residential Development at Lohas Park Package 7 and Residential Development at Stubbs Road.

Property Development Business

On 29 September 2015 and 4 November 2015, the Company entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") and a supplemental agreement to the Sale and Purchase Agreement respectively with Landing International Development Limited (whose shares are listed on the Main Board of the Stock Exchange with stock code: 582) as the Vendor, and the Company as the purchaser, pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Double Earn Holdings Limited ("**Double Earn**") and all indebtedness, obligations and liabilities due, owing or incurred by Mass Spring (Hong Kong) Limited (a wholly-owned subsidiary of Double Earn) to the Vendor, at the consideration of HK\$1,000 million (the "**Consideration**") (the "**Very Substantial Acquisition**"). Double Earn, through its subsidiaries, is principally engaged in the development and operation of the property project, which is located on the western shores of 南湖 (Nanhu Lake*), Yueyang, Hunan province, the PRC (the "**Property Project**"). The Consideration was satisfied by the Company (i) as to HK\$755 million in cash paid to the Vendor; and (ii) as to HK\$245 million through issuance of promissory notes by the Company at the aggregate principal amount of HK\$245 million (the "**Promissory Notes**"), to the Vendor. The Very Substantial Acquisition constituted a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Pursuant to the ordinary resolution being duly passed on the extraordinary general meeting of the Company held on 23 November 2015, the Very Substantial Acquisition has been approved by the shareholders of the Company (the "**Shareholders**") and completion of it took place on 24 November 2015. The details of the Very Substantial Acquisition have been disclosed in the announcements of the Company dated 29 September 2015, 4 November 2015, 23 November 2015 and 24 November 2015 and the circular of the Company dated 6 November 2015.

The Property Project has (i) a planned site area of approximately 156,403 square meters; (ii) construction area of approximately 115,010 square meters; and (iii) two development phases and 113 residential units. Based on the latest development and sales plan, the 113 residential units were split into 226 smaller saleable units (the "**Saleable Units**"). Sales from 29 Saleable Units have been recognised as revenue during the year ended 31 March 2016.

* For identification purpose only

Investment Securities

As at 31 March 2016, the Group had equity investments at fair value through profit or loss of approximately HK\$237.2 million (31 March 2015: HK\$65.3 million) and available-for-sale investments of HK\$7.8 million (31 March 2015: HK\$4.4 million). All these investments represented equity securities listed in the Stock Exchange.

During the year ended 31 March 2016, the Group recorded a loss on disposal and an unrealised fair value losses of Hong Kong listed securities of approximately HK\$48.1 million and HK\$55.0 million respectively (2015: Nil and HK\$2.5 million respectively) in profit or loss for the equity investments at fair value through profit or loss. The Group also recorded the net gains on revaluation of Hong Kong listed securities of approximately HK\$3.5 million (2015: HK\$1.6 million) in other comprehensive income, representing the change in fair value on available-for-sale investments. Dividend income received from these listed securities during the year ended 31 March 2016 amounted to approximately HK\$1.2 million (2015: Nil).

Significant equity investments at fair value through profit or loss held during the year ended 31 March 2016 and as at 31 March 2016 are discussed as below:

Investment in China Healthcare Enterprise Group Limited

As at 31 March 2016, the Group was interested in 105,140,000 shares of China Healthcare Enterprise Group Limited (“**China Healthcare**”) (a company whose shares are listed on the Main Board of the Stock Exchange with stock code: 1143), representing approximately 2.1% of the issued share capital of China Healthcare as at 31 March 2016. Fair value of the investment in shares of China Healthcare amounted to approximately HK\$92.0 million as at 31 March 2016, representing approximately 38.8% of the Group’s equity investments at fair value through profit or loss as at 31 March 2016. China Healthcare is mainly engaged in electronic manufacturing services and distribution of communication products of branded RCA phone systems. Approximately HK\$6.7 million unrealised fair value loss was recognised in profit or loss in respect of the investment in China Healthcare during the year ended 31 March 2016.

