Ngai Shun Holdings Limited
毅信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01246)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

The board (the "**Board**") of directors (the "**Director(s)**") of Ngai Shun Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2017, together with the comparative figures for the previous year. The annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
REVENUE	7	**511,146**	532,194
Cost of sales		**(686,886)**	(480,404)
Gross (loss)/profit		**(175,740)**	51,790
Other income and gains, net	7	**7,948**	13,148
Selling and distribution expenses		**(7,141)**	(2,251)
Administrative expenses		**(93,299)**	(88,508)
Other expenses		**(194,172)**	(103,184)
Finance costs	8	**(127,891)**	(71,176)
LOSS BEFORE TAX	9	**(590,295)**	(200,181)
Income tax credit	10	**18,051**	6,788
LOSS FOR THE YEAR		**(572,244)**	(193,393)
Attributable to:			
Owners of the parent		**(569,421)**	(193,393)
Non-controlling interests		**(2,823)**	–
		(572,244)	(193,393)
			(Restated)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	**HK$(0.12)**	HK$(0.19)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(572,244)**	(193,393)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(2,290)**	3,450
Reclassification adjustment to consolidated statement of profit or loss upon disposal	**(555)**	–
	(2,845)	3,450
Exchange differences on translation of foreign operations	**(19,635)**	(1,437)
NET OTHER COMPREHENSIVE (LOSS)/INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(22,480)**	2,013
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(594,724)**	(191,380)
Attributable to:		
Owners of the parent	**(591,901)**	(191,380)
Non-controlling interests	**(2,823)**	–
	(594,724)	(191,380)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**57,742**	77,971
Investment properties		**–**	–
Goodwill		**17,336**	17,336
Available-for-sale investments		**875**	7,800
Total non-current assets		**75,953**	103,107
CURRENT ASSETS			
Inventories		**370**	469
Completed properties held for sale		**72,781**	406,444
Properties under development		**917,927**	811,421
Trade and retention receivables	14	**68,316**	73,760
Prepayment, deposits and other receivables		**45,908**	135,338
Equity investments at fair value through profit or loss		**121,916**	237,164
Tax recoverable		**16,568**	21,626
Restricted cash		**64,969**	18,541
Cash and cash equivalents		**410,740**	108,901
Total current assets		**1,719,495**	1,813,664
CURRENT LIABILITIES			
Trade payables	15	**35,137**	43,824
Other payables and accruals		**254,537**	321,675
Due to a related company		**49,456**	120,000
Promissory notes	16	**–**	241,485
Interest-bearing bank and other borrowings		**802,310**	359,169
Tax payable		**770**	353
Total current liabilities		**1,142,210**	1,086,506
NET CURRENT ASSETS		**577,285**	727,158
TOTAL ASSETS LESS CURRENT LIABILITIES		**653,238**	830,265
NON-CURRENT LIABILITIES			
Interest-bearing other borrowings		**–**	514,214
Provision for long service payments		**3,262**	4,848
Deferred tax liabilities		**96,680**	122,164
Total non-current liabilities		**99,942**	641,226
Net assets		**553,296**	189,039
EQUITY			
Equity attributable to owners of the parent			
Share capital		**161,850**	24,900
Reserves		**340,786**	164,139
		502,636	189,039
Non-controlling interests		**50,660**	–
Total equity		**553,296**	189,039

NOTES:

1. GENERAL 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.

The principal activity of the Company is investment holding. During the year, the principal activities of its subsidiaries were involved in the following:

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

2. BASIS OF PRESENTATION

Notwithstanding that (i) the Group incurred a loss attributable to owners of the parent of HK$569,421,000 for the year ended 31 March 2017; and (ii) the Group has capital commitments of HK$85,396,000, loan from a related company of HK$49,456,000, interest-bearing bank and other borrowings of HK$802,310,000 as at 31 March 2017, 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) subsequent to the reporting period, the Company has obtained a loan credit facility from an independent third party, to finance the Group's working capital; and

(ii) pre-sales proceeds received from the Group's property development segment.

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

3 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**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 (collectively, the "**Group**") for the year ended 31 March 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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 described above. 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, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

The adoption of the new standard and amendments to standards did not have any material impact on the preparation of the Group's consolidated financial statements.

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

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
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]
HKFRS 15	*Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] No mandatory effective date yet determined but available for adoption

Other than HKFRS 15 and HKFRS 16, the management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the above other amendments to existing standards.

