Ngai Shun Holdings Limited
毅信控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1246

ANNUAL REPORT 2016

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Mock Wai Yin *(Chairman)*
(appointed on 15 July 2015)
Mr. Wang Xin (appointed on 17 March 2016)
Mr. Chu Bai Qing
(appointed on 23 June 2015 and resigned on 4 February 2016)
Mr. Zou Wei Dong
(appointed on 23 June 2015 and resigned on 4 February 2016)
Dr. Wong Sai Chung, Albert (resigned on 15 July 2015)
Mr. Lam Wing Sum (resigned on 15 July 2015)
Mr. Lam Wing Tai (resigned on 15 July 2015)
Mr. Tao Chi Keung (resigned on 7 July 2015)

Non-executive Director

Mr. Chui Kwong Kau

Independent Non-executive Directors

Mr. Lam Chi Wai (appointed on 15 July 2015)
Ms. Lau Mei Ying (appointed on 15 July 2015)
Ms. Thadani Jyoti Ramesh (appointed on 15 July 2015)
Mr. Tam Tak Kei, Raymond (resigned on 15 July 2015)
Mr. Chiu Sai Chuen Nicholas (resigned on 15 July 2015)
Mr. Foo Tin Chung, Victor (resigned on 15 July 2015)
Mr. Pai Hao (resigned on 7 July 2015)

COMPANY SECRETARY

Mr. Yeung Siu Keung (appointed on 8 May 2015)
Ms. Yim Sau Ping (resigned on 8 May 2015)

AUTHORISED REPRESENTATIVES

Mr. Mock Wai Yin
Mr. Yeung Siu Keung

AUDIT COMMITTEE

Mr. Lam Chi Wai *(Chairman)*
Ms. Lau Mei Ying
Ms. Thadani Jyoti Ramesh

REMUNERATION COMMITTEE

Mr. Lam Chi Wai *(Chairman)*
Ms. Lau Mei Ying
Ms. Thadani Jyoti Ramesh

NOMINATION COMMITTEE

Mr. Lam Chi Wai *(Chairman)*
Ms. Lau Mei Ying
Ms. Thadani Jyoti Ramesh

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2102, 21/F.
West Tower Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan
Hong Kong

AUDITOR

Zenith CPA Limited
10/F., China Hong Kong Tower
8–12 Hennessy Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

CORPORATE INFORMATION

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
OCBC Wing Hang Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
Nanyang Commercial Bank, Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

01246

WEBSITE

www.1246.com.hk

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "**Director(s)**") (the "**Board**") of Ngai Shun Holdings Limited (the "**Company**"), I am pleased to report to our valued shareholders and investors the results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the financial year ended 31 March 2016.

For the year ended 31 March 2016, the Group recorded a total revenue of approximately HK$532.2 million, representing a decrease of 4.7% as compared to approximately HK$558.2 million for the year ended 31 March 2015. The Group recorded a net loss of approximately HK$193.4 million for the year ended 31 March 2016, as compared to the net profit of approximately HK$90.6 million for the year ended 31 March 2015. Basic and diluted loss per share for the year ended 31 March 2016 were HK0.78 cents (2015: basic and diluted earnings per share of HK0.44 cents (restated)).

Profit generated from the foundation business, one of the Group's principal businesses, started to shrink as the major infrastructures in Hong Kong had completed their foundations and proceeded to building superstructure stage while new infrastructure projects had been postponed due to the slow approval progress of 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 property development business is a new business segment to the Group which was newly acquired during the year ended 31 March 2016 and started to generate revenue for the Group. On the other hand, losses were recognised from the investment securities business due to the volatile stock market in Hong Kong.

The coming years will be challenging with the cooling down economy in Hong Kong and China as well as the unpredictable stock market in Hong Kong. The Group will strive to improve its operating results in the future by minimising costs and generating diversified income and additional cashflow for the Group's continuous development.

APPRECIATION

On behalf of the Board, I would like to express my most sincere gratitude and thanks to our people for all their whole-hearted effort and sacrifices for their family, to our loyal customers, partners, valued shareholders and investors for their enthusiastic support, to the Board for its brilliant leadership, diligence and care, dedication and significant contributions and to the community for their help.

By Order of the Board
Ngai Shun Holdings Limited

Mock Wai Yin
Chairman
30 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS

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 as purchaser 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 of Hong Kong Limited (the "**Stock Exchange**") with stock code: 582) as the vendor (the "**Vendor**") 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 People's Republic of China ("**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 Rules Governing the Listing of Securities on the Stock Exchange (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 was approved by the shareholders of the Company

[#] The English name of the Chinese entitle is translation of its Chinese name and is included herein for identification purpose only.

MANAGEMENT DISCUSSION AND ANALYSIS

(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, the circular of the Company dated 6 November 2015 and note 35 to the financial statements.

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.

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 on the Stock Exchange.

During the year ended 31 March 2016, the Group recorded a loss on disposal and an unrealised fair value losses 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 the 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 as below:

	Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Unrealised gain/(losses) on fair value change for the year	Cost of acquisition	Fair value as at 31 March 2016	% of net asset of the Group as at 31 March 2016	Fair value as at 31 March 2015	Reasons for unrealised gain/(losses) on fair value change for the year
						HK$'000	HK$'000	HK$'000		HK$'000	
1	China Healthcare Enterprise Group Limited	1143	Electronic manufacturing services and distribution of communication products of branded RCA phone systems	105,140,000	2.1%	(6,730)	98,728	91,998	48.7%	–	Downward movements of share prices
2	WLS Holdings Limited	8021	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	99,210,000	0.8%	(554)	31,543	32,243	17.1%	11,716	Downward movements of share prices
3	Imperial Pacific International Holdings Limited	1076	Gaming and resort business, including the development and operation of integrated resort on the Island of Saipan; and processing and trading of food products which mainly include frozen and functional food products	298,000,000	0.2%	3,097	43,391	46,488	24.6%	–	Upward movements of share prices
4	China Wah Yan Healthcare Limited	648	Operation of sports and healthcare clubhouses, optical products and eyecare services retail shops, medical centres specialising in diagnosis and treatment of tumours; investment in financial, fixed, distressed assets and loan financing	100,000,000	3.8%	(11,375)	21,075	9,700	5.1%	–	Downward movements of share prices
5	Sincere Watch (Hong Kong) Limited	444	Distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan and the PRC and dining business	14,020,000	0.3%	(15,351)	22,361	7,010	3.7%	–	Downward movements of share prices
6	Global Mastermind Capital Limited	905	Invests in listed and unlisted companies in Hong Kong, the United States, Canada and other parts of the PRC	15,000,000	3.6%	(14,400)	21,534	7,200	3.8%	9,600	Downward movements of share prices
7	Other shares	N/A	N/A	N/A	N/A	(9,715)	54,453	42,525	22.5%	44,004	Downward movements of share prices
						(55,028)	293,085	237,164		65,320	

	Company name	Stock code	Principal activities	Number of shares acquired and disposed	Realised gain/ (losses) on fair value change for the year HK$'000	Dividend received during the year HK$'000	Reasons for realised gain/ (losses) on fair value change for the year
1	Finsoft Financial Investment Holdings Limited	8018	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	50,000,000	(16,935)	–	To stop loss
2	Huarong International Financial Holdings Limited	993	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	11,000,000	(27,873)	–	To stop loss
3	Other shares	N/A	N/A	N/A	(3,268)	1,192	To stop loss or realise gain
					(48,076)	1,192	

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 customers. 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$0.8 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 together with the loss on disposal and unrealised losses 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 (approximately HK$' million)	**Actual net proceeds** (approximately HK$' million)	**Used amount** (approximately HK$' million) (as at 31 March 2016)	**Unused amount** (approximately HK$' million) (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 the 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 needs 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 and Excellent Speed Limited as the purchaser (the "**Purchaser**") 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), 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 urbanisation. 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 development 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 customers, 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The financial risks facing the Group include interest rate risk, equity price risk, credit risk and liquidity risk. Details of the financial risks and capital risk management are set in note 43 "Financial Risk Management Objectives and Policies" to the financial statements.

For the foundation business, there is a risk of delay in approving new infrastructure projects by the Legislative Council of Hong Kong and the Lego Finance Committee under the current political environment, which may result in fewer public projects in the future as well as increased competition in the foundation industry. Besides, the Company needs to estimate the construction time and costs in order to determine the construction fee, which may be adversely affected by many factors, including but not limited to the shortage and cost escalation of materials and labour, difficult geological condition, adverse weather conditions, additional variations to the construction plans requested by the customers or technical construction needs, disputes with sub-subcontractors, accidents, changes in the Hong Kong government's priorities and unforeseen problems and circumstances. There is no assurance that the actual construction time and costs would not exceed the estimation during the actual implementation of the projects. Any factors above may also affect the profit margin and operation results of the Group.

On the other hand, the property development business is subject to economic, political and legal developments in the PRC. In the recent years, the economic trend and government policies including but not limited to policy changes in mortgage levels and ownership, interest rate changes, property-purchasing limitations as well as supply and demand conditions in the PRC have been affecting the properties market. The Group would actively assess the overall economic, political and legal developments in the PRC before adopting or changing business strategies in the property development business.

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$12.1 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 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 ended 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 placees 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Bonus Issue and 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**"), by creating 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$2.8 million) in respect of the construction contracts for property development business.

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 Company Limited and its subsidiary (the "**Achieved Success Group**") for 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 a loss on disposal of Achieved Success Group of approximately HK$80,000, 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 the 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 and note 36 to the financial statements.

Save as the above and the acquisitions as disclosed in note 35 to the financial statements, 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.

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.

EVENTS AFTER THE REPORTING PERIOD

Share Consolidation, Increase in Authorised Share Capital in 2016 and Rights Issue

On 24 March 2016, the Company proposed a 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 proposed 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 in 2016**"). The relevant ordinary resolutions approving the Share Consolidation, Increase in Authorised Share Capital in 2016 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 in 2016 have become effective on 15 June 2016 and the total issued share capital of the Company was 996,000,000 shares of HK$0.025 each as at the date of this report. The Rights Issue is expected to be completed on 20 July 2016 and the total issued share capital of the Company will be increased to 6,474,000,000 shares of HK$0.025 each.

For further details of the Share Consolidation, Increase in Authorised Share Capital in 2016 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.

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).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Mock Wai Yin, an executive Director and the Chairman of the Board, aged 44, joined the Group on 15 July 2015. Mr. Mock holds a Master of Philosophy in Biochemistry from The Chinese University of Hong Kong and a Master of Science in Hazard Analysis and Critical Control Point from University of Salford. He also holds a Postgraduate Diploma in Professional Accounting. Mr. Mock has 15 years of experience in research analysis and over 3 years of world-wide experience in natural resources, project investment and property development as well as project valuation and budget management. He has been an executive director of Focus Media Network Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8112) since 27 November 2015. He was also an executive director of China Minsheng Drawin Technology Group Limited (formerly known as South East Group Limited) (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 726) from 20 December 2013 to 1 February 2015.

Mr. Wang Xin, an executive Director, aged 40, joined the Group on 17 March 2016. Mr. Wang graduated from Xi'an Jiaotong University and majored in tourism management in the PRC in July 1997. He also holds a Postgraduate Diploma in Professional Accounting. Mr. Wang has over 20 years' experience in hotel, real estate and tourism. He is currently an executive director of Sino Haijing Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 1106), has been the executive director of Guanghe Landscape Culture Communication Co., Ltd, ShanXi (a company whose shares are listed on The Shanghai Stock Exchange with stock code: 600234) ("**Landscape Culture**") since September 2014 and the executive director of Guangxi Landscape Shengjing Investment Limited# (廣西山水盛景投資有限公司), a subsidiary of Landscape Culture, since June 2014. Mr. Wang was the chairman of the board, chairman of strategy and planning committee, a member of remuneration committee and nomination committee of Landscape Culture from September 2014 to July 2015. Moreover, Mr. Wang was the vice general manager of Guangxi Yinxiang Liu Sanjie Tourism Culture Industrial Investment LLC# (廣西印象劉三姐旅遊文化產業投資有限責任公司) from December 2012 to September 2014 and Guangxi Hengsheng Group Limited# (廣西恒升集團有限公司) from May 2008 to December 2012.