Investment in WLS Holdings Limited

As at 31 March 2016, the Group was interested in 99,210,000 shares of WLS Holdings Limited (“**WLS**”) (a company whose shares are listed on the Growth Enterprise Market (“**GEM**”) of the Stock Exchange with stock code: 8021), representing approximately 0.8% of the issued share capital of WLS as at 31 March 2016. Fair value of the investment in shares of WLS amounted to approximately HK\$32.2 million as at 31 March 2016, representing approximately 13.6% of the Group’s equity investments at fair value through profit or loss as at 31 March 2016. WLS is mainly engaged in provision of scaffolding and fitting out services, gondolas, parapet railings, access equipment installation and maintenance services, management contracting services, real estate agency business and money lending business. Approximately HK\$0.6 million unrealised fair value loss was recognised in profit or loss in respect of the investment in WLS during the year ended 31 March 2016.

Investment in Imperial Pacific International Holdings Limited

As at 31 March 2016, the Group was interested in 298,000,000 shares of Imperial Pacific International Holdings Limited (“**Imperial Pacific**”) (a company whose shares are listed on the Main Board of the Stock Exchange with stock code: 1076), representing approximately 0.2% of the issued share capital of Imperial Pacific as at 31 March 2016. Fair value of the investment in shares of Imperial Pacific

amounted to approximately HK\$46.5 million as at 31 March 2016, representing approximately 19.6% of the Group's equity investments at fair value through profit or loss as at 31 March 2016. Imperial Pacific is mainly engaged in the (i) gaming and resort business, including the development and operation of integrated resort on the Island of Saipan; and (ii) processing and trading of food products which mainly include frozen and functional food products. Approximately HK\$3.1 million unrealised fair value gain was recognised in profit or loss in respect of the investment in Imperial Pacific during the year ended 31 March 2016.

Investment in China Wah Yan Healthcare Limited

As at 31 March 2016, the Group was interested in 100,000,000 shares of China Wah Yan Healthcare Limited ("**China Wah Yan**") (a company whose shares are listed on the Main Board of the Stock Exchange with stock code: 648), representing approximately 3.8% of the issued share capital of China Wah Yan as at 31 March 2016. Fair value of the investment in shares of China Wah Yan amounted to approximately HK\$9.7 million as at 31 March 2016, representing approximately 4.1% of the Group's equity investments at fair value through profit or loss as at 31 March 2016. China Wah Yan is mainly engaged in operation of sports and healthcare clubhouses, optical products and eye-care services retail shops, medical centres specialising in diagnosis and treatment of tumours; investment in financial, fixed, distressed assets and loan financing. Approximately HK\$11.4 million unrealised fair value loss was recognised in profit or loss in respect of the investment in China Wah Yan during the year ended 31 March 2016.

Investment in Sincere Watch (Hong Kong) Limited

As at 31 March 2016, the Group was interested in 14,020,000 shares of Sincere Watch (Hong Kong) Limited ("**Sincere Watch**") (a company whose shares are listed on the Main Board of the Stock Exchange with stock code: 444), representing approximately 0.3% of the issued share capital of Sincere Watch as at 31 March 2016. Fair value of the investment in shares of Sincere Watch amounted to approximately HK\$7.0 million as at 31 March 2016, representing approximately 3.0% of the Group's equity investments at fair value through profit or loss as at 31 March 2016. Sincere Watch is mainly engaged in distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan and the PRC and dining business. Approximately HK\$15.4 million unrealised fair value loss was recognised in profit or loss in respect of the investment in Sincere Watch during the year ended 31 March 2016. During the year, the Group disposed 880,000 shares of Sincere Watch with approximately HK\$0.6 million of realised fair value loss recognised in profit or loss upon disposal.

Investment in Global Mastermind Capital Limited

As at 31 March 2016, the Group was interested in 15,000,000 shares of Global Mastermind Capital Limited ("**Global Mastermind**") (a company whose shares are listed on the Main Board of the Stock Exchange with stock code: 905), representing approximately 3.6% of the issued share capital of Global Mastermind as at 31 March 2016. Fair value of the investment in shares of Global Mastermind amounted to approximately HK\$7.2 million as at 31 March 2016, representing approximately 3.0% of the Group's equity investments at fair value through profit or loss as at 31 March 2016. Global Mastermind principally invests in listed and unlisted companies in Hong Kong, the United States, Canada and other parts of the PRC. Approximately HK\$14.4 million unrealised fair value loss was recognised in profit or loss in respect of the investment in Global Mastermind during the year ended 31 March 2016.