6. 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 piling 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 before tax except that bank interest income, gain on bargain purchase, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

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

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

	Foundation piling		Property development		Investment securities		Food and beverage		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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	**268,029**	411,405	**219,090**	116,638	**—**	—	**24,027**	4,151	**511,146**	532,194
Segment results	**(25,740)**	6,957	**(221,585)**	(25,082)	**(193,302)**	(101,963)	**1,562**	1,134	**(439,065)**	(118,954)
Reconciliation:										
Bank interest income									**240**	136
Gain on bargain purchase									**—**	7,046
Corporate and other unallocated expenses, net									**(23,579)**	(17,233)
Finance costs									**(127,891)**	(71,176)
Loss before tax									**(590,295)**	(200,181)

	Foundation piling		Property development		Investment securities		Food and beverage		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**171,365**	236,571	**1,085,923**	1,356,879	**468,480**	245,944	**28,049**	24,301	**1,753,817**	1,863,695
Reconciliation:										
Tax recoverable									**16,568**	21,626
Corporate and other unallocated assets									**25,063**	31,450
Total assets									**1,795,448**	1,916,771
Segment liabilities	**33,368**	77,073	**250,386**	265,190	**—**	10	**6,187**	4,062	**289,941**	346,335
Reconciliation:										
Due to a related company									**49,456**	120,000
Interest-bearing bank and other borrowings									**802,310**	873,383
Tax payable									**770**	353
Deferred tax liabilities									**96,680**	122,164
Corporate and other unallocated liabilities									**2,995**	265,497
Total liabilities									**1,242,152**	1,727,732

Other segment information

	Foundation piling		Property development		Investment securities		Food and beverage		Others		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Dividend income from equity investments at fair value through profit or loss	**—**	—	**—**	—	**(340)**	(1,193)	**—**	—	**—**	—	**(340)**	(1,193)
Depreciation	**32,560**	29,200	**326**	98	**—**	—	**253**	58	**27**	12	**33,166**	29,368
Fair value losses on equity investments at fair value through profit or loss	**—**	—	**—**	—	**143,111**	55,028	**—**	—	**—**	—	**143,111**	55,028
Loss on disposal of equity investments at fair value through profit or loss	**—**	—	**—**	—	**51,061**	48,076	**—**	—	**—**	—	**51,061**	48,076
Write-down of completed properties held for sale to net realisable value	**—**	—	**11,137**	—	**—**	—	**—**	—	**—**	—	**11,137**	—
Write-down of properties under development to net realisable value	**—**	—	**93,720**	—	**—**	—	**—**	—	**—**	—	**93,720**	—
Capital expenditure*	**12,534**	46,336	**315**	1,123	**—**	—	**150**	831	**—**	106	**12,999**	48,396

* Capital expenditure consists of additions to property, plant and equipment including assets from the acquisition of subsidiaries.

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	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**292,056**	415,556	**74,150**	94,305
Mainland China	**219,090**	116,638	**928**	1,002
	511,146	532,194	**75,078**	95,307

Information about major customers

During the year, revenue of HK$248,637,000 (2016: HK$244,282,000), representing 49% (2016: 46%) of the Group's total revenue, were derived from foundation piling segment to three customers (2016: 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:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**82,224**	185,779
Customer B	**N/A***	58,503
Customer C	**113,042**	N/A*
Customer D	**53,371**	N/A*

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

7. REVENUE, OTHER INCOME AND GAINS, NET

	2017 *HK$'000*	2016 *HK$'000*
Revenue		
Contracts income	**268,029**	411,405
Sales of properties	**219,090**	116,638
Provision of catering services	**24,027**	4,151
	511,146	532,194
Other income and gains, net		
Bank interest income	**240**	136
Dividend income from equity investments at fair value through profit or loss	**340**	1,193
Gain on disposal of available-for-sale investments, net of transaction costs	**539**	—
Gain on disposal of items of property, plant and equipment	**4,933**	1,610
Gain on bargain purchase	**—**	7,046
Rental income	**—**	403
Others	**1,896**	2,760
	7,948	13,148

8. FINANCE COSTS

	2017 *HK$'000*	2016 *HK$'000*
Interest on bank and other loans	**120,145**	63,425
Interest on finance leases	**—**	1
Interest on loan from a related company	**4,231**	6,012
Interest on promissory notes	**3,515**	1,738
	127,891	71,176

9. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2017 *HK$'000*	2016 *HK$'000*
Auditor's remuneration	**1,350**	1,130
Cost of properties sold	**304,070**	127,071
Cost of inventories sold	**4,258**	436
Cost of services provided	**5,927**	431
Depreciation	**33,166**	29,368
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**—**	20
Foreign exchange differences, net	**16,403**	10,340
Fair value losses on equity investments at fair value through profit or loss*	**143,111**	55,028
Write-down of completed properties held for sale to net realisable value#	**11,137**	—
Write-down of properties under development to net realisable value#	**93,720**	—
Minimum lease payments under operating leases	**6,643**	2,667
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
– Wages and salaries	**113,680**	129,400
– Pension scheme contributions	**4,380**	3,916
Less: Amount capitalised	**(4,807)**	(2,281)
	113,253	131,035
Loss on disposal of subsidiaries*	**—**	80
Loss on disposal of equity investments at fair value through profit or loss*	**51,061**	48,076

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

\# Included in "Cost of sales" on the face of the consolidated statement of profit or loss.

10. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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.

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

PRC Land Appreciation Tax ("**LAT**") is levied at progressive rates based on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including all property development expenditures.

	2017	2016
	HK$'000	*HK$'000*
Current – Hong Kong		
– Charge for the year	**508**	394
– Underprovision in prior years	**–**	90
Current – PRC LAT	**6,925**	3,704
	7,433	4,188
Deferred	**(25,484)**	(10,976)
Total tax credit for the year	**(18,051)**	(6,788)

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2017, nor has any dividend been proposed since the end of the reporting period (2016: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted loss per share are based on:

	2017	2016
	HK$'000	*HK$'000*
Loss:		
Loss attributable to ordinary equity holders of the parent	**569,421**	193,393

	Number of shares	
	2017	2016
	'000	*'000*
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation as adjusted for share consolidation and rights issue which were completed in June and July 2016, respectively (2016: as adjusted for share consolidation and rights issue)	**4,838,065**	1,035,214

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2017 and 2016.

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 March 2017, the Group had additions of property, plant and equipment at a total cost of HK$12,999,000 (2016: HK$46,909,000).

14. TRADE AND RETENTION RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**37,050**	38,741
Retention receivables	**31,266**	35,019
	68,316	73,760

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.

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

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**20,978**	19,831
31 to 60 days	**15,876**	17,670
61 to 90 days	**196**	–
Over 90 days	**–**	1,240
	37,050	38,741
Retention receivables	**31,266**	35,019
	68,316	73,760

15. 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:

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**22,809**	39,294
31 to 60 days	**2,084**	742
61 to 90 days	**4,864**	682
Over 90 days	**5,380**	3,106
	35,137	43,824

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

16. PROMISSORY NOTES

On 29 September 2015 and 4 November 2015, the Company entered into a sale and purchase agreement and supplemental 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 was 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 were interest-bearing at 15% per annum with interest payable on the maturity date on 23 November 2016. During the year ended 31 March 2017, the promissory notes were early redeemed by the Company in full with interest on the redeemed amount accrued up to the date of redemption. 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 movements of the liability component of the promissory notes were as follows:

	HK$'000
Proceeds from issuance of the promissory notes	**239,747**
Interest cost amortised	**1,738**
At 31 March 2016 and 1 April 2016	**241,485**
Interest cost amortised	**3,515**
Redemption of the promissory notes	**(245,000)**
At 31 March 2017	**–**

17. EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the reporting period, on 18 April 2017, Creative Lane Limited (a wholly-owned subsidiary of the Company, the "**Purchaser**") and Boill International Co., Limited (an independent third party, the "**Vendor**") entered into a supplemental agreement (the "**Supplemental Agreement**") to, among others, amend the payment terms of the sale and purchase agreement dated 30 September 2016 (the "**Sale and Purchase Agreement**"), in connection with the acquisition of 68% equity interest in Anway Real Estate Limited ("**Anway**") (the "**Acquisition**"). Pursuant to the Supplemental Agreement, the consideration of the Acquisition will be settled by the Purchaser on the completion date of the Acquisition in the following manner:

(i) the Purchaser shall pay an amount of HK$860,000,000 to the Vendor in cash; and

(ii) the remaining balance of HK$240,000,000 will be settled by the Purchaser through the proceeds from an unsecured interest-free loan provided by the Vendor.

On the same date, the Vendor and the Purchaser also entered into a loan agreement, pursuant to which, the Vendor has agreed to provide an unsecured interest-free loan of HK$240,000,000 available to the Purchaser for a term until the date when the Vendor ceased to be a shareholder of Anway.

Details of the above transactions are set in the announcement and the circular of the Company dated 18 April 2017 and 26 January 2017, respectively.

(b) Upon the Acquisition took place on 19 April 2017, Liyao Investment Limited, being the subscriber (the "**Subscriber**"), has subscribed 2,600,000,000 shares of the Company (the "**Subscription Shares**") at a price of HK$0.20 per Subscription Share (the "**Subscription**"), in pursuant to the terms and conditions set forth in the subscription agreement dated 30 September 2016 (the "**Subscription Agreement**"), further details of which are set in the circular of the Company dated 26 January 2017. Following the Subscription, the Subscriber became the single largest substantial shareholder of the Company with appropriately 28.65% of the issued share capital of the Company as enlarged by the Subscription.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Foundation Piling Business

Pearl Swirls Limited, through its direct wholly-owned subsidiary, Ngai Shun Construction & Drilling Company Limited, is the sole operating arm of the Group's foundation piling business.