NON-EXECUTIVE DIRECTOR

Mr. Chui Kwong Kau, a non-executive Director, aged 49, joined the Group on 6 March 2015. He has over 15 years' experiences in accounting and auditing fields. Mr. Chui is currently an executive director of Hong Kong Life Sciences and Technologies Group Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8085) since 30 November 2009. Mr. Chui is also a non-executive director of Hsin Chong Group Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 404) since 23 May 2015 and a non-executive director of DeTai New Energy Group Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 559) since 1 December 2015. He had been an independent non-executive director of Aurum Pacific (China) Group Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8148) from 17 March 2010 to 16 March 2016 and an executive director of China Energy Development Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 228) from 5 October 2010 to 30 June 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Chi Wai, an independent non-executive Director, the chairman of the Audit Committee, Nomination Committee and Remuneration Committee, aged 38, joined the Group on 15 July 2015. Mr. Lam holds a Master of Science in Accountancy from The Hong Kong Polytechnic University. He had years of experience in the field of business accounting, auditing and corporate secretarial services. He is a member of Association of Chartered Certified Accountants. Mr. Lam has been an independent non-executive director of Jin Bao Bao Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 1239) since 5 March 2015.

The English names of the Chinese entitles are translation of their Chinese names and are included herein for identification purpose only.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Lau Mei Ying, an independent non-executive Director, a member of Audit Committee, Nomination Committee, Remuneration Committee, aged 34, joined the Group on 15 July 2015. She graduated from The Chinese University of Hong Kong with a Bachelor of Social Science in Economics. Ms. Lau has extensive experience in the financial market and insurance underwriting. She has been a fellow member of Life Management Institute issued by Life Office Management Association since November 2008. Ms. Lau has been an independent non-executive director of Focus Media Network Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8112) since 27 November 2015.

Ms. Thadani Jyoti Ramesh, an independent non-executive Director, a member of Audit Committee, Nomination Committee and Remuneration Committee, aged 32, joined the Group on 15 July 2015. She obtained her Bachelor of Laws Degree and the Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong. Ms. Thadani is a business consultant for investment projects and has extensive experience in analysing and reviewing business practices.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present hereby a Corporate Governance Report of the Company for the year ended 31 March 2016.

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. The Board is committed in maintaining good corporate standards and procedures for the best interest of the Shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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:

Deviation from Corporate Governance Code

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 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 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 of the Company. Due to personal commitments, Mr. Chui Kwong Kau, the non-executive Director, was unable to attend the extraordinary general meetings of the Company held on 19 August 2015 and 23 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 23 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 23 November 2015.

BOARD OF DIRECTORS

The key responsibilities of the Board include the formulation of the Group's overall strategies, setting of management targets and supervision of management performance. Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

1) to develop and review the policies and practices on corporate governance of the Group and make recommendations;

2) to review and monitor the training and continuous professional development of the Directors and the senior management;

3) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and the employees of the Group; and

5) to review the Company's compliance with the Code as set out in Appendix 14 to the Listing Rules and disclosure in the corporate governance report of the Company.

Composition of the Board

As at the date of this report, the Board comprises six Directors, including two executive Directors, one non- executive Director and three independent non-executive Directors (the "**INEDs**"). The names of the Directors are set out below:

Executive Directors

Mr. Mock Wai Yin *(Chairman)* (appointed on 15 July 2015)
Mr. Wang Xin (appointed on 17 March 2016)
Mr. Chu Bai Qing (appointed on 23 June 2015 and resigned on 4 February 2016)
Mr. Zou Wei Dong (appointed on 23 June 2015 and resigned on 4 February 2016)
Dr. Wong Sai Chung, Albert (resigned on 15 July 2015)
Mr. Lam Wing Sum (resigned on 15 July 2015)
Mr. Lam Wing Tai (resigned on 15 July 2015)
Mr. Tao Chi Keung (resigned on 7 July 2015)

Non-executive Director

Mr. Chui Kwong Kau

Independent Non-executive Directors

Mr. Lam Chi Wai (appointed on 15 July 2015)
Ms. Lau Mei Ying (appointed on 15 July 2015)
Ms. Thadani Jyoti Ramesh (appointed on 15 July 2015)
Mr. Tam Tak Kei, Raymond (resigned on 15 July 2015)
Mr. Chiu Sai Chuen Nicholas (resigned on 15 July 2015)
Mr. Foo Tin Chung, Victor (resigned on 15 July 2015)
Mr. Pai Hao (resigned on 7 July 2015)

Pursuant to Article 108 of the memorandum and articles of association of the Company (the "**Articles**"), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election.

Specific enquiry has been made by the Company to each of the INEDs to confirm their independence. In this connection, the Company has received positive confirmations from all of the INEDs. Based on the confirmations received, the Company is of the view that all INEDs are independent under the Listing Rules.

Saved as disclosed in the section headed "Biographical Details of the Directors and Senior Management" in this annual report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

Board Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of our Group. Directors may participate either in person or through electronic means of communications.

CORPORATE GOVERNANCE REPORT

The attendance of the respective Directors to the Board Meetings which were held during the year ended 31 March 2016 are set out below:

	Board Meetings
Executive Directors	
Mr. Mock Wai Yin[1]	18/18
Mr. Wang Xin[2]	1/1
Dr. Wong Sai Chung, Albert[3]	9/10
Mr. Lam Wing Sum[3]	8/10
Mr. Tao Chi Keung[4]	5/9
Mr. Lam Wing Tai[3]	10/10
Mr. Chu Bai Qing[5]	18/19
Mr. Zou Wei Dong[5]	13/19
Non-executive Director	
Mr. Chui Kwong Kau	21/28
Independent Non-executive Directors	
Mr. Lam Chi Wai[1]	15/18
Ms. Lau Mei Ying[1]	14/18
Ms. Thadani Jyoti Ramesh[1]	16/18
Mr. Tam Tak Kei, Raymond[3]	4/10
Mr. Chiu Sai Chuen Nicholas[3]	9/10
Mr. Foo Tin Chung, Victor[3]	9/10
Mr. Pai Hao[4]	7/9

Notes:

1 Mr. Mock Wai Yin was appointed as an executive Director, Mr. Lam Chi Wai, Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh were appointed as independent non-executive Directors respectively with effect from 15 July 2015.

2 Mr. Wang Xin was appointed as an executive Director with effect from 17 March 2016.

3. Dr. Wong, Mr. WS Lam and Mr. Lam Wing Tai resigned as executive Directors and Mr. Tam Tak Kei, Raymond, Mr. Chiu Sai Chuen Nicholas and Mr. Foo Tin Chung, Victor resigned as independent non-executive Directors with effect from 15 July 2015.

4. Mr. Tao Chi Keung resigned as an executive Director and Mr. Pai Hao resigned as an independent non-executive Director with effect from 7 July 2015.

5. Mr. Chu Bai Qing and Mr. Zou Wei Dong were appointed as executive Directors with effect from 23 June 2015 and resigned as executive Directors with effect from 4 February 2016.

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' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors to a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

The Company updates Directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements concerning good corporate governance practices. Reading materials on regulatory updates were also provided to the Directors for updating their knowledge on the relevant issues. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast of the current requirements under the Listing Rules. The Group has also adopted a policy to reimburse the Directors for any relevant training costs and expenses incurred concerning corporate governance and internal control.

BOARD COMMITTEES

The Board has established a number of functional committees in compliance with the relevant Listing Rules and to assist the Board to discharge its duties. The functions and responsibilities of these committees have been set out in the relevant terms of reference which are of no less stringent than those stated in the CG Code. The relevant terms of reference of each of these committees can be found on the Company's website (http://www.1246.com.hk). All committees have been provided with sufficient resources and support from the Group to discharge their duties.

Audit Committee

The Audit Committee comprises three members, namely Mr. Lam Chi Wai (Chairman), Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh, all of whom are INEDs of the Company.

With reference to the terms of reference, the primarily responsibilities of the Audit Committee are, among others,

1) to make recommendations to the Board on the appointment and reappointment of the Company's external auditors, and approve the remuneration and terms of engagement of the Company's external auditors;

2) to review and monitor the Company's external auditors' independence and objectivity, and the effectiveness of the audit process in accordance with applicable standards;

3) to develop and implement policy on engaging the Company's external auditors to supply non-audit services, if any;

4) to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and review significant financial reporting judgments contained in them;

5) to discuss with the Company's external auditors questions and doubts arising in the audit of interim and annual accounts;

6) to review the letter of the Company's management from the Company's external auditors and the management's response;

7) to review the Company's financial reporting, financial controls, internal control and risk management system;

8) to discuss the internal control system with the Company's management to ensure that it has performed its duty to have an effective internal control system;

9) review the financial and accounting policies and practices of the Group; and

10) review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

During the year ended 31 March 2016, the Audit Committee reviewed with the management the Group's unaudited interim results and audited annual results for the financial year ended 31 March 2016, and discussed internal controls and financial reporting matters. The Audit Committee also reviewed this annual report, and confirmed that this annual report complies with the applicable standard, the Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the year ended 31 March 2016 and up to the date of this report.

The attendance of the members of the Audit Committee meetings which were held during the year ended 31 March 2016 is summarised below:

	Audit Committee Meetings
Mr. Lam Chi Wai *(Chairman)*	2/2
Ms. Lau Mei Ying	2/2
Ms. Thadani Jyoti Ramesh	2/2
Mr. Tam Tak Kei, Raymond (resigned on 15 July 2015)	1/1
Mr. Chiu Sai Chuen Nicholas (resigned on 15 July 2015)	1/1
Mr. Pai Hao (resigned on 7 July 2015)	1/1

Remuneration Committee

The Remuneration Committee of the Company comprises three members, namely Mr. Lam Chi Wai (Chairman), Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh, all of whom are the INEDs of the Company.

With reference to the terms of reference, the primarily responsibilities of the Remuneration Committee include:

1) consulting the Chairman of the Board and/or the chief executive officer on their remuneration proposals for other executive Directors;

2) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

3) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;

4) making recommendations to the Board on the remuneration packages of executive Directors and senior management;

5) making recommendations to the Board on the remuneration of non-executive Directors;

6) reviewing and approving the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and

7) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The attendance of the members of the Remuneration Committee meetings which were held during the year ended 31 March 2016 is summarised below:

	Remuneration Committee Meetings
Mr. Lam Chi Wai *(Chairman)*	1/1
Ms. Lau Mei Ying	1/1
Ms. Thadani Jyoti Ramesh	1/1
Mr. Lam Wing Sum (resigned on 15 July 2015)	3/3
Mr. Chiu Sai Chuen Nicholas (resigned on 15 July 2015)	3/3
Mr. Pai Hao (resigned on 7 July 2015)	2/2

The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the year ended 31 March 2016 and up to the date of this report.

Pursuant to the code provision B.1.5 of the CG Code, the annual remuneration (including bonus) of the senior management of the Group by band for the year ended 31 March 2016 is set out below:

Remuneration Band	**Number of Senior Management**
Up to HK$1,000,000	15

Nomination Committee

The Nomination Committee comprises of three members, namely Mr. Lam Chi Wai (Chairman), Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh, all of whom are the INEDs of the Company.

With reference to the terms of reference, the primarily responsibilities of the Nomination Committee include:

1) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on proposed changes, if any, to the Board to complement the Company’s corporate strategy;

2) reviewing the Company’s board diversity policy and the progress on achieving the objectives set for implementing the said policy;

3) assessing the independence of the INEDs; and

4) making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the Chairman of the Board and the chief executive officer.