Investment in Finsoft Financial Investment Holdings Limited

During the year ended 31 March 2016, the Group acquired and disposed 50,000,000 shares of Finsoft Financial Investment Holdings Limited (“**Finsoft**”) (a company whose shares are listed on the GEM of the Stock Exchange with stock code: 8018) with approximately HK\$16.9 million realised fair value loss recognised in profit or loss upon disposal. Finsoft is mainly engaged in provision of financial trading software solutions, other internet financial platforms, referral services, money lending business, securities investments, corporate finance advisory services, property management and property agency services.

Investment in Huarong International Financial Holdings Limited

During the year ended 31 March 2016, the Group acquired and disposed 11,000,000 shares of Huarong International Financial Holdings Limited (“**Huarong International**”) (a company whose shares are listed on the Main Board of the Stock Exchange with stock code: 993) with approximately HK\$27.9 million realised fair value loss recognised in profit or loss upon disposal. Huarong International is mainly engaged in broking and dealing of securities, futures and options contracts and provision of margin financing services; provides securities underwriting and sponsoring and financial advisory services to institutional clients, asset management services and direct investments.

Provision of Catering Services

In January 2016, the Company has completed an acquisition of a restaurant in Hong Kong and tapped into the prospective provision of catering services business. The restaurant mainly provides high-quality food, beverage, entertaining and catering services to high-valued clients. Since the completion of acquisition in January 2016, the provision of catering services business contributed a revenue of approximately HK\$4.2 million and a profit of approximately HK\$1.1 million to the Group for the year ended 31 March 2016. This business segment, although new and small in size, has demonstrated a strong financial performance.

FINANCIAL REVIEW

Revenue

The Group’s revenue for the year ended 31 March 2016 was approximately HK\$532.2 million, representing a decrease of approximately HK\$26.0 million or 4.7%, compared to the revenue of approximately HK\$558.2 million for last year. The decrease was primarily due to the fewer public projects of the foundation business following the serious delay in approving new infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong (the “**Legco Finance Committee**”). The revenue from the foundation business dropped from approximately HK\$558.2 million for the year ended 31 March 2015 to approximately HK\$411.4 million for the year ended 31 March 2016, representing a decrease of approximately HK\$146.8 million or 26.3%. The drop in revenue was partially offset by the revenue from the new property development business, which contributed approximately HK\$116.6 million to the total revenue of the Group for the year ended 31 March 2016.

Gross Profit and Gross Profit Margin

Gross profit for the year ended 31 March 2016 was approximately HK\$51.8 million, decreased significantly by approximately HK\$98.0 million or 65.4% from approximately HK\$149.8 million for last year. In addition, the gross profit margin decreased from 26.8% for the year ended 31 March

2015 to 9.7% for the year ended 31 March 2016. It was mainly due to the gross loss resulted from the new property development business as well as the decrease in gross profit margin from the foundation business for the year ended 31 March 2016.

The sales of properties under the new property development business was in the kick-off stage during the current period, in order to get the market's and target customers' attention, large discount on selling price were provided to the first batch of customers, leading to a gross loss for this business for the year ended 31 March 2016.

For the foundation business, in view of the slowdown of infrastructure projects funding approval by the government, many public projects have been postponed, the Group had to reduce the rate of the foundation projects in order to maintain the market share, which resulted in an adverse effect on the gross profit margin. Moreover, depreciation costs in the cost of sales increased due to the increase in purchase of plant and machinery to equip the Group with more advanced machineries, so as to improve the operating efficiency.

Selling and Distribution Expenses

Selling and distribution expenses of approximately HK\$2.3 million for the year ended 31 March 2016 solely came from the new property development business, which mainly represented advertising costs and costs for sales and marketing staff.

Administrative Expenses and Other Expenses

The Group's administrative expenses increased to approximately HK\$88.5 million for the year ended 31 March 2016 from approximately HK\$61.2 million for last year, which represented an increase of approximately HK\$27.3 million or 44.6%. Such increase was mainly due to the increase in the professional fees for acquisitions, staff costs, rent and rates as well as transportation expenses.