The Group undertakes foundation piling projects in both the public sector and the private sector in Hong Kong. During the year ended 31 March 2017, the Group has completed 25 projects, 17 projects were in progress which included 11 public projects and 6 private projects, and were awarded 17 new contracts that worth approximately HK$266.8 million. Revenue recognised for the foundation piling business during the year ended 31 March 2017 was approximately HK$268.0 million (2016: HK$411.4 million), represented a significant drop of 34.9% over the last year.

As at 31 March 2017, the total contract sum on hand (including contracts in progress and contracts of which the work is yet to commence) amounted to approximately HK$734.5 million (31 March 2016: HK$996.1 million), represented a decline of 26.3% over the last year, while the outstanding contract sum increased to HK$209.4 million (31 March 2016: HK$166.1 million). The Group's major public contracts on hand include Public Rental Housing Development at Queen's Hill, Redevelopment of Kwong Wah Hospital, Tai Wai Station Property Development and Public Rental Housing Development at West Kowloon. Major private contracts on hand include Residential Development at Lohas Park 7, Stubbs Road and Severn Road and French International School Campus.

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

In order to free up the capital invested in the declining foundation piling industry, on 25 July 2016, the Company as the vendor and Excellent Speed Limited ("**Excellent Speed**") as the purchaser entered into a sale and purchase agreement, pursuant to which the Company had conditionally agreed to sell 49% of the issued share capital of Pearl Swirls Limited to Excellent Speed at the consideration of HK$80 million (the "**Disposal**").

As more than one of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") exceeded 25% but were less than 75%, the Disposal constituted a major transaction for the Company under Chapter 14 of the Listing Rules and was subject to reporting, announcement and shareholders' approval requirements. Both Dr. Wong Sai Chung, Albert ("**Dr. Albert Wong**") and Mr. Lam Wing Sum ("**Mr. WS Lam**") are directors of Ngai Shun Construction & Drilling Company Limited and hence are connected persons of the Company at the subsidiary level. As Excellent Speed is owned as to 50% by Dr. Albert Wong and the remaining 50% by Mr. WS Lam, Excellent Speed therefore is an associate of Dr. Albert Wong and Mr. WS Lam and is a connected person of the Company under the Listing Rules. Accordingly, the Disposal constituted a connected transaction for the Company but was exempt from the independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

The Disposal was approved by the shareholders of the Company (the "**Shareholders**") in the extraordinary general meeting of the Company held on 22 September 2016 and was completed on 30 September 2016. Upon completion of the Disposal, the Company and Excellent Speed holds 51% and 49% of the total issued share capital of Pearl Swirls Limited respectively, and Pearl Swirls Limited and Ngai Shun Construction & Drilling Company Limited remain as subsidiaries of the Company.

The consideration of HK$80 million was offset by the loan and interests owed to Excellent Speed by the Company, which amounted to approximately HK$129.5 million as at the completion date of 30 September 2016 before such offset.

For further details of the Disposal, please refer to the announcements of the Company dated 25 July 2016, 22 September 2016, 30 September 2016 and 14 November 2016, and the circular of the Company dated 31 August 2016.

Property Development Business

The Group has been engaging in the property development business since November 2015 following the completion of the acquisition of Double Earn Holdings Limited, which through its subsidiaries, is principally engaged in the development and operation of the property project (the "**Property Project**"), which is located on the western shores of 南湖 (Nanhu Lake#), Yueyang, Hunan province, the PRC, which is developed as a high-end residential buildings with club houses and parking lots.

The Property Project has (i) a planned site area of approximately 156,403 square metres; (ii) a construction area of approximately 115,010 square metres; 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 48 Saleable Units (2016: 29 Saleable Units) amounted to approximately HK$219.1 million (2016: HK$116.6 million) have been recognised as revenue during the year ended 31 March 2017.

As at 31 March 2017, about 53% of the salable area has been contracted and planned for delivery to customers and will be recognised as revenue in due course.

Investment Securities

As at 31 March 2017, the Group had equity investments at fair value through profit or loss of approximately HK$121.9 million (31 March 2016: HK$237.2 million) and available-for-sale investments of approximately HK$0.9 million (31 March 2016: HK$7.8 million). All these investments represented equity securities listed on the Stock Exchange.

For equity investments at fair value through profit or loss, the Group recorded a loss on disposal and fair value losses of approximately HK$51.1 million and HK$143.1 million respectively during the year ended 31 March 2017 (2016: HK$48.1 million and HK$55.0 million respectively) in profit or loss. For available-for-sale investments, the Group recorded a net loss on revaluation of approximately HK$2.8 million (2016: net gain of HK$3.5 million) in other comprehensive income for the change in fair value on these investments and gain on disposal of approximately HK$0.5 million (2016: Nil) in profit or loss for these investments. Dividend income received from the listed securities during the year ended 31 March 2017 amounted to approximately HK$0.3 million (2016: HK$1.2 million).