CORPORATE GOVERNANCE REPORT

The Board is of the view that the Nomination Committee has properly discharged its duties and responsibilities during the year ended 31 March 2016 and up to the date of this report.

The attendance of the members of the Nomination committee meetings which were held during the year ended 31 March 2016 is summarised below:

	Nomination Committee Meetings
Mr. Lam Chi Wai *(Chairman)*	1/1
Ms. Lau Mei Ying	1/1
Ms. Thadani Jyoti Ramesh	1/1
Dr. Wong Sai Chung, Albert (resigned on 15 July 2015)	3/3
Mr. Tam Tak Kei, Raymond (resigned on 15 July 2015)	3/3
Mr. Chiu Sai Chuen Nicholas (resigned on 15 July 2015)	3/3

AUDITOR'S REMUNERATION

For the year ended 31 March 2016, fees paid to the external auditors of the Company for audit services and for non-audit services were HK$2,030,000 and HK$262,000, respectively.

COMPANY SECRETARY

The Company Secretary is responsible for facilitating the Board process, as well as communications among Board members. The Company Secretary complied with all the qualifications under the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board and the senior management are responsible for improving and monitoring the internal control of the Group. In this connection, the Board constantly and actively seeks to strengthen the risk management and internal control system of the Group by way of, among other things, regular review of the effectiveness of the internal control measures and mechanism adopted by the Group in respect of financial, operational and compliance controls, etc.

The Audit Committee reviews internal control affairs identified by external auditor, senior management and the Board and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2016. The Audit Committee in turn reports material issues, if any, to the Board.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy in relation to the nomination and appointment of Directors. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Nomination Committee will consider a number of factors relating to the candidates, including but not limited to their gender, age, cultural and educational background, ethnicity, professional experience and knowledge.

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

DIRECTOR AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibilities for preparing the financial statements and to ensure that the financial statements of the Group are prepared to reflect the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions as required under the Listing Rules. The Directors are of the view that the financial statements of the Group for each financial year have been prepared on these basis.

To the best knowledge of the Directors, there is no uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Statement of the responsibilities of the Company's external auditor for preparing the consolidated financial statements is set out in the Independent Auditor's Report of this report.

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting (the "**AGM**") is a forum in which the Board and the Shareholders can communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc. At the AGM, the Directors (including the INEDs) are available to attend to questions raised by the Shareholders. The external auditor of the Company is also invited to be present at the AGM to address the queries of the Shareholders concerning the audit procedures and the auditor's report.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to Article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders' Nomination of Directors

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company. The period for lodgment of the notices required under the Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may direct their enquiries concerning their shareholdings to the Company's share registrars. Shareholders may also make a request for the Company's information to the extent that such information has been made publically available by the Company. All written enquiries or requests may be forwarded to the Company's head office or by fax to (852) 3101 1590, or by email to info@1246.com.hk.

The addresses of the Company's head office and the Company's share registrars can be found in the section "Corporate Information" of this annual report.

INVESTOR RELATIONS

To ensure transparent and comprehensive disclosures to investors, the Group delivers information of the Group to the public through various channels, including general meetings, public announcements, interim reports and annual reports. The investors are also able to assess the latest news and information of the Group via our website (http://www.1246.com.hk).

In order to maintain good and effective communication, the Company together with the Board extend their invitation to all Shareholders and encourage them to attend the forthcoming AGM and all future general meetings.

The Shareholders may also forward their enquiries and suggestions in writing to the Company to the followings:

Address:

Unit 2102, 21/F.,
West Tower Shun Tak Centre,
168–200 Connaught Road Central,
Sheung Wan
Hong Kong

Email: info@1246.com.hk

During the year ended 31 March 2016, the Company did not make changes to its Articles. A copy of the latest version of the Articles is posted on the websites of the Company and the Stock Exchange.

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited financial statements for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the foundation business, property development business, investment securities and provision of catering services.

The results of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss on page 38.

The Board did not recommend payment of final dividend to the Shareholders for the year ended 31 March 2016.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 108.

BUSINESS REVIEW

The discussion and analysis of principal activities of the Group as required by Schedule 5 of Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including financial key performance indicators, a fair review of the Company's business, a description of principal risks and uncertainties facing the Company and future development in the Company's business, can be found in section headed "Management Discussion and Analysis" of this annual report.

KEY RELATIONSHIPS

The Group understands the key relationships with stakeholders is one of the key factors to be success of the business. The Group will continue to ensure the effective communication with employees, customers and suppliers.

Employees

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, including medical insurance and retirement benefit scheme. The Group also provides the in-house training programmes to its employees to enhance skills and job knowledge.

Suppliers

The Group encompasses working relationship with suppliers to meet the customers' needs in an effective and efficient manner. The Company works closely with the suppliers to maintain the good relationship with suppliers.

Customers

The Group values all customers by providing professional and quality services to the customers. The Group is also committed to building up long-term and developing relationship with customers.

ENVIRONMENTAL POLICY

The Group is committed to building up an eco-friendly corporation. The environmental policy of the Group includes actively implementing high efficiency energy plans in every step of the foundation projects, including but not limited to energy conservation including electricity, natural gases and water sources; reduction of emissions; and reduction of sewage. The Group will continue to reduce the impacts of its operation on the environment and continue to make efforts to save energy.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is highly committed to complying with laws and regulations that govern our businesses for the year ended 31 March 2016, and, to the best of the Directors' knowledge, has complied with among others to the Listing Rules, the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of laws of Hong Kong), laws of the Cayman Islands, the Companies Ordinance (Chapter 622 of laws of Hong Kong), Factories and Industrial Undertakings Ordinance (Chapter 59 of laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of laws of Hong Kong), Occupier Liability Ordinance (Chapter 314 of laws of Hong Kong), Air Pollution Control Ordinance (Chapter 311 of laws of Hong Kong), Noise Control Ordinance (Chapter 400 of laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of laws of Hong Kong), Dumping at Sea Ordinance (Chapter 466 of laws of Hong Kong), Environmental Impact Assessment Ordinance (Chapter 499 of laws of Hong Kong), Buildings Ordinance (Chapter 123 of laws of Hong Kong), laws and regulations in the PRC regarding property development, and other relevant laws and regulations.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the year ended 31 March 2016 are set out in note 14 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2016 are set out in note 1 to the financial statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 March 2016 was 24,900,000,000 ordinary shares of HK$0.001 each.

Details of movements of the share capital of the Company during the year ended 31 March 2016 are set out in note 32 to the financial statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company and the Group are set out in note 47 to the financial statements and in the consolidated statement of changes in equity on page 42 respectively.

SHARE OPTION SCHEME

Particulars of the share option scheme (the "**Scheme**") which was adopted on 22 September 2013 is set out in note 33 to the financial statements.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2016.

DIRECTORS

The Directors during the year ended 31 March 2016 and up to the date of this report were:

Executive Directors

Mr. Mock Wai Yin *(Chairman)* (appointed on 15 July 2015)
Mr. Wang Xin (appointed on 17 March 2016)
Mr. Chu Bai Qing (appointed on 23 June 2015 and resigned on 4 February 2016)
Mr. Zou Wei Dong (appointed on 23 June 2015 and resigned on 4 February 2016)
Dr. Wong Sai Chung, Albert (resigned on 15 July 2015)
Mr. Lam Wing Sum (resigned on 15 July 2015)
Mr. Lam Wing Tai (resigned on 15 July 2015)
Mr. Tao Chi Keung (resigned on 7 July 2015)

Non-executive Director

Mr. Chui Kwong Kau

Independent Non-executive Directors

Mr. Lam Chi Wai (appointed on 15 July 2015)
Ms. Lau Mei Ying (appointed on 15 July 2015)
Ms. Thadani Jyoti Ramesh (appointed on 15 July 2015)
Mr. Tam Tak Kei, Raymond (resigned on 15 July 2015)
Mr. Chiu Sai Chuen Nicholas (resigned on 15 July 2015)
Mr. Foo Tin Chung, Victor (resigned on 15 July 2015)
Mr. Pai Hao (resigned on 7 July 2015)

Mr. Wang Xin, Mr. Chui Kwong Kau and Ms. Thadani Jyoti Ramesh will retire from office as Directors at the annual general meeting. Each of them, being eligible, offer themselves for re-election pursuant to article 108(a) of the Articles.

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 16 to 17 in this report.

Information regarding Directors' and chief executive's remuneration is set out in note 9 to the financial statements.

An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the INEDs.

DIRECTORS' SERVICE CONTRACT

No Director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

In accordance with Article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting.

Each of the executive Directors shall also be entitled to discretional bonus to be determined by the Board based on, among other things, the performance of the individual Directors and the overall financial position of the Group, and is subject to the recommendation of the remuneration committee of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF THE ASSOCIATED CORPORATIONS

As at 31 March 2016, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code adopted by the Company, to be notified to the Company and the Stock Exchange.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2016, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Long/ short position	No. of shares held	Approximate percentage of shareholding
Fabulous Business Limited	Beneficial owner (Note 1)	Long position	530,000,000 (Note 10)	10.64%
Prime Colour Global Limited	Interest in controlled corporation (Note 1)	Long position	530,000,000 (Note 10)	10.64%
Splendid Core Global Limited	Interest in controlled corporation (Note 1)	Long position	530,000,000 (Note 10)	10.64%
Dr. Wong	Interest in controlled corporation (Note 2)	Long position	530,000,000 (Note 10)	10.64%
Wong Sai Yee	Interest in controlled corporation (Note 2)	Long position	530,000,000 (Note 10)	10.64%
Wong Lai Ling	Interest in spouse (Note 3)	Long position	530,000,000 (Note 10)	10.64%
Wong Mei Yi Patricia	Interest in spouse (Note 4)	Long position	530,000,000 (Note 10)	10.64%
Mr. WS Lam	Interest in controlled corporation (Note 5)	Long position	530,000,000 (Note 10)	10.64%
Kwan Oi Man Joyce	Interest in spouse (Note 6)	Long position	530,000,000 (Note 10)	10.64%
Kingston Finance Limited	Person having a security interest in shares (Note 7)	Long position	2,650,000,000	10.64%
Ample Cheer Limited	Interest in controlled corporation (Note 7)	Long position	2,650,000,000	10.64%
Best Forth Limited	Interest in controlled corporation (Note 7)	Long position	2,650,000,000	10.64%
Kingstone Securities Limited	Others (Note 8)	Long position	5,478,000,000 (Note 11)	84.61%
Galaxy Sky Investments Limited	Interest in controlled corporation (Note 8)	Long position	5,478,000,000 (Note 11)	84.61%
Kingston Capital Asia Limited	Interest in controlled corporation (Note 8)	Long position	5,478,000,000 (Note 11)	84.61%
Kingstone Financial Group Limited	Interest in controlled corporation (Note 8)	Long position	5,478,000,000 (Note 11)	84.61%
Active Dynamic Limited	Interest in controlled corporation (Note 8)	Long position	5,478,000,000 (Note 11)	84.61%
Chu Yuet Wah	Interest in controlled corporation (Note 9)	Long position	5,584,000,000 (Note 11)	86.25%

DIRECTORS' REPORT

Notes:

(1) Fabulous Business Limited is a company incorporated in the British Virgin Islands and is owned by Prime Colour Global Limited as to 50% and owned by Splendid Core Global Limited as to the remaining 50%. Each of Prime Colour Global Limited and Splendid Core Global Limited is deemed to be interested in the 530,000,000 shares held by Fabulous Business Limited.

(2) The issued share capital of Prime Colour Global Limited is legally owned by Dr. Wong, of which 40% of the shares is beneficially held by Dr. Wong, and 20% and 40% of the shares are held by Dr. Wong on trust for Mr. Wong Sai Lai and Mr. Wong Sai Yee. Each of Dr. Wong and Mr. Wong Sai Yee is deemed to be interested in all the shares in which Prime Colour Global Limited is interested.