The other expenses for the year ended 31 March 2016 amounted to approximately HK\$103.2 million, representing an increase of approximately HK\$99.7 million as compared to the amount of approximately HK\$3.5 million for last year. The other expenses for the year ended 31 March 2016 mainly consisted of the loss on disposal of approximately HK\$48.1 million and unrealised loss of approximately HK\$55.0 million for the investment in Hong Kong listed securities.

Finance Costs

Finance costs of the Group increased significantly from approximately HK\$1.2 million in last year to approximately HK\$71.2 million for the year ended 31 March 2016, representing an increase of approximately HK\$70.0 million. Such increase was mainly due to the interest expenses on the other borrowings and the Promissory Notes for paying the Consideration of the Very Substantial Acquisition.

Net Loss

The Group's net loss for the year ended 31 March 2016 was approximately HK\$193.4 million as compared to the net profit of approximately HK\$90.6 million in 2015. The net loss was mainly due to the drop in revenue and gross margin associated with the loss on disposal and unrealised loss of the investment in Hong Kong listed securities as mentioned above.

Use of Net Proceeds from the Share Offer

The net proceeds from the share offer of the Company in connection with the listing of the Company on 16 October 2013 was approximately HK\$99.9 million. The Group has used the net proceeds as follows:

	Estimated Net Proceeds as stated in the Prospectus <i>(approximately HK\$' million)</i>	Actual net Proceeds <i>(approximately HK\$' million)</i>	Used amount <i>(approximately HK\$' million)</i> (as at 31 March 2016)	Unused amount <i>(approximately HK\$' million)</i> (as at 31 March 2016)
Acquisition of machineries and equipments	51.9	64.9	64.9	—
Hiring additional staff	12.0	15.0	8.9	6.1
Partial bank loan repayment	8.0	10.0	10.0	—
General working capital	8.0	10.0	10.0	—
Total	79.9	99.9	93.8	6.1

BUSINESS PROSPECTS

Foundation Business

The foundation industry in Hong Kong has been adversely affected by the political environment and experienced a downfall during the year. There was a serious delay in approving new infrastructure projects by the Legislative Council of Hong Kong and Legco Finance Committee 2015–16 sessions. Although 72 projects totalling HK\$67.5 billion has been scheduled to submit for budget approval, only projects totalling of HK\$7.6 billion were approved up to May 2016. It would be highly unlikely that anything close to the scheduled HK\$67.5 billion could be approved before its July summer recess. The construction boom in last few years also allowed more subcontractors to be listed to enlarge their business size. Together with the impact of fewer public projects, there is increased competition in the private sector and the Group need to adjust its pricing strategy to have more discounts in the tenders, which further affect the profit margin.

Under such market situation, the business prospects of foundation business will be uncertain and the Group foresees that the decreasing trend will be recurring and continuing.

Proposed Disposal of 49% of the Issued Share Capital of Pearl Swirls Limited

In order to free up the capital invested in the declining foundation industry, on 5 February 2016, the Company entered into a sale and purchase agreement (as amended and supplemented by four supplemental deeds dated 30 March 2016, 7 April 2016, 28 April 2016 and 26 May 2016) with Excellent Speed Limited as the purchaser (the “**Purchaser**”), pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 49% of the issued share capital of Pearl Swirls Limited, a direct wholly-owned subsidiary of the Company, at the consideration of HK\$73,883,694.94 (the “**Proposed Disposal of Pearl Swirls Limited**”). Ngai Shun Construction and Drilling Limited is a direct wholly-owned subsidiary of Pearl Swirls Limited and is the sole operating arm of the Group’s foundation business. The consideration of HK\$73,883,694.94

will be offset by the loan owed to the Purchaser by the Company, which amounted to approximately HK\$126.5 million as at 31 March 2016 and in any event that such consideration exceeds the amount of the loan, the exceeding sum will be paid by the Purchaser to the Company in cash.