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

Significant equity investments at fair value through profit or loss held during the year ended 31 March 2017 and as at 31 March 2017 are as below:

	Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Unrealised losses on fair value change for the year *HK$'000*	Dividend received during the year *HK$'000*	Cost of acquisition *HK$'000*	Fair value as at 31 March 2017 *HK$'000*	% of net asset of the Group as at 31 March 2017	Fair value as at 31 March 2016 *HK$'000*	Reasons for unrealised losses on fair value change for the year
1	Kingston Financial Group Limited	1031	Provision of securities brokerage, underwriting and placements, margin and IPO financing, corporate finance advisory services, futures brokerage and asset management services, entertainment and hospitality services in Macau	17,000,000	0.1%	(16,731)	340	59,741	43,010	7.8%	—	Downward movements of share prices
2	Imperial Pacific International Holdings Limited	1076	Gaming and resort business, including the development and operation of integrated resort on the Island of Saipan, Commonwealth of the Northern Mariana Islands	298,000,000	0.2%	(6,258)	—	43,391	40,230	7.3%	46,488	Downward movements of share prices
3	China Healthcare Enterprise Group Limited	1143	Electronic manufacturing services; marketing and distribution communication products; and securities and other asset investment	105,140,000	2.1%	(81,063)	—	98,728	10,935	2.0%	91,998	Downward movements of share prices
4	Jin Bao Bao Holdings Limited	1239	Design, manufacture and sale of packaging products and structural components in the PRC; provision for corporate secretarial and consultancy services; and property investment	230,120,000	2.3%	(23,826)	—	34,642	10,816	2.0%	—	Downward movements of share prices
5	Other shares	N/A	N/A	N/A	N/A	(15,235)	—	74,124	16,925	3.1%	27,318	Downward movements of share prices
						(143,113)	340	310,626	121,916		165,804	

	Company name	Stock code	Principal activities	Number of shares disposed	Realised loss on fair value change for the year *HK$'000*	Dividend received during the year *HK$'000*	Reasons for realised loss on fair value change for the year
1	Jin Bao Bao Holdings Limited	1239	Design, manufacture and sale of packaging products and structural components in the PRC; provision for corporate secretarial and consultancy services; and property investment	99,880,000	(10,001)	—	To stop loss
2	Altus Holdings Limited	8149	Provision of corporate finance, primarily offers sponsorship, financial advisory and compliance advisory services to clients; and property investment	1,450,000	(9,877)	—	To stop loss
3	WLS Holdings Limited	8021	Provision of scaffolding and fitting out services, management contracting services, other services for construction and building work, money lending business, securities brokerage and margin financing and securities investment business	99,210,000	(9,191)	—	To stop loss
4	Goal Forward Holdings Limited	8240	Food processing and supply of vegetables, fruits and other food ingredients	2,100,000	(6,763)	—	To stop loss
5	HengTen Networks Group Limited	136	Investment and trading of securities, provision of finance, property investment and manufacturing and sales of accessories for photographic products	40,630,000	(6,645)	—	To stop loss
6	Other shares	N/A	N/A	N/A	(8,584)	—	To stop loss
					(51,061)	—	

Provision of Catering Services

In January 2016, the Company has completed an acquisition of a restaurant in Hong Kong and tapped into the provision of catering services business. The restaurant mainly provides high-quality food, beverage, entertaining and catering services to high-valued customers. During the year ended 31 March 2017, the provision of catering services business contributed a revenue of approximately HK$24.0 million (2016: HK$4.2 million) and a profit of approximately HK$1.1 million (2016: HK$0.8 million) to the Group for the year ended 31 March 2017. Low profit margin was noted for this segment as high costs of food and beverage were served in order to retain customers under the weak consumer market in Hong Kong and high rent and staff costs were incurred in operation.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2017 was approximately HK$511.1 million, representing a decrease of approximately HK$21.1 million or 4.0%, compared to the revenue of approximately HK$532.2 million for last year. The decrease was primarily due to the fewer public projects of the foundation piling business following the serious delay in approving new infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong (the "**Legco Finance Committee**"). The revenue from the foundation piling business dropped from approximately HK$411.4 million for the year ended 31 March 2016 to approximately HK$268.0 million for the year ended 31 March 2017, representing a decrease of approximately HK$143.4 million or 34.9%. The drop in revenue was partially offset by the revenue from the new property development business, which contributed approximately HK$219.1 million to the total revenue of the Group for the year ended 31 March 2017.