(3) Ms. Wong Lai Ling is the spouse of Dr. Wong. Ms. Wong Lai Ling is deemed to be interested in all the shares in which Dr. Wong is interested.

(4) Ms. Wong Mei Yi Patricia is the spouse of Mr. Wong Sai Yee. Ms. Wong Mei Yi Patricia is deemed to be interested in all the shares in which Mr. Wong Sai Yee is interested.

(5) Splendid Core Global Limited is wholly-owned by Mr. WS Lam and he is deemed to be interested in all the shares in which Splendid Core Global Limited is interested.

(6) Ms. Kwan Oi Man Joyce is the spouse of Mr. WS Lam. Ms. Kwan Oi Man Joyce is deemed to be interested in all the shares in which Mr. WS Lam is interested.

(7) Based on the notices of disclosure of interest filed by Kingston Finance Limited on 21 August 2015, 2,650,000,000 shares are held by Kingston Finance Limited. Kingston Finance Limited is wholly-owned by Ample Cheer Limited, which is in turn owned as to 80% by Best Forth Limited. Each of Ample Cheer Limited and Best Forth Limited is deemed to be interested in 2,650,000,000 shares held by Kingston Finance Limited.

(8) Based on the notices of disclosure of interest filed by Kingston Securities Limited on 31 March 2016, 5,478,000,000 Consolidated Shares are held by Kingston Securities Limited. Kingston Securities Limited is wholly-owned by Galaxy Sky Limited, which is in turn wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly-owned by Kingston Financial Group Limited, which is in turn owned as to 49.19% by Active Dynamic Limited. Each of Galaxy Sky Limited, Kingston Capital Asia Limited, Kingston Financial Group Limited and Active Dynamic Limited is deemed to be interested in 5,478,000,000 Consolidated Shares held by Kingston Securities Limited.

(9) Based on the notices of disclosure of interest filed by Ms. Chu Yuet Wah, the entire issued share capital of Active Dynamic Limited and Best Forth Limited, respectively, is legally and beneficially owned by Ms. Chu Yuet Wah. Ms. Chu Yuet Wah is deemed to be interested in the Consolidated Shares in which each of Active Dynamic Limited and Best Forth Limited is interested respectively.

(10) Fabulous Business Limited was interested in 530,000,000 shares of the Company, representing approximately 10.64% of the entire issued share capital of the Company before the Bonus Issue of the Company on the basis of four Bonus Shares for every one existing share and the Bonus Shares have been despatched on 2 September 2015. Taking into account the Bonus Issue, those 530,000,000 shares of the Company is now representing 2,650,000,000 shares of the Company as at 31 March 2016.

(11) The number of shares and the percentage shareholding in the Company is based on the Share Consolidation having become effective.

Save as disclosed above, as at report date, the Company had not been notified of any other persons (other than a Director and chief executive of the Company) who had an interest or short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

MAJOR CUSTOMERS

During the year ended 31 March 2016, the Group's five largest customers accounted for approximately 65.7% (2015: 90.4%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 34.9% (2015: 47.0%) of the total revenue.

None of the Directors or any of their close associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

MAJOR SUPPLIERS

During the year ended 31 March 2016, the Group's five largest suppliers accounted for 27.8% (2015: 39.3%) of the total purchases of the Group and the largest supplier of the Group accounted for 12.0% (2015: 10.0%) of the total purchases.

None of the Directors or any of their close associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

DIRECTORS' INTEREST IN CONTRACTS

Save as the related party transactions disclosed in note 40 to the financial statements, no contract of significance to which the Company or any of its subsidiaries, holding company or fellow subsidiaries was a party and in which a Director had a material interests directly or indirectly subsisted at the end of the reporting period or at any time during the year ended 31 March 2016.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2016.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2016 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The material related party transactions entered into by the Group during the year ended 31 March 2016 set out in notes 7, 9, 27 and 40 to the financial statements in this annual report included transactions that constitute "connected transactions" or "continuing connected transactions" for which the disclosure requirements under the Listing Rules have been complied with.

Save as disclosed above, the Group did not enter into any connected transactions or continuing connected transactions that are not exempt under Chapter 14A of the Listing Rules during the year ended 31 March 2016.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

Pursuant to Article 191 of the Articles, the Director, secretary and other officers for the time being of the Company for the time being acting in relation to any of the affairs of the Company, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reasons of any act execution of their duty to the Company.

Such provision was in force during the course of the financial year ended 31 March 2016 and remained force as of the date of this report. The Company has taken out and maintained Directors' and officers' liabilities insurance throughout the year, which provides appropriate cover for the Directors.

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the executive Directors are reviewed and determined by the Remuneration Committee, having regard to the Group's operating results, individual performance and prevailing market condition. The emoluments of the non-executive Directors and INEDs are reviewed by the Remuneration Committee and determined by the Board. No Director or any of his or her associates was involved in deciding his or her own remuneration.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

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.

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.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information available in the public domain concerning the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this report.

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.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in page 15 of this annual report and note 44 to financial statements.

AUDITOR

The Company's financial statements for the years ended 31 March 2014 and 2015 were audited by HLB Impey Cheng Limited.

HLB Impey Cheng Limited has resigned as the auditor of the Company with effect from 16 March 2016 as the Company could not reach a consensus with HLB Impey Cheng Limited on the audit fee for the financial year ended 31 March 2016 and Zenith CPA Limited has been appointed by the Directors as the new auditor of the Company with effect from 16 March 2016 to fill the casual vacancy following the resignation of HLB Impey Cheng Limited.

The Company's financial statements for the year ended 31 March 2016 were audited by Zenith CPA Limited.

A resolution for reappointment of Zenith CPA Limited as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Ngai Shun Holdings Limited
Mock Wai Yin
Chairman

Hong Kong, 30 June 2016

INDEPENDENT AUDITOR'S REPORT

诚丰
Zenith

ZENITH CPA LIMITED
10/F, China Hong Kong Tower
8-12 Hennessy Road
Wanchai, Hong Kong

TO THE SHAREHOLDERS OF
NGAI SHUN HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Ngai Shun Holdings Limited (the "**Company**") and its subsidiaries set out on pages 38 to 106, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Zenith CPA Limited
Certified Public Accountants
Cheng Po Yuen
Practising Certificate Number: P04887
Hong Kong
30 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
REVENUE	6	**532,194**	558,150
Cost of sales		**(480,404)**	(408,371)
Gross profit		**51,790**	149,779
Other income and gains, net	6	**13,148**	22,755
Selling and distribution expenses		**(2,251)**	–
Administrative expenses		**(88,508)**	(61,155)
Other expenses		**(103,184)**	(3,497)
Finance costs	7	**(71,176)**	(1,186)
(LOSS)/PROFIT BEFORE TAX	8	**(200,181)**	106,696
Income tax credit/(expense)	11	**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	13	**HK(0.78) cents**	HK0.44 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
(LOSS)/PROFIT FOR THE YEAR	**(193,393)**	90,562
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	**(1,437)**	–
NET OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**2,013**	1,560
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT	**(191,380)**	92,122

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
NON-CURRENT ASSETS			
Property, plant and equipment	14	**77,971**	58,972
Investment properties	15	**–**	41,400
Goodwill	16	**17,336**	–
Available-for-sale investments	17	**7,800**	4,350
Total non-current assets		**103,107**	104,722
CURRENT ASSETS			
Inventories	18	**469**	–
Completed properties held for sale	19	**406,444**	–
Properties under development	20	**811,421**	–
Trade and retention receivables	21	**73,760**	117,193
Prepayment, deposits and other receivables	22	**135,338**	2,721
Equity investments at fair value through profit or loss	23	**237,164**	65,320
Tax recoverable		**21,626**	–
Restricted cash	24	**18,541**	–
Cash and cash equivalents	24	**108,901**	254,815
Total current assets		**1,813,664**	440,049
CURRENT LIABILITIES			
Trade payables	25	**43,824**	35,626
Other payables and accruals	26	**321,675**	43,003
Due to a related company	27	**120,000**	120,000
Promissory notes	28	**241,485**	–
Interest-bearing bank and other borrowings	29	**359,169**	12,333
Tax payable		**353**	1,374
Total current liabilities		**1,086,506**	212,336
NET CURRENT ASSETS		**727,158**	227,713
TOTAL ASSETS LESS CURRENT LIABILITIES		**830,265**	332,435
NON-CURRENT LIABILITIES			
Interest-bearing other borrowings	29	**514,214**	–
Provision for long service payments	30	**4,848**	4,730
Deferred tax liabilities	31	**122,164**	6,281
Total non-current liabilities		**641,226**	11,011
Net assets		**189,039**	321,424

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
EQUITY			
Equity attributable to owners of the parent			
Share capital	32	**24,900**	4,150
Reserves		**164,139**	317,274
Total equity		**189,039**	321,424

Mock Wai Yin
Director

Wang Xin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Share capital HK$'000	Share premium account HK$'000	Merger reserve# HK$'000	Available-for-sale investments revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	(Accumulated loss)/ retained profits HK$'000	Total equity HK$'000
At 1 April 2014	4,150	95,797	10,000	–	–	119,355	229,302
Profit for the year	–	–	–	–	–	90,562	90,562
Other comprehensive income for the year:							
Changes in fair value of available-for-sale investments	–	–	–	1,560	–	–	1,560
Total comprehensive income for the year	–	–	–	1,560	–	90,562	92,122
At 31 March 2015 and 1 April 2015	4,150	95,797*	10,000*	1,560*	–*	209,917*	321,424
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(193,393)**	**(193,393)**
Other comprehensive income for the year:							
Changes in fair value of available-for-sale investments	**–**	**–**	**–**	**3,450**	**–**	**–**	**3,450**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(1,437)**	**–**	**(1,437)**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**3,450**	**(1,437)**	**(193,393)**	**(191,380)**
Placing of shares (note 32(a))	**830**	**59,760**	**–**	**–**	**–**	**–**	**60,590**
Share issue expenses (note 32(a))	**–**	**(1,595)**	**–**	**–**	**–**	**–**	**(1,595)**
Issue of bonus shares (note 32(c))	**19,920**	**–**	**–**	**–**	**–**	**(19,920)**	**–**
At 31 March 2016	**24,900**	**153,962***	**10,000***	**5,010***	**(1,437)***	**(3,396)***	**189,039**

* These reserve accounts comprise the consolidated other reserves of HK$164,139,000 (2015: HK$317,274,000) in the consolidated statement of financial position.