As more than one of the applicable percentage ratios in respect of the Proposed Disposal of Pearl Swirls Limited as calculated under Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Proposed Disposal of Pearl Swirls Limited constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and Shareholders' approval requirements. Both Dr. Wong Sai Chung ("**Dr. Wong**") and Mr. Lam Wing Sum ("**Mr. WS Lam**") were Directors in the last 12 months preceding the date of the relevant sale and purchase agreement hence are connected persons of the Company pursuant to the Listing Rules. As the Purchaser is owned as to 50% by Dr. Wong and the remaining 50% by Mr. WS Lam, the Purchaser therefore is an associate of Dr. Wong and Mr. WS Lam and is a connected person of the Company under the Listing Rules. Accordingly, the Proposed Disposal of Pearl Swirls Limited also constituted a connected transaction for the Company and is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The relevant ordinary resolution of the Proposed Disposal of Pearl Swirls Limited was not passed by the independent Shareholders at the extraordinary general meeting of the Company on 15 June 2016. Thus, the relevant sale and purchase agreement and supplemental deeds lapsed according to the terms therein. For further details of the Proposed Disposal of Pearl Swirls Limited, please refer to the announcements of the Company dated 5 February 2016, 30 March 2016, 7 April 2016, 28 April 2016, 26 May 2016 and 15 June 2016, and the circular of the Company dated 30 May 2016.

Despite that the Proposed Disposal of Pearl Swirls Limited was not approved by the independent Shareholders, the Group is still looking for ways to free up the capital invested in the declining foundation industry, including but not limited to proposing a new disposal plan with better sale terms with potential purchasers in the near future.

Property Development Business

Economy of the PRC has been expanding at a high but stable rate. Domestic consumption has recently contributed more and more to growth of the gross domestic production. Looking into the future, the PRC government is committed to (i) pivoting from investment-led growth in industry and infrastructure toward services and consumption; and (ii) focusing on inciting domestic demand and rebalancing of the economy. As a more supportive government and a more stabilised environment are conducive to the success of a property project, the Company is of the view that the property development business can seize these opportunities in a blooming property industry in the PRC. Moreover, the rise of the middle-class in the PRC during the past two decades is phenomenal, and this trend is expected to continue for decades. This is due partly to the prodigious pace of urbanization. Millions of people in the PRC are moving up along the economic ladder, and as they progress, their tastes and requirements will mature. Most city dwellers, especially those who are living in third-tier cities such as Yueyang, will sooner or later become customers of high-end properties provided by the Property Project. With the customer base expanding, the Company is therefore positive of the futures of the property investment business.

Investment Securities

Since investment securities became one of its principal business activities during the current year, the Group has been continuously evaluating the performance of its existing investment portfolio and looking for other investment opportunities. The Group will be cautious in making investment decisions based on the then market situation to obtain a balance between risk and return. Such investment decisions may include diversifying the Group's investment portfolio, investing in new listed securities or disposing its existing listed securities.

Provision of Catering Services

The provision of catering services business, especially those providing high-standard cuisine and targeting at high-value clients, is a promising opportunity in Hong Kong. As people's tastes and requirements on restaurant continuously upgrades, the management is of the view that demand for high-quality restaurant will be even higher in the future. Coupled with the satisfactory profitability of the Group's provision of catering services business, the management is optimistic on its future performance.

DEBTS AND CHARGE ON ASSETS

As at 31 March 2016, the interest-bearing borrowings of the Group consisted of a loan from a related company of HK\$120 million (31 March 2015: HK\$120 million), bank loans of approximately HK\$38.7 million (31 March 2015: HK\$12.3 million), other borrowings of approximately HK\$834.7 million (31 March 2015: Nil) and the Promissory Notes of approximately HK\$241.5 million (31 March 2015: Nil). There was no finance lease as at 31 March 2016 (31 March 2015: HK\$0.3 million). As at 31 March 2016, interest payables of approximately HK\$22.1 million for the loan from a related company, other borrowings and the Promissory Notes were included in other payables (31 March 2015: HK\$0.4 million).

As at 31 March 2016, the Group charged its equity interest of subsidiaries with net asset value of approximately HK\$984.0 million (31 March 2015: Nil) to secure the Group's borrowing facility and did not pledge any of its plant and machinery for finance leases facilities (31 March 2015: finance leases facilities were secured by the Group's plant and machinery with an aggregated net book value of approximately HK\$2.8 million).

Save as the disclosed above, the Group did not pledge any assets to bank or other financial institutions nor did the Group have any corporate guarantee given to any entity.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the Group had net current assets of approximately HK\$727.2 million (31 March 2015: HK\$227.7 million) and cash and bank deposits (excluding restricted cash) of approximately HK\$108.9 million (31 March 2015: HK\$254.8 million).