Gross Loss

Gross loss for the year ended 31 March 2017 was approximately HK$175.7 million, compared to the gross profit of approximately HK$51.8 million for last year. It was mainly due to the gross loss resulted from the property development business as well as the decrease in gross profit margin from the foundation piling business for the year ended 31 March 2017.

For property development business, the sales of properties in the PRC has been adversely affected by the tight housing policies implemented by the PRC government, large discount on selling price were provided to the customers to expedite sales and generate cash flows. As a result, gross loss on sale of properties was noted and write-down of completed properties held for sale and properties under development to the net realisable value, amounting to approximately HK$11.1 million and HK$93.7 million respectively, was recognised for the year ended 31 March 2017.

For the foundation piling 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 piling projects in order to maintain the market share, which resulted in an adverse effect on the gross profit margin of the foundation piling business.

Selling and Distribution Expenses

Selling and distribution expenses, which solely came from the property development business, increased from approximately HK$2.3 million for last year to approximately HK$7.1 million for the year ended 31 March 2017. Such increase was mainly resulted from the increased advertising costs and costs for sales and marketing staff following the enlarged sales in the property development business.

Administrative Expenses and Other Expenses

The Group's administrative expenses increased to approximately HK$93.3 million for the year ended 31 March 2017 from approximately HK$88.5 million for last year, which represented an increase of approximately HK$4.8 million or 5.4%. Such increase was mainly due to the increase in foreign exchange loss.

The other expenses for the year ended 31 March 2017 amounted to approximately HK$194.2 million, representing an increase of approximately HK$91.0 million as compared to the amount of approximately HK$103.2 million for last year. The significant increase in other expenses was mainly due to the increase in fair value losses on equity investments at fair value through profit or loss which increased by approximately HK$88.1 million from approximately HK$55.0 million for last year to approximately HK$143.1 million for current year.

Finance Costs

Finance costs of the Group increased significantly from approximately HK$71.2 million in last year to approximately HK$127.9 million for the year ended 31 March 2017, representing an increase of approximately HK$56.7 million. Such increase was mainly due to the interest expenses on other borrowings for paying the consideration of the acquisition of Double Earn Holdings Limited.

Net Loss

The Group's net loss for the year ended 31 March 2017 was approximately HK$572.2 million as compared to approximately HK$193.4 million for last year. The significantly increased net loss for the current year was mainly due to (i) the net loss from the foundation piling business in the current year as compared to the net profit for last year, resulted from the decreased revenue; (ii) the gross loss on sale of properties and write-down of the completed properties held for sale and properties under development to the net realisable value for the property development business in the current year; (iii) the enlarged fair value losses on equity investments at fair value through profit or loss; and (iv) the significant increase in interest expenses on other borrowings.

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 per the prospectus *(approximately HK$' million)*	**Actual net proceeds** *(approximately HK$' million)*	**Used amount** *(approximately HK$' million)* (as at 31 March 2017)	**Unused amount** *(approximately HK$' million)* (as at 31 March 2017)
Acquisition of machineries and equipments	51.9	64.9	64.9	–
Hiring additional staff	12.0	15.0	9.2	5.8
Partial bank loan repayment	8.0	10.0	10.0	–
General working capital	8.0	10.0	10.0	–
Total	79.9	99.9	94.1	5.8

BUSINESS PROSPECTS

Foundation Piling Business

The foundation piling industry is still experiencing downfall due to the political environment in Hong Kong. The serious delay in approving new infrastructure projects is due to filibustering in the Legislative Council of Hong Kong and the Legco Finance Committee. The Public Works Subcommittee has only approved 10 projects while the Legco Finance Committee has only approved 5 projects of new infrastructure and only HK$4.8 billion has been approved up to June 2017. It is only 5% of the scheduled amount totalling HK$86.8 billion.

Furthermore, more subcontractors have benefited from the construction boom in last few years and listed in the Stock Exchange. This has resulted in increased competition in the private sector due to limited public projects available. The Group needs to keep a competitive pricing strategy which affects the gross profit margin.

In view of the above circumstances, the Group continues to foresee that the business prospect of foundation piling business will be uncertain and may still be undergoing downturn in coming future.

Property Development Business

In the second half of year 2016, the PRC government implemented a series of tight housing policies to optimise the demand and supply structure in the real estate market. Such policies aimed to lower the overall market risk and assure that the real estate market is going on the way of healthy and steady development. Just like most of the real estate markets in other PRC cities, real estate prices in Yueyang, where the Property Project is located, started to fall.

The construction works for the residential units under the Property Project have been completed. The Group's will expedite the sale of the residential units in an effective manner in order to provide fund sources for the growth of the Group in the coming year.

Considering the possible future change in the government policies in relation to the property and financial markets which may affect the sentiment and performance of the property development business, the management will closely monitor the market conditions, stick to its prudent financial management and control well its gearing level while holding a relatively high level of financial resources. The Group adheres to the principle of prudent financial management, endeavors to strike a balance between the cash inflow and outflow and to improve the financial strength of the Group on a sustainable basis.