\# The merger reserve represented the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation in September 2013.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(200,181)**	106,696
Adjustments for:			
Dividend income from equity investments at fair value through profit or loss	6	**(1,193)**	–
Fair value gains on investment properties	6	**–**	(4,100)
Gain on bargain purchase	6	**(7,046)**	–
Gain on disposal of items of property, plant and equipment	6	**(1,610)**	(2,770)
Gain on disposal of investment properties	6	**–**	(9,876)
Bank interest income	6	**(136)**	(168)
Depreciation	8	**29,368**	20,889
Fair value losses on equity investments at fair value through profit or loss	8	**55,028**	2,474
Loss on disposal of equity investments at fair value through profit or loss	8	**48,076**	–
Government grants received		**–**	(280)
Impairment of available-for-sale investments	8	**–**	2,105
Loss/(gain) on disposal of subsidiaries	8	**80**	(1,082)
Provision for/(utilisation of) long service payments	30	**118**	(10)
Finance costs	7	**71,176**	1,186
		(6,320)	115,064
Increase in inventories		**(79)**	–
Decrease in completed properties held for sale	19	**127,071**	–
Increase in properties under development		**(20,714)**	–
Decrease in trade and retention receivables		**43,659**	5,963
Increase in prepayment, deposits and other receivables		**(63,452)**	(1,939)
Increase in equity investment at fair value through profit or loss		**(274,948)**	(67,794)
Decrease in restricted cash		**12,820**	–
Increase/(decrease) in trade payables		**3,351**	(6,629)
(Decrease)/increase in other payables and accruals		**(56,178)**	25,953
Cash (used in)/generated from operations		**(234,790)**	70,618
Bank interest received		**136**	168
Interest element of finance lease rental payments		**(1)**	(85)
Hong Kong profits tax paid		**(15,943)**	(13,084)
PRC land appreciation tax ("PRC LAT") paid		**(3,704)**	–
Net cash flows (used in)/from operating activities		**(254,302)**	57,617

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from listed investments		**1,193**	–
Purchases of items of property, plant and equipment		**(46,909)**	(35,480)
Proceeds from disposal of items of property, plant and equipment		**1,613**	2,794
Deposit paid of items of property, plant and equipment		**–**	(690)
Proceeds from disposal of investment properties		**–**	50,000
Cost incurred for disposal of investment properties		**–**	(354)
Purchases of available-for-sale investments		**–**	(4,895)
Acquisition of subsidiaries	35	**(764,064)**	–
Acquisition of assets and liabilities	37	**–**	(38,699)
Disposal of subsidiaries	36	**40,457**	492
Receipt of government grants		**–**	280
Net cash flows used in investing activities		**(767,710)**	(26,552)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	32(a)	**60,590**	–
Share issue expenses	32(a)	**(1,595)**	–
Loan advanced from a related party		**–**	120,000
New bank loans		**47,021**	–
New other loans		**826,740**	–
Repayment of bank loans		**(21,217)**	(10,589)
Interest paid		**(39,459)**	–
Capital element of finance leases rental payments		**(263)**	(4,303)
Net cash flows from financing activities		**871,817**	105,108
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(150,195)**	136,173
Cash and cash equivalents at beginning of the year		**254,815**	118,642
Effect of foreign exchange rate changes, net		**4,281**	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**108,901**	254,815

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 Company and its subsidiaries (the "**Group**") was involved in the following principal activities:

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

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Ngai Shun Construction & Drilling Company Limited[3]	Hong Kong	HK$10,000,000	–	100%	Foundation piling
Starry Focus Limited	Hong Kong	HK$1	–	100%	Investment securities
Yueyang Nanhu Meishu Properties Limited[#1,2,3]	People's Republic of China ("PRC")	Renminbi ("RMB") 306,000,000	–	100%	Property development
Yueyang Shi Feng Lan Property Management Service Limited[#1,2,3]	PRC	RMB500,000	–	100%	Property management
Chief Hero Limited[1]	Hong Kong	HK$100	–	100%	Provision of catering services
Easy Time Limited[1]	Hong Kong	HK$100	–	100%	Provision of catering services
Ace Wealthy Limited[1]	Hong Kong	HK$100	–	100%	Provision of catering services

The English names of these companies referred to in these financial statements represent management's best effort to translate the Chinese names of those companies, as no English names have been registered.

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

1. These entities were acquired during the year, further details are set out in note 35 to the financial statements.

2. This entity is registered as wholly-foreign-owned enterprises under PRC law.

3. The statutory financial statements of these subsidiaries are not audited by Zenith CPA Limited.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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 the following consideration:

(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.

3.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") 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 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).

3.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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.

3.2 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.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(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.

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

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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.

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 16 until the Group performs a detailed review.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March 2016. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its investment properties and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, completed properties held for sale, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of expected useful life and period of the lease or 25%
Plant and machinery	25%
Furniture and fixtures	20% to 25%
Office equipment	20% to 50%
Motor vehicles	25% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in other expenses in the statement of profit or loss.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income and gains in accordance with the policies set out for "Revenue recognition" below.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to a related company, interest-bearing bank and other borrowings and promissory notes.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Promissory notes

Promissory notes are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) revenue from catering services is recognised when the services are rendered and goods are sold to customers;

(b) revenue from the sale of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyers, which is when the construction work has been completed and the properties have been delivered to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under current liabilities;

(c) revenue from construction contract is recognised on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(d) realised fair value gains or losses on securities trading are recognised on a trade date basis whilst unrealised fair value gains or losses on securities with reference to the prices ruling at the end of the reporting period;

(e) interest income is recognised on an accrual basis using the effective interest method;

(f) dividend income is recognised when the shareholders' right to receive payment has been established;

(g) rental income is recognised on a time proportion basis over the lease terms;

(h) commission income is recognised when the services are rendered, which is generally the time when the transacting parties first come into an agreement; and

(i) property management services income is recognised when the services are rendered.

Construction contracts

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

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

Revenue from contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established according to the progress certificate (by reference to the amount of completed works confirmed by surveyor) issued by the customers.

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

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and retention receivables. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs, depending on the location of the subsidiaries, to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

Impairment of available-for-sale investments

The Group classifies certain assets as available-for-sale investments and recognises movements of their fair values in equity. When the fair value declines, management makes assumption about the decline in value to determine is whether there is an impairment that should be recognised in the statement of profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of receivables

Management determines the provision for impairment of trade, retention and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at the end of each of the reporting period.

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

Useful lives and impairment of property, plant and equipment

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

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Provision for litigation

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

Corporate income tax ("CIT")

The Group is subject to CIT in the PRC. As a result of the fact that certain matters relating to the CIT have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision of CIT. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences will impact on the CIT and tax provision in the period in which the differences realise.

PRC LAT

The Group is subject to LAT in the PRC. The provision of LAT is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculations and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact the LAT expenses and the related provision in the period in which the differences realise.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has 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.

5. OPERATING SEGMENT INFORMATION (continued)

	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
Reconciliation:										
Bank 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									**(200,181)**	106,696
Income tax credit/(expense)									**6,788**	(16,134)
(Loss)/profit for the year									**(193,393)**	90,562

	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
Reconciliation:										
Corporate and other unallocated assets									**53,076**	112,545
Total assets									**1,916,771**	544,771
Segment liabilities	**115,753**	211,069	**265,190**	N/A	**10**	N/A	**4,062**	N/A	**385,015**	211,069
Reconciliation:										
Corporate and other unallocated liabilities									**1,342,717**	12,278
Total liabilities									**1,727,732**	223,347

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5. OPERATING SEGMENT INFORMATION (continued)

Other segment information

	Foundation piling		Property development		Investment securities		Food and beverage		Total	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Dividend income from equity investments at fair value through profit or loss	**–**	–	**–**	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 asset information is based on the locations of the assets and excludes 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**	–
	532,194	558,150	**95,307**	100,372

Information about major customers

During the year, revenue of HK$244,282,000 (2015: HK$372,351,000), representing 46% (2015: 67%) of the Group's total revenue, were derived from foundation piling segment, to two customers (2015: two customers) who each contributed over 10% of the Group's total revenue. 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	**N/A***	109,888

* 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.

6. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents gross proceeds, net of business tax, from the sale of properties, construction contracts income of foundation piling and provision of catering services during the year.

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

	Notes	2016 HK$'000	2015 HK$'000 (Re-presented)
Revenue			
Contracts income		**411,405**	558,150
Sales of properties		**116,638**	–
Provision of catering services		**4,151**	–
		532,194	558,150
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	15	**–**	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	35	**7,046**	–
Property management fee income		**–**	1,243
Rental income		**403**	2,454
Others*		**2,760**	1,110
		13,148	22,755

* Included in "Others" was government grants of HK$280,000 received by the Group for the year ended 31 March 2015 upon the disposal and de-registration of the pre-Euro IV diesel vehicles. There were no unfulfilled conditions or contingencies relating to these grants.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 HK$'000	2015 HK$'000
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**	–
	71,176	1,186

8. (LOSS)/PROFIT BEFORE TAX

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

	Notes	2016 HK$'000	2015 HK$'000
Auditor's remuneration		**1,130**	750
Cost of properties sold	19	**127,071**	–
Cost of inventories sold		**436**	–
Depreciation	14	**29,368**	20,889
Direct operating expenses (including repairs and maintenance) 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#	35	**(7,046)**	–
Impairment of available-for-sale investments*		**–**	2,105
Loss/(gain) on disposal of subsidiaries*	36	**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
		130,927	129,736

* Included in "Other expenses" on the face of the consolidated statement of profit or loss.

\# Gain on bargain purchase is included in "Other income and gains, net" in the consolidated statement of profit or loss.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Fees HK$'000	Salaries, allowances and benefit in kind HK$'000	Discretionary bonus HK$'000	Pension scheme contribution HK$'000	Total HK$'000
2016:					
Executive directors:					
Mr. Mock Wai Yin[1]	–	427	150	14	591
Mr. Chu Bai Qing[2]	147	–	–	–	147
Mr. Zou Wei Dong[2]	147	–	–	–	147
Dr. Wong Sai Chung, Albert[3] ("**Dr. Wong**")	–	2,202	9,367	18	11,587
Mr. Lam Wing Sum[3] ("**Mr. Lam**")	–	2,982	9,497	18	12,497
Mr. Lam Wing Tai[3]	–	174	–	7	181
Mr. Tao Chi Keung[4]	–	162	58	5	225
	294	5,947	19,072	62	25,375
Non-executive director:					
Mr. Chui Kwong Kau	120	–	–	–	120
Independent non-executive directors:					
Mr. Lam Chi Wai[1]	85	–	–	–	85
Ms. Lau Mei Ying[1]	85	–	–	–	85
Ms. Thadani Jyoti Ramesh[1]	85	–	–	–	85
Mr. Chiu Sai Chuen, Nicholas[3]	44	–	38	–	82
Mr. Foo Tin Chung, Victor[3]	35	–	–	–	35
Mr. Pai Hao[4]	40	–	38	–	78
Mr. Tam Tak Kei, Raymond[3]	44	–	38	–	82
	538	–	114	–	652
	832	5,947	19,186	62	26,027

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

	Fees HK$'000	Salaries, allowances and benefit in kind HK$'000	Discretionary bonus HK$'000	Pension scheme contribution HK$'000	Total HK$'000
2015:					
Executive directors:					
Dr. Wong	–	1,572	9,227	18	10,817
Mr. Lam Wing Sum	–	2,082	9,297	18	11,397
Mr. Lam Wing Tai[5]	–	41	–	–	41
Mr. Tao Chi Keung	–	572	458	18	1,048
	–	4,267	18,982	54	23,303
Non-executive directors:					
Mr. Chui Kwong Kau[5]	–	8	–	–	8
Mr. Wong Sai Yee[6]	–	720	349	18	1,087
	–	728	349	18	1,095
Independent non-executive directors:					
Mr. Chiu Sai Chuen, Nicholas	150	–	–	–	150
Mr. Foo Tin Chung, Victor[5]	–	8	–	–	8
Mr. Pai Hao	150	–	–	–	150
Mr. Tam Tak Kei, Raymond	150	–	–	–	150
	450	8	–	–	458
	450	5,003	19,331	72	24,856

1 Appointed on 15 July 2015
2 Appointed on 23 June 2015 and resigned on 4 February 2016
3 Resigned on 15 July 2015
4 Resigned on 7 July 2015
5 Appointed on 6 March 2015
6 Resigned on 25 February 2015

There were no arrangement under a director or the chief executive waived or agreed to waive any remuneration during the year (2015: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included a director and chief executive (2015: three directors and chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2015: one) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2016 **HK$'000**	2015 HK$'000
Salaries, allowances and benefits in kind	**2,312**	777
Discretionary bonuses	**1,346**	242
Pension scheme contributions	**35**	18
	3,693	1,037

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2016	2015
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**2**	1
	3	1

During the years ended 31 March 2016 and 2015, no emolument was paid by the Group to the five highest paid individuals and directors as an inducement to join or upon joining the Group or as compensation for loss of office.