As at 31 March 2016, the gearing ratio of the Group (defined as total interest-bearing liabilities divided by the Group's total equity) was approximately 653.2% (31 March 2015: 41.2%).

CAPITAL STRUCTURE

As at 31 March 2016, the total number of issued ordinary shares of the Company was 24,900,000,000 with par value of HK\$0.001 each (31 March 2015: 415,000,000 shares with par value of HK\$0.01 each). Changes in capital structure of the Company during the year end 31 March 2016 were as follows:

Placing of Shares Under General Mandate

The Company conditionally agreed to place 83,000,000 new shares with par value of HK\$0.01 each to not less than six places at a price of HK\$0.73 per share pursuant to the terms and conditions of the placing agreement entered into between the Company and Kingston Securities Limited on 13 April 2015. All the conditions of the placing were fulfilled and completion of the placing took place on 23 April 2015. The net proceeds from the placing, after deducting the placing commission and other expenses in connection with such placing, was approximately HK\$59.0 million which was intended to be used for general working capital and/or future investment of the Group. The Company's issued shares capital thus increased to HK\$4,980,000 with 498,000,000 shares with par value of HK\$0.01 each. Details of which were set out in the announcements of the Company dated 13 April 2015 and 23 April 2015.

Share Subdivision

On 11 May 2015, the Company proposed that each of the issued and unissued shares of the Company of HK\$0.01 each in the share capital of the Company be subdivided into ten (10) subdivided shares of HK\$0.001 each (the “**Share Subdivision**”). The relevant ordinary resolution was passed at the extraordinary general meeting of the Company held on 3 June 2015 and the Share Subdivision has become effective on 4 June 2015. As a result, the number of the Company's authorised and issued shares changed to 10,000,000,000 and 4,980,000,000 respectively with par value of HK\$0.001 each. For further details of the Share Subdivision, please refer to the announcements of the Company dated 11 May 2015 and 3 June 2015, and the circular of the Company dated 15 May 2015.

Bonus Issue, Increase in Authorised Share Capital

On 26 July 2015, the Company proposed allotment and issue of bonus shares on the basis of four (4) bonus shares (the “**Bonus Shares**”) for every one (1) existing share (the “**Bonus Issue**”), with creation of 19,920,000,000 Bonus Shares of HK\$0.001 each. And in order to facilitate the Bonus Issue and allow any possible further issues of shares, the Company proposed to increase the authorised share capital of the Company from HK\$10,000,000 divided into 10,000,000,000 shares of HK\$0.001 each to HK\$200,000,000 divided into 200,000,000,000 shares of HK\$0.001 each (the “**Increase in Authorised Share Capital**”).

After passing of the ordinary resolutions by the Shareholders to approve the Bonus Issue and the Increase in Authorised Share Capital at an extraordinary general meeting of the Company held on 19 August 2015, the 19,920,000,000 Bonus Shares have been despatched on 2 September 2015.

For the further details of the Bonus Issue and the Increase in Authorised Share Capital, please refer to the announcements of the Company dated 26 July 2015, 29 July 2015 and 19 August 2015, and the circular of the Company dated 31 July 2015.

FOREIGN EXCHANGE RISK

Our Group mainly operates in Hong Kong and the PRC and most of the operating transactions, revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars and Renminbi. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if it arises. Therefore, the Group has not engaged in any derivative to hedge its exposure to foreign exchange risk.

CAPITAL COMMITMENTS

As at 31 March 2016, the Group had capital commitment of approximately HK\$200.9 million (31 March 2015: HK\$2.7 million) in respect of the construction contracts for property development business.

CONTINGENT LIABILITIES

As at 31 March 2016, there were five outstanding cases (31 March 2015: two) for compensation and personal injuries claims, against the Group by the employees of the subcontractors and the employees of the Group in respect of the foundation business. The claims were related to the employees of the subcontractors and the employees of the Group who alleged to have suffered from bodily injuries during their course of work and 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 assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the consolidated financial statements.