Investment Securities

Since investment securities became one of its principal business activities in the prior 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

In view of the low profit margin recognised for the provision of catering services business during the year, the Group may consider to scale down or realise this business in the future.

Healthcare Holiday Resort Development

On 30 September 2016, the Group as the purchaser and the Vendor entered into the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Agreement), pursuant to which the Group conditionally agreed to purchase, and the Vendor conditionally agreed to dispose of, 68% of the issued share capital of Anway together with assignment of 68% of a shareholder's loan in the amount of approximately HK$781.4 million owed by Anway to the Vendor as at the date of the Sale and Purchase Agreement, subject to further adjustment (if any) at the completion date to the Group at consideration of HK$1,100 million. Anway, through its wholly-owned subsidiary in the PRC, collectively owns, manages and operates a property which is based in Songjiang District in Shanghai, the PRC. Such property will be developed as clubhouse, apartments and underground areas for lodging, food and beverage uses, tailoring the needs of customers within the healthcare holiday resort sector in Shanghai and derive rental income from these premises.

On 30 September 2016, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, in aggregate 2,600,000,000 Subscription Shares at the subscription price of HK$0.20 per Subscription Share for an aggregate amount of HK$520 million.

As the applicable percentage ratios in respect of the Acquisition as calculated under Rule 14.07 of the Listing Rules exceed 25% but are less than 100%, the Acquisition (together with the Subscription) constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Acquisition and the Subscription were approved by the Shareholders in the extraordinary general meeting of the Company held on 14 February 2017 and was completed on 19 April 2017.

The Subscription Shares allotted and issued under the Subscription represented (i) approximately 40.16% of the issued share capital of the Company as at 31 March 2017; and (ii) approximately 28.65% of the issued share capital of the Company as at the date of this announcement. The net cash proceeds from the issue of the Subscription Shares pursuant to the Subscription Agreement, after deduction of all relevant costs and expenses, amounted to approximately HK$517 million and have been fully applied for settling part of the consideration of the Acquisition as at the date of this announcement.

For further details of the Acquisition and the Subscription, please refer to the announcements of the Company dated 2 October 2016, 28 October 2016, 30 November 2016, 30 December 2016, 14 February 2017, 18 April 2017 and 19 April 2017, and the circular of the Company dated 26 January 2017.

Upon the completion of the Acquisition, Anway has become a non-wholly-owned subsidiary of the Company and the Group will be engaged in the industry of healthcare holiday resort development in the PRC. In recent years, the Group has been exploring opportunities resulting from an ageing population in the PRC, and the Group believes that healthcare holiday resort development has promising growth potential. In the PRC, healthcare holiday resorts are developed into villas and/or multi-storey type properties where senior citizens can rent the units on a long term basis and have access to all kinds of value added service catered for their wellness, such as daily and personal healthcare services as well as medical services. In the PRC, in particular, in Shanghai, in light of the fact that there has been a growing number of wealthy senior citizens looking for a better quality of life, there has recently been growing interests of senior citizens in services offered by healthcare holiday resort property developers, as well as a growing number of companies in the PRC entering the healthcare holiday resort sector. As a result, the Group is optimistic about the growth potential of this healthcare holiday resort segment.

DEBTS AND CHARGE ON ASSETS

As at 31 March 2017, the interest-bearing borrowings of the Group consisted of a loan from a related company of approximately HK$49.5 million (31 March 2016: HK$120 million), bank loans of approximately HK$29.3 million (31 March 2016: HK$38.7 million) and other borrowings of approximately HK$773.0 million (31 March 2016: HK$834.7 million) while there was no promissory notes (31 March 2016: HK$241.5 million). As at 31 March 2017, interest payables of approximately HK$1.2 million for the loan from a related company were included in other payables (31 March 2016: interest payables of HK$22.1 million for the loan from a related company, other borrowings and the promissory notes).

As at 31 March 2017, the Group charged its equity interest of subsidiaries with net asset value of approximately HK$760.3 million (31 March 2016: HK$984.0 million) to secure the Group's borrowing facility.

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 2017, the Group had net current assets of approximately HK$577.3 million (31 March 2016: HK$727.2 million) and cash and bank deposits (excluding restricted cash) of approximately HK$410.7 million (31 March 2016: HK$108.9 million).

As at 31 March 2017, the gearing ratio of the Group (defined as total interest-bearing liabilities divided by the Group's total equity) was approximately 153.9% (31 March 2016: 653.2%).