11. 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 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 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 **HK$'000**	2015 HK$'000
Current – Hong Kong		
– Charge for the year	**394**	14,448
– Under/(over)-provision in prior years	**90**	(345)
Current – PRC LAT	**3,704**	–
	4,188	14,103
Deferred (note 31)	**(10,976)**	2,031
Total tax (credit)/charge for the year	**(6,788)**	16,134

A reconciliation of the tax (credit)/expense applicable to (loss)/profit before tax at the statutory rate of Hong Kong, where the Company is headquartered, to the tax (credit)/expense is as follows:

	2016 **HK$'000**	2015 HK$'000
(Loss)/profit before tax	**(200,181)**	106,696
At the statutory tax rate	**(33,030)**	17,605
Difference in tax rates of subsidiaries operating in other jurisdictions	**(2,126)**	–
Expenses not deductible for tax	**17,246**	624
Income not subject for tax	**(1,413)**	(2,338)
Tax losses not recognised	**14,939**	588
Under/(over)-provision in prior years	**90**	(345)
LAT	**3,704**	–
Others	**(6,198)**	–
Tax (credit)/expense	**(6,788)**	16,134

12. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

13. (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 **HK$'000**	2015 HK$'000
(Loss)/earnings:		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	**(193,393)**	90,562

	Number of shares	
	2016 **'000**	2015 '000 (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)	**24,651,000**	20,750,000

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2016 and 2015.

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14. PROPERTY, PLANT AND EQUIPMENT

31 March 2016	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 31 March 2015 and at 1 April 2015:						
Cost	513	158,921	403	515	6,243	166,595
Accumulated depreciation	(33)	(103,464)	(172)	(373)	(3,581)	(107,623)
Net carrying amount	480	55,457	231	142	2,662	58,972
At 1 April 2015, net of accumulated depreciation	480	55,457	231	142	2,662	58,972
Additions	342	46,243	230	94	–	46,909
Disposals	–	–	(2)	(1)	–	(3)
Acquisition of subsidiaries (note 35)	347	–	405	591	144	1,487
Disposal of subsidiaries (note 36)	(6)	–	–	–	–	(6)
Depreciation provided during the year (note 8)	(179)	(27,902)	(108)	(148)	(1,031)	(29,368)
Exchange realignment	–	–	(15)	(4)	(1)	(20)
At 31 March 2016, net of accumulated depreciation	984	73,798	741	674	1,774	77,971
At 31 March 2016:						
Cost	1,195	200,339	1,019	1,186	6,386	210,125
Accumulated depreciation	(211)	(126,541)	(278)	(512)	(4,612)	(132,154)
Net carrying amount	984	73,798	741	674	1,774	77,971

14. PROPERTY, PLANT AND EQUIPMENT (continued)

31 March 2015	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2014:						
Cost	–	129,920	172	441	4,668	135,201
Accumulated depreciation	–	(87,351)	(145)	(305)	(2,670)	(90,471)
Net carrying amount	–	42,569	27	136	1,998	44,730
At 1 April 2014, net of accumulated depreciation	–	42,569	27	136	1,998	44,730
Additions	543	32,676	231	496	1,575	35,521
Disposals	(24)	–	–	–	–	(24)
Disposal of a subsidiary (note 36)	–	–	–	(366)	–	(366)
Depreciation provided during the year (note 8)	(39)	(19,788)	(27)	(124)	(911)	(20,889)
At 31 March 2015, net of accumulated depreciation	480	55,457	231	142	2,662	58,972
At 31 March 2015:						
Cost	513	158,921	403	515	6,243	166,595
Accumulated depreciation	(33)	(103,464)	(172)	(373)	(3,581)	(107,623)
Net carrying amount	480	55,457	231	142	2,662	58,972

The net carrying amounts of the Group's fixed assets held under finance leases included in the total amounts of plant and machinery at 31 March 2015 was HK$2,838,000.

15. INVESTMENT PROPERTIES

	Notes	2016 HK$'000	2015 HK$'000
Carrying amount at beginning of year		**41,400**	37,300
Acquisition of assets and liabilities	37	**–**	39,000
Net gain from a fair value adjustment	6	**–**	4,100
Disposal		**–**	(39,000)
Disposal of subsidiaries	36	**(41,400)**	–
Carrying amount at end of year		**–**	41,400

As at 31 March 2015, the Group's investment properties consist of two commercial properties in Hong Kong. The directors have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 March 2015 based on valuation performed by Colliers International (Hong Kong) Limited, independent professionally qualified valuer, at HK$41,400,000. Selection criteria to appoint an external valuer, include market knowledge, reputation, independence and whether professional standards are maintained. The Company's directors had discussion with the valuer on the valuation assumptions and result when the valuation was performed. During the year, the Group's investment properties were disposed upon disposal of subsidiaries (note 36).

The investment properties were leased to third parties under operating leases. Further summary details of which were included in note 38(a) to the financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 March 2015 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	**–**	**41,400**	**–**	**41,400**

During the years ended 31 March 2016 and 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Valuation techniques

For the commercial unit, the valuation was determined using the sale comparison approach. Sale comparison approach was adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sale transactions as available in the relevant market, comparable properties in close proximity had been selected and adjustments had been made to account for the difference in factors such as property size. The most significant input into this valuation approach was price per square feet.

16. GOODWILL

	HK$'000
Acquisition of subsidiaries (note 35)	17,336
Cost and net carrying amount as at 31 March 2016	17,336
At 31 March 2016:	
Cost	17,336
Accumulated impairment	–
Net carrying amount	17,336

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the food and beverage cash-generating unit for impairment testing.

The recoverable amount of the food and beverage cash-generating unit has been determined by value in use approach adopted by BMI Appraisals Limited, an independent qualified valuer, based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Average revenue growth rate of 4.7% with reference to the average performance in the past and the expected returns within the relevant industry;

- Discount rate of 15.1% is used with reference to the current market data for the relevant industry and comparable companies; and

- Terminal growth rate of 3.0% is used with reference to the Hong Kong's average inflation rate in the past five years.

The values assigned to the above key assumption on market development of food and beverage industry, discount rates and inflation rate are consistent with external information sources.

17. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK$'000	2015 HK$'000
Listed equity investments, at fair value	**7,800**	4,350

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$3,450,000 (2015: HK$1,560,000).

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

There were a significant decline in the market value of certain listed equity investments for the year ended 31 March 2015. The directors considered that such a decline indicated that the listed equity investments had been impaired and an impairment loss of HK$2,105,000 had been recognised in the statement of profit or loss.

18. INVENTORIES

	2016 HK$'000	2015 HK$'000
Food and beverage	**469**	–

19. COMPLETED PROPERTIES HELD FOR SALE

	2016 HK$'000	2015 HK$'000
At beginning of year	**–**	–
Transfer from properties under development	**534,529**	–
Properties sold (note 8)	**(127,071)**	–
Exchange realignment	**(1,014)**	–
At end of year	**406,444**	–

The Group's completed properties held for sale are located in Mainland China. All completed properties held for sale are stated at cost.

Further particulars of the Group's completed properties held for sale are set out on page 107 of the annual report.

20. PROPERTIES UNDER DEVELOPMENT

	2016 HK$'000	2015 HK$'000
Properties under development, expected to be recovered:		
Within one year	**434,553**	–
After more than one year	**376,868**	–
	811,421	–

The Group's properties under development is located in Mainland China.

Further particulars of the Group's properties under development are set out on page 107 of the annual report.

21. TRADE AND RETENTION RECEIVABLES

	2016 HK$'000	2015 HK$'000 (Re-presented)
Trade receivables	**38,741**	70,426
Retention receivables	**35,019**	46,767
	73,760	117,193

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. In view of the aforementioned and the fact that the Group's trade and retention receivables related to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and retention receivable balances. Trade and retention receivables are non-interest bearing.

21. TRADE AND RETENTION RECEIVABLES (continued)

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

	2016 HK$'000	2015 HK$'000
Within 30 days	**19,831**	28,818
31 to 60 days	**17,670**	41,015
61 to 90 days	**–**	–
Over 90 days	**1,240**	593
	38,741	70,426
Retention receivables	**35,019**	46,767
	73,760	117,193

The aged analysis of the trade and retention receivables that are not individually nor collectively considered to be impaired is as follows:

	2016 HK$'000	2015 HK$'000
Neither past due nor impaired	**50,151**	73,654
1 to 30 days past due	**17,670**	41,015
31 to 60 days past due	**890**	781
Over 61 days past due	**5,049**	1,743
	73,760	117,193

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The carrying amounts of the trade and retention receivables approximate to their fair values.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000 (Re-presented)
Deposits	**2,899**	1,351
Prepayments	**107,212**	179
Other receivables	**25,227**	1,191
	135,338	2,721

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

23. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK$'000	2015 HK$'000
Listed equity investments, at market value	**237,164**	65,320

The above equity investments at 31 March 2016 and 2015 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

The market value of the Group's short term investments at date of approval of these financial statements was HK$172,013,000.

24. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Notes	2016 HK$'000	2015 HK$'000
Cash and bank balances		**127,442**	254,815
Less: Restricted cash	(a)	**(18,541)**	–
Cash and cash equivalents		**108,901**	254,815
Denominated in RMB	(b)	**27,715**	–
Denominated in HK$		**99,727**	254,815
		127,442	254,815

Notes:

(a) Pursuant to relevant regulations in the PRC, certain properties development companies of the Group are required to place a certain amounts of pre-sale proceeds received at designated bank accounts as guarantee deposits for the construction of the related properties. As at 31 March 2016, such guarantee deposits amounted to HK$18,541,000 (2015: Nil).

(b) The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for others currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rate based on daily bank deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2016 HK$'000	2015 HK$'000 (Re-presented)
Within 30 days	**39,294**	29,396
31 to 60 days	**742**	4,848
61 to 90 days	**682**	1,382
Over 90 days	**3,106**	–
	43,824	35,626

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

26. OTHER PAYABLES AND ACCRUALS

	2016 HK$'000	2015 HK$'000 (Re-presented)
Accruals	**31,366**	29,820
Deposits received	**252,310**	–
Receipt in advance	**6,276**	–
Other payables	**9,608**	12,739
Interest payables	**22,115**	444
	321,675	43,003

Other payables are non-interest-bearing and have an average term of one month.

27. AMOUNT DUE TO A RELATED COMPANY

The amount represented a loan advanced from Excellent Speed Limited ("**Excellent Speed**"). Excellent Speed was beneficially owned as to 50% by Dr. Wong and as to 50% by Mr. Lam. Dr. Wong and Mr. Lam were common directors of the Company as at 31 March 2015. Despite the resignation of Dr. Wong and Mr. Lam as directors of the Company on 15 July 2015, they remained as directors of a subsidiary of the Company and considered as key management personnel of the Group as at 31 March 2016.

The loan advanced from Excellent Speed is unsecured, bears interest at 5% per annum and repayable at a date falling twelve months from the drawdown date on 3 March 2015, which shall be automatically extended for a further term of twelve months unless advance notice for not less than one month is given by the Excellent Speed to the Company in writing.

Included in the Group's other payables and accruals are interest payables of HK$6,456,000 (2015: HK$444,000) due to Excellent Speed as at 31 March 2016.

28. 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 or "**Landing**"), for the acquisition of 100% equity interest of Double Earn Holdings Limited and its subsidiaries (the "**Double Earn Group**"). 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 Landing. 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.