Save as disclosed above, the Group had no significant contingent liabilities as at 31 March 2016 and 31 March 2015.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

On 10 July 2015, Laurel Stars Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Fair Jade Group Limited, an independent third party, to dispose of the entire issued share capital of Achieved Success Company Limited and all obligations, liabilities and debts owed by Achieved Success Group at a consideration of HK\$42 million (the “**Disposal**”). The principal assets of Achieved Success Group are the rental properties located in Nathan Road, Kowloon, Hong Kong with latest valuation at HK\$41.4 million. The Group recorded approximately HK\$80,000 loss on disposal of Achieved Success Group, being the difference between the consideration of HK\$42 million and the book value of Achieved Success Group, net of commission and other related expenses as at completion date of 10 July 2015. The Disposal constituted a discloseable transaction of the Company under the Listing Rules, and was therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. For further details of this transaction, please refer to the announcement of the Company dated 10 July 2015.

Save as disclosed above and the Very Substantial Acquisition, the Group had no other material acquisition and/or disposal of subsidiaries and properties during the year ended 31 March 2016.

The performance and prospect of the significant investments of the Group for the year ended 31 March 2016 were discussed under the sections of “Investment Securities” above.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG AND COMPANY WEBSITE

The Company's principal place of business in Hong Kong has been changed to Unit 2102, 21/F, West Tower Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong with effect from 8 September 2015.

The Company's website has been changed to <http://www.1246.com.hk> with effect from 15 October 2015.

EMPLOYEE AND REMUNERATION POLICIES

The Group had approximately 240 employees as at 31 March 2016 (31 March 2015: 252 employees). The total remuneration of employees for the year ended 31 March 2016 amounted to approximately HK\$130.9 million (2015: HK\$129.7 million).

Employee remuneration packages are maintained at competitive levels and employees are rewarded through the Group's salary and bonus system. The Group provides adequate job training to employees to equip them with practical knowledge and skills.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term and continuing success of the Group. Throughout the year ended 31 March 2016, the Company had complied with the applicable code provisions (the "**Code Provisions**") of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules except for the deviations as explained below:

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 15 July 2015, Dr. Wong resigned as the Chairman and Mr. WS Lam resigned as the Chief Executive Officer. Mr. Mock Wai Yin ("**Mr. Mock**") was then appointed to act as the Chairman and the Company does not have any offices with title of "Chief Executive Officer". Mr. Mock together with the other executive Director are responsible for the overall business strategy and development and management of the Group. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Company. However, the Board will also review regularly the board composition and appoint a Chief Executive Officer if a suitable person is identified.

Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. Due to personal commitments, Mr. Chui Kwong Kau, the non-executive Director was unable to attend the extraordinary general meeting of the Company held on 19 August

2015 and 25 November 2015; Mr. Lam Chi Wai and Ms. Lau Mei Ying, the independent non-executive Directors were unable to attend the extraordinary general meetings of the Company held on 19 August 2015, 29 September 2015 and 25 November 2015, and the annual general meeting of the Company held on 27 September 2015; Ms. Thadani Jyoti Ramesh, the independent non-executive Director was unable to attend the extraordinary general meetings of the Company held on 19 August 2015, 29 September 2015 and 25 November 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed their compliance with the Model Code and its code of conduct throughout the year ended 31 March 2016.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Having made specific enquiry of all Directors, all Directors have confirmed that neither themselves nor their respective associates (as defined in the Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the year ended 31 March 2016.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company which comprises three independent non-executive Directors, namely Mr. Lam Chi Wai (committee chairman), Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh, has reviewed and discussed with the management of the Company regarding the Company's financial statements for the year ended 31 March 2016, the auditing, the accounting principles and practices adopted by the Group, as well as internal control and financial reporting matters.

PUBLICATION OF FURTHER INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement of final results is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.1246.com.hk>). The annual report for the year ended 31 March 2016 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to Shareholders in due course.

By order of the Board
Ngai Shun Holdings Limited
Mock Wai Yin
Executive Director and Chairman

Hong Kong, 30 June 2016

As at the date of this announcement, the Company has (i) two executive Directors, namely Mr. Mock Wai Yin and Mr. Wang Xin; (ii) one non-executive Director, namely Mr. Chui Kwong Kau and (iii) three independent non-executive Directors, namely Mr. Lam Chi Wai, Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.