The movement of liability component of the promissory notes during the year ended 31 March 2016 is set out below:

	HK$'000
Proceeds from issuance of the promissory notes (note 35)	**239,747**
Interest cost amortised	**1,738**
As at 31 March 2016 and repayable within one year	**241,485**

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2016			2015		
	Effective interest rate (%)	**Maturity**	**HK'000**	Effective interest rate (%)	Maturity	HK'000
Current						
Finance lease payables (note (a))	**–**	**–**	**–**	3.25	2016	263
Other loans – unsecured (note (b))	**15**	**2016**	**75,000**	–	–	–
Bank loans – unsecured (note (c))	**2.2–3.75**	**on demand**	**38,680**	3.75	on demand	12,070
Current portion of other loan – secured (note (d))	**13.4**	**2016**	**245,489**	–	–	–
			359,169			12,333
Non-current						
Non-current portion of other loan – secured (note (d))	**13.4**	**2018**	**514,214**	–	–	–
			873,383			12,333

29. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	2016 HK$'000	2015 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**38,680**	12,070
	38,680	12,070
Other borrowings repayable:		
Within one year	**320,489**	263
In the second year	**514,214**	–
	834,703	263
	873,383	12,333

Notes:

(a) As at 31 March 2015, the Group leased certain of its property, plant and equipment for its business operations. These leases were classified as finance leases and have remaining lease terms of 1 month. The total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments HK$'000	**Present value of minimum lease payments** HK$'000
Amounts payable under finance leases:		
Within one year	264	263
Total minimum finance lease payments	264	263
Future finance charges	(1)	
Total net finance leases payable	263	
Portion classified as current liabilities	(263)	
Non-current portion	–	

(b) The Group's other loans are unsecured, bear interest at 15% and repayable in June 2016.

(c) As at 31 March 2016, a personal guarantee given by Mr. Lam and Dr. Wong for the Group's bank loans up to HK$127,821,000. (2015: a corporate guarantee given by the Company for the Group's bank loans up to HK$30,000,000).

(d) The Group's other loan is secured by the pledged shares of two subsidiaries of the Group.

(e) Except for the secured other loan in note (d) above which is denominated in United State dollars, all borrowings are in Hong Kong dollars.

30. PROVISION FOR LONG SERVICE PAYMENTS

	2016 HK$'000	2015 HK$'000
At beginning of year	**4,730**	4,740
Additional provision/(utilised) during the year	**118**	(10)
At end of year	**4,848**	4,730

Under the Hong Kong Employment Ordinance, the Group is obligated to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of services, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. The long service payments are paid out from the Group's cash at banks when such payments are required. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of each of the reporting period.

31. DEFERRED TAXATION

The movements in deferred tax liabilities during the year are as follows:

	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Total HK$'000
At 1 April 2014	–	4,250	4,250
Charged to statement of profit or loss (note 11)	–	2,031	2,031
At 31 March 2015 and at 1 April 2015	–	6,281	6,281
Acquisition of subsidiaries (note 35)	127,297	–	127,297
(Credited)/charged to statement of profit or loss (note 11)	(12,330)	1,354	(10,976)
Disposal of subsidiaries (note 36)	–	(438)	(438)
At 31 March 2016	114,967	7,197	122,164

The Group has tax losses of HK$95,107,000 (2015: HK$4,565,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax asset has not been recognised in respect of these losses as the utilisation of which is uncertain.

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32. SHARE CAPITAL

Shares	2016 Number of shares	2016 HK$'000	2015 Number of shares	2015 HK$'000
Authorised				
Ordinary shares of HK$0.001 each (2015: HK$0.01)	**200,000,000,000**	**200,000**	1,000,000,000	10,000
Issued and fully paid				
Ordinary shares of HK$0.001 each (2015: HK$0.01)	**24,900,000,000**	**24,900**	415,000,000	4,150

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue	**Share capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
Issued and fully paid:				
As at 1 April 2014, 31 March 2015 and 1 April 2015	415,000,000	4,150	95,797	99,947
Shares issued pursuant to the placing (note (a))	83,000,000	830	59,760	60,590
Share subdivision (note (b))	4,482,000,000	–	–	–
Issue of bonus shares (note (c))	19,920,000,000	19,920	–	19,920
	24,900,000,000	24,900	155,557	180,457
Share issue expenses (note (a))	–	–	(1,595)	(1,595)
At 31 March 2016	24,900,000,000	24,900	153,962	178,862

Notes:

(a) On 23 April 2015, the Company issued 83,000,000 shares of HK$0.01 each to not less than six placees at a price of HK$0.73 pursuant to the terms and conditions of the placing agreement entered into between the Company and Kingston Securities Limited on 13 April 2015. After netting off share issue expenses of HK$1,595,000, net proceeds of HK$58,995,000 were recognised. Details of the placing were set out in the announcements of the Company dated 13 April 2015 and 23 April 2015.

(b) On 3 June 2015, ordinary resolution was duly passed at the extraordinary general meeting of the Company pursuant to which each issued and unissued share of par value of HK$0.01 each being subdivided into ten (10) subdivided shares of par value of HK$0.001 each with effective from 4 June 2015. Details of the share subdivision were set out in the circular of the Company dated 15 May 2015.

(c) On 19 August 2015, ordinary resolutions were duly passed at the extraordinary general meeting of the Company pursuant to which the authorised share capital of the Company was increased 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 and issue and allotment of bonus shares on the basis of four (4) bonus shares for every one (1) share held by the qualifying shareholders on the record date of 27 August 2015. 19,920,000,000 bonus shares of HK$0.001 each were allotted and issued on 2 September 2015. Details of the bonus issue were set out in the circular of the Company dated 3 August 2015.

33. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 22 September 2013 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, consultants or advisor of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme in any 12-month period up to date of grant must not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5 million must be approved in advance by the Company's shareholders.

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

33. SHARE OPTION SCHEME (continued)

The subscription price shall be a price solely determined by the directors and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

The Scheme shall be valid and effective for a period of ten years commencing on 22 September 2013, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2015 and 2016.

34. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 42 of the financial statements.

35. BUSINESS COMBINATION

On 24 November 2015, the Group acquired a 100% equity interest of the Double Earn Group from Landing. The Double Earn Group are engaged in the provision of services in relation to the development and operation of the property development projects in Mainland China. The acquisition was made as part of the Group's strategy to expand its business segment and generate diversified income in the PRC. Details of the acquisition are set out in the Company's circular dated 6 November 2015. The purchase consideration for the acquisition was in form of cash, with HK$755,000,000 paid at the acquisition date, and the Company has issued promissory notes of an aggregate principal amount of HK$245,000,000 for the remaining of the purchase consideration.

On 16 January 2016, the Group acquired a 100% equity interest of Pride Review Limited and its subsidiaries (the "**Pride Review Group**") from an independent third party. The Pride Review Group are engaged in provision of catering services. The acquisition was made part of the Group's strategy to expand its business segment and generate diversified income. The purchase consideration for the acquisition was in the form of cash, with HK$17,100,000 paid at the acquisition date.

35. BUSINESS COMBINATION (continued)

The fair values of the identifiable assets and liabilities of the Double Earn Group and Pride Review Group as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition Double Earn Group HK$'000	Pride Review Group HK$'000	Total HK$'000
Property, plant and equipment	14	**974**	**513**	**1,487**
Properties under development		**1,094,354**	**–**	**1,094,354**
Inventories		**–**	**390**	**390**
Trade receivables		**–**	**265**	**265**
Prepayment, deposits and other receivables		**300,945**	**2,684**	**303,629**
Tax recoverable		**7,287**	**20**	**7,307**
Restricted cash		**31,361**	**–**	**31,361**
Cash and bank balances		**7,212**	**824**	**8,036**
Trade payables		**(4,713)**	**(134)**	**(4,847)**
Other payables and accruals		**(936,514)**	**(4,798)**	**(941,312)**
Deferred tax liabilities	31	**(127,297)**	**–**	**(127,297)**
Total identifiable net assets (liabilities) at fair value		**373,609**	**(236)**	**373,373**
Other payables assigned		**628,184**	**–**	**628,184**
Gain on bargain purchase	6, 8	**(7,046)**	**–**	**(7,046)**
Goodwill on acquisition	16	**–**	**17,336**	**17,336**
		994,747	**17,100**	**1,011,847**
Satisfied by:				
Cash		**755,000**	**17,100**	**772,100**
Promissory notes	28	**239,747**	**–**	**239,747**
		994,747	**17,100**	**1,011,847**

The Group incurred transaction costs of HK$3,669,000 for these acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of cash flows in respect of the acquisition of the Double Earn Group and Pride Review Group is as follows:

	Double Earn Group HK$'000	Pride Review Group HK$'000	Total HK$'000
Cash consideration	**(755,000)**	**(17,100)**	**(772,100)**
Cash and bank balances acquired	**7,212**	**824**	**8,036**
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(747,788)**	**(16,276)**	**(764,064)**
Transaction costs of the acquisition included in cash flow from operating activities	**(3,669)**	**–**	**(3,669)**
	(751,457)	**(16,276)**	**(767,733)**

35. BUSINESS COMBINATION (continued)

Since the acquisition, the Double Earn Group and the Pride Review Group contributed HK$120,789,000 to the Group's revenue and loss of HK$27,941,000 to the consolidated loss for the year ended 31 March 2016, respectively.

Had the combination taken place at the beginning of the year, the revenue of the Group and loss of the Group for the year would have been HK$549,394,000 and HK$200,395,000, respectively.

36. DISPOSAL OF SUBSIDIARIES

	Notes	2016 HK$'000	2015 HK$'000
Net assets disposed of:			
Property, plant and equipment	14	**6**	366
Investment properties	15	**41,400**	–
Trade receivables		**39**	244
Cash and bank balances		**1,543**	508
Trade and other payables		**(38,561)**	(1,200)
Deferred tax liabilities	31	**(438)**	–
		3,989	(82)
(Loss)/gain on disposal of subsidiaries	8	**(80)**	1,082
Other payables assigned		**38,091**	–
		42,000	1,000
Satisfied by:			
Cash		**42,000**	1,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2016 HK$'000	2015 HK$'000
Cash consideration	**42,000**	1,000
Cash and bank balances disposed of	**(1,543)**	(508)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**40,457**	492

37. ACQUISITION OF ASSETS AND LIABILITIES

For the year ended 31 March 2015, the Group acquired 100% of the share capital of Funa Assets Limited ("Funa Assets") at a consideration of HK$38,699,000.

Funa Assets had not carried out any significant business transaction except for holding certain investment properties in Hong Kong. The acquisition had been accounted for as an acquisition of assets and liabilities as the entity acquired by the Group did not constitute a business.

The following table summarises the consideration paid for Funa Assets, the assets acquired and liabilities assumed at the acquisition date.

	2015 HK$'000
Net asset acquired:	
Investment properties (note 15)	39,000
Trade and other payables	(301)
Total identifiable net assets acquired	38,699

Analysis of cash flows in respect of the acquisition of Funa Assets is as follows:

	HK$'000
Cash and bank balances acquired	–
Cash consideration paid for the acquisition	(38,699)
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(38,699)

38. OPERATING LEASE ARRANGEMENTS

(a) As lessor

For the year ended 31 March 2015, the Group leased its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from two to three years. The terms of the leases generally required the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at 31 March 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015 HK$'000
Within one year	1,051
In the second to fifth years, inclusive	646
	1,697

(b) As lessee

The Group leases certain of its restaurants and office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

As at 31 March 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**6,033**	1,610
In the second to fifth years, inclusive	**1,009**	2,378
	7,042	3,988

39. COMMITMENTS

Capital commitments

In addition to the operating lease commitment detailed in note 38(b) above, the Group had the following capital commitments at the end of the reporting period:

	2016 HK$'000	2015 HK$'000
Contracted, but not provided for:		
Property, plant and equipment	–	2,760
Properties being developed by the Group for sale	200,869	–
	200,869	2,760

40. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had outstanding balance due to a related party. As disclosed in the consolidated statement of financial position, the Group had outstanding balance of HK$120,000,000 (2015: HK$120,000,000) as at 31 March 2016 due to Excellent Speed which bore interest at the rate of 5% per annum. The interest payable as at 31 March 2016 was HK$6,456,000 (2015: HK$444,000) and interest expense for the year ended 31 March 2016 was HK$6,012,000 (2015: HK$444,000). Further details are set out in note 27 to the financial statements.

(b) Compensation of key management personnel of the Group:

	2016 HK$'000	2015 HK$'000
Short-term employee benefits	26,027	24,856

Further details of directors' and the chief executive's remuneration are included in note 9 to the financial statements.

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41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2016

Financial assets	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investments	–	–	7,800	7,800
Trade and retention receivables	–	73,760	–	73,760
Financial assets included in deposits and other receivables	–	28,126	–	28,126
Equity investments at fair value through profit or loss	237,164	–	–	237,164
Restricted cash	–	18,541	–	18,541
Cash and cash equivalents	–	108,901	–	108,901
	237,164	229,328	7,800	474,292

Financial liabilities	Financial liabilities through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade payables	–	43,824	43,824
Financial liabilities included in other payables	–	290,309	290,309
Due to a related company	–	120,000	120,000
Promissory notes	241,485	–	241,485
Interest-bearing bank and other borrowings	–	873,383	873,383
	241,485	1,327,516	1,569,001

41. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2015

Financial assets	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	–	–	4,350	4,350
Trade and retention receivables	–	117,193	–	117,193
Financial assets included in deposits and other receivables	–	2,542	–	2,542
Equity investments at fair value through profit or loss	65,320	–	–	65,320
Cash and cash equivalents	–	254,815	–	254,815
	65,320	374,550	4,350	444,220

Financial liabilities	Financial liabilities at amortised cost HK$'000
Trade payables	35,626
Financial liabilities included in other payables	13,183
Due to a related company	120,000
Interest-bearing bank and other borrowings	12,333
	181,142

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments are reasonably approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, restricted cash, available-for-sale investments, equity investment at fair value through profit or loss, trade and retention receivables, financial assets included in deposit and other receivables, trade payables, financial liabilities included in other payables, interest-bearing bank and other borrowings and amount due to a related company approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing other borrowings as at 31 March 2016 was assessed to be insignificant. The fair value of the liability component of the promissory notes represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Group.

The fair values of listed equity investments are based on quoted market prices. The valuation requires the directors to make estimates about the expected future cash flows including expected future dividends and proceeds on subsequent disposal of the shares. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
As at 31 March 2016	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Available-for-sale investments:				
Equity investments	7,800	–	–	7,800
Equity investments at fair value through profit or loss	237,164	–	–	237,164
	244,964	–	–	244,964

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 March 2015	Fair value measurement using Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Available-for-sale investments:				
Equity investments	4,350	–	–	4,350
Equity investments at fair value through profit or loss	65,320	–	–	65,320
	69,670	–	–	69,670

The Group did not have any financial liabilities measured at fair value as at 31 March 2016 and 2015.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets (2015: Nil).

Liabilities for which fair values are disclosed:

As at 31 March 2016	**Fair value measurement using Quoted prices in active markets (Level 1) HK$'000**	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Promissory notes	**–**	**241,485**	**–**	**241,485**
Interest-bearing bank and other borrowings	**–**	**915,222**	**–**	**915,222**
	–	**1,156,707**	**–**	**1,156,707**

As at 31 March 2015	Fair value measurement using Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	–	12,336	–	12,336

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash, promissory notes and interest-bearing bank and other borrowings. The main purpose of these financial instruments are used to raise finance for the Group's operations and investments. The Group has various other financial assets and liabilities such as trade and retention receivables, amount due to a related company, deposits and other receivables, trade and other payables.

The main risks arising from the Group's financial instruments are interest rate risk, equity price risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 3.4 to the financial statements.

Interest rate risk

The Group has no significant interest-bearing assets. The Group's exposure to changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its cash flow interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's (loss)/profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in loss before tax HK$'000**	**Increase/ (decrease) in equity* HK$'000**
2016			
Hong Kong dollars	**100**	**387**	**–**
Hong Kong dollars	**(100)**	**(387)**	**–**

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2015			
Hong Kong dollars	100	(123)	–
Hong Kong dollars	(100)	123	–

* Excluding retained profits

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 23) and available-for-sale investments (note 17) as at 31 March 2016. The Group's listed investments are listed on the Stock Exchanges and are valued at quoted market prices at the end of the reporting period.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

The market equity index for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 March 2016	High/low 2016	31 March 2015	High/low 2015
Hong Kong				
Hang Seng Index	**20,777**	**28,443/18,320**	23,605	25,317/21,182

The following table demonstrates the sensitivity to every 5% (2015: 5%) change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity instruments HK$'000	Increase/ (decrease) in loss before tax HK$'000	Increase/ (decrease) in equity HK$'000
2016			
Investments listed in:			
Hong Kong –			
Available-for-sale	**7,800**	**–**	**390**
Held-for-trading	**237,164**	**(11,858)**	**–**
	244,964	**(11,858)**	**390**

	Carrying amount of equity instruments HK$'000	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity HK$'000
2015			
Investments listed in:			
Hong Kong –			
Available-for-sale	4,350	–	218
Held-for-trading	65,320	3,266	–
	69,670	3,266	218

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to trade and retention receivables and cash at banks. In order to minimise the credit risk, the Group has established policies and systems for monitoring and control of credit risk. The management has delegated different divisions responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that follow up action is taken to recover overdue debts. In addition, management reviews the recoverable amount of trade and retention receivables individually or collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 March 2016, there were four (2015: three) customers which individually contributed over 10% of the Group's trade and retention receivables. The aggregate amount of trade and retention receivables from these customers amounted to 72% (2015: 76%) of the Group's total trade and retention receivables.

The credit risks for bank balances are considered minimal as such amounts are placed with banks with good credit ratings.

Liquidity risk

Internally generated cash flows are the general sources of funds to finance the operations of the Group. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations. The Group aims to maintain flexibility in funding by keeping committed credit lines available and sufficient bank deposits to meet its short term cash requirements. The Group's liquidity risk management includes diversifying the funding sources.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2016	**On demand HK$'000**	**Less than 3 months HK$'000**	**3 to less than 12 months HK$'000**	**1 to 5 years HK$'000**	**Total HK$'000**
Trade payables	**22,509**	**20,942**	**373**	**–**	**43,824**
Deposit received	**252,310**	**–**	**–**	**–**	**252,310**
Receipt in advance	**6,276**	**–**	**–**	**–**	**6,276**
Other payables	**9,608**	**–**	**–**	**–**	**9,608**
Interest payables	**–**	**2,695**	**19,420**	**–**	**22,115**
Due to a related company	**–**	**–**	**125,100**	**–**	**125,100**
Promissory notes	**–**	**–**	**244,286**	**–**	**244,286**
Interest-bearing bank and other borrowings	**39,586**	**106,478**	**325,423**	**571,437**	**1,042,924**
	330,289	**130,115**	**714,602**	**571,437**	**1,746,443**

As at 31 March 2015	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Trade payables	12,178	23,067	381	–	35,626
Other payables	2,859	9,880	–	–	12,739
Due to a related company	–	–	125,556	–	125,556
Interest payable	–	–	444	–	444
Interest-bearing bank and other borrowings	12,357	264	–	–	12,621
	27,394	33,211	126,381	–	186,986

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of debt balance and equity balance. Debt balance consists of interest-bearing bank and other borrowings, amount due to a related company and promissory notes. Equity balance consists of equity attributable to owners of the parent, comprising issued capital and reserves.

The directors review the capital structure on an on-going annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure and take appropriate actions to adjust the Group's capital structure.

44. 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 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2016

45. CONTINGENT LIABILITIES

(a) The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

(b) Pending litigation

As at 31 March 2016, there were five outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employee of the Group. The claims were related to the employee of the subcontractor and the employee 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.

On 30 October 2014, a summon has been issued to the Group in relation to an offence arising from the incident occurred on 2 May 2014 which involved the Group failure to ensure that every part of the load, namely THE H-PILE which was to be raised or lowered by the lifting appliance was securely suspended or supported; and adequately secured so as to prevent danger arising to persons or properties as a result of the slipping or displacement of any part of the load. The Deputy Magistrate has ruled on 8 December 2015 that the summons against Ngai Shun Construction has been dismissed by the plaintiff since the prosecution offered no further evidence. The case has been closed with no further legal process. The directors are of the view that this case will not cause any material adverse impact on the Group.

46. COMPARATIVE AMOUNTS

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

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of reporting period is as follows:

	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	94	–
Investments in subsidiaries	1,097,114	93,267
Total non-current assets	1,097,208	93,267
CURRENT ASSETS		
Due from subsidiaries	87,677	85,175
Prepayment, deposits and other receivables	20,892	–
Equity investment at fair value through profit or loss	191,717	44,640
Cash and cash equivalents	10,438	174,437
Total current assets	310,724	304,252
CURRENT LIABILITIES		
Other payables and accruals	24,002	813
Due to a related company	120,000	120,000
Promissory notes	241,485	–
Interest-bearing other borrowings	320,489	–
Total current liabilities	705,976	120,813
NET CURRENT (LIABILITIES)/ASSETS	(395,252)	183,439
TOTAL ASSETS LESS CURRENT LIABILITIES	701,956	276,706
NON-CURRENT LIABILITY		
Interest-bearing other borrowings	514,214	–
Net assets	187,742	276,706
EQUITY		
Share capital	24,900	4,150
Reserves (note)	162,842	272,556
Total equity	187,742	276,706

Mock Wai Yin
Director

Wang Xin
Director

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account	Special reserve*	(Accumulated losses)/ Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2014	95,797	93,267	(13,297)	175,767
Total comprehensive income for the year	–	–	96,789	96,789
At 31 March 2015 and 1 April 2015	95,797	93,267	83,492	272,556
Loss for the year	–	–	(147,959)	(147,959)
Total comprehensive loss for the year	–	–	(147,959)	(147,959)
Placing of shares	59,760	–	–	59,760
Share issue expenses	(1,595)	–	–	(1,595)
Issue of bonus shares	–	–	(19,920)	(19,920)
At 31 March 2016	153,962	93,267	(84,387)	162,842

* The special reserve represents the difference between the fair value of the shares of Pearl Swirls Limited acquired pursuant to the reorganisation in September 2013 over the nominal value of the Company's share issued in exchange therefore.

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 June 2016.

PROPERTIES HELD BY THE GROUP

Property	The Group's interest (%)	Location	Site area attributable to the Group's interest ('000 sq. m.)	Total gross floor area attributable to the Group's interest ('000 sq. m.)	Usage	Stage of completion	Expected date of completion
Completed properties held for sale							
The Tangxi Villas	100	Yueyang City, Hunan Province	46	24	Residential	100%	N/A
Properties under development							
The Tangxi Villas	100	Yueyang City, Hunan Province	96	50	Residential	80%	2016

FINANCIAL SUMMARY

Year ended 31 March 2016

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements.

RESULTS	2016 HK$'000	2015 HK$'000 (Re-presented)	2014 HK$'000	2013 HK$'000	2012 HK$'000
Revenue	**532,194**	558,150	486,906	356,100	249,586
Cost of sales	**(480,404)**	(408,371)	(353,509)	(248,827)	(193,175)
Gross profit	**51,790**	149,779	133,397	107,273	56,411
Other income and gains, net	**13,148**	22,755	5,146	323	388
Selling and distribution expenses	**(2,251)**	–	–	–	–
Administrative expenses	**(88,508)**	(61,155)	(47,293)	(31,777)	(18,335)
Operating profit	**(25,821)**	111,379	91,250	75,819	38,464
Other expenses	**(103,184)**	(3,497)	–	–	–
Finance costs	**(71,176)**	(1,186)	(1,227)	(437)	(643)
(Loss)/profit before tax	**(200,181)**	106,696	90,023	75,382	37,821
Income tax credit/(expense)	**6,788**	(16,134)	(16,644)	(12,963)	(6,241)
(Loss)/profit attributable to owners of the parent	**(193,393)**	90,562	73,379	62,419	31,580
ASSETS AND LIABILITIES					
Total assets	**1,916,771**	544,771	324,164	153,683	104,722
Total liabilities	**(1,727,732)**	(223,347)	(94,862)	(57,707)	(51,165)
Net assets	**189,039**	321,424	229,302	95,976	53,557
Equity attributable to owners of the parent	**189,039**	321,424	229,302	95,976	53,557