CAPITAL STRUCTURE

As at 31 March 2017, the total number of issued shares of the Company was 6,474,000,000 with par value of HK$0.025 each (31 March 2016: 24,900,000,000 shares with par value of HK$0.001 each). Changes in capital structure of the Company during the year ended 31 March 2017 were as follows:

Share Consolidation, Increase in Authorised Share Capital and Rights Issue

On 24 March 2016, the Company proposed the share consolidation (the "**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 HK$0.025 (the "**Consolidated Share**"), and proposed to raise approximately HK$904 million, before expenses, by the way of the rights issue (the "**Rights Issue**") of 5,478,000,000 rights shares of HK$0.025 each (the "**Rights Shares**") to the qualifying Shareholders 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.

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 additional 8,000,000,000 unissued Consolidated Shares (the "**Increase in Authorised Share Capital**").

The relevant ordinary resolutions approving the Share Consolidation, the Increase in Authorised Share Capital and the 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 became effective on 15 June 2016. The Rights Issue was completed on 20 July 2016 with net proceeds of approximately HK$879.0 million (the "**Net Proceeds**") raised and the total issued share capital of the Company increased to 6,474,000,000 shares of HK$0.025 each since then and as at the date of this announcement.

As stated in the prospectus of the Rights Issue, the Net Proceeds would be intended to be used (i) as to approximately HK$420 million for repayment of the debt of the Group and (ii) the remaining balance of approximately HK$460 million for the proposed acquisition of certain equity interest in 桂林廣維文華旅遊文化產業有限公司 (Guilin Guangwei Wenhua Tourism and Culture Industry Company Limited#), a company established in the PRC, which operates the famous and award winning show "印象 • 劉三姐 Impression • Liu Sanjie#" in Yangshuo, Guangxi Province, the PRC. As this proposed acquisition automatically lapsed on 20 August 2016, the remaining balance of the Net Proceeds would be used for other possible acquisition and investments opportunities or the repayment of the outstanding debts of the Company, as stated in the prospectus of the Rights Issue. As at 31 March 2017, out of the Net Proceeds, approximately HK$446.3 million has been applied for repayment of debts of the Company and approximately HK$118.3 million has been used for other acquisitions and investments, resulted in HK$314.4 million remaining.

For further details of the Share Consolidation, the Increase in Authorised Share Capital and the 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, 15 June 2016 and 20 July 2016, the circular of the Company dated 27 May 2016 and the prospectus of the Company dated 27 June 2016.

Subsequently on 19 April 2017, the Company issued 2,600,000,000 shares of HK$0.025 each following the completion of the Acquisition and the Subscription. Since then and up to the date of this announcement, the total number of issued shares of the Company increased to 9,074,000,000 with par value of HK$0.025 each.

FOREIGN EXCHANGE RISK

The 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 2017, the Group had capital commitments of approximately HK$85.4 million (31 March 2016: HK$200.9 million) in respect of the development costs for property development business and capital expenditure for foundation piling business.

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save for the Disposal, the Acquisition and as disclosed elsewhere in this announcement, there was no significant investment, material acquisitions or disposal of subsidiaries and associated companies that should be notified to the Shareholders during the year ended 31 March 2017.

The performance and prospect of the significant investments of the Group for the year ended 31 March 2017 were discussed under the sections of "Investment Securities" above.

CONTINGENT LIABILITIES

As at 31 March 2017, there were four outstanding cases (31 March 2016: five) 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 piling 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 2017 and 31 March 2016.

EMPLOYEE AND REMUNERATION POLICIES

The Group had approximately 314 employees as at 31 March 2017 (31 March 2016: 240 employees). The total remuneration of employees for the year ended 31 March 2017 amounted to approximately HK$113.3 million (2016: HK$131.0 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 2017 (2016: Nil).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2017, 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. Mr. Mock Wai Yin ("**Mr. Mock**") act as the chairman of the Company 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 meeting of the Company held on 15 June 2016; Mr. Lam Chi Wai and Ms. Thadani Jyoti Ramesh, the independent non-executive Directors, were unable to attend the extraordinary general meetings of the Company held on 14 June 2016 and 15 June 2016; and Ms. Lau Mei Ying, the independent non-executive Director, was unable to attend the extraordinary general meetings of the Company held on 14 June 2016, 15 June 2016 and 14 February 2017 and the annual general meeting of the Company held on 8 September 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 the code of conduct throughout the year ended 31 March 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Having made specific enquiry of all Directors, all Directors have confirmed that neither themselves nor their respective close 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 2017.

AUDIT COMMITTEE

The Audit Committee which comprises three independent non-executive Directors, namely Mr. Lam Chi Wai (committee chairman), Ms. Lau Mei Ying and Mr. Chai Chi Man, has reviewed and discussed with the management of the Company regarding the Company's financial statements for the year ended 31 March 2017, the auditing, the accounting principles and practices adopted by the Group, as well as risk management and internal control and financial reporting matters.

REVIEW OF ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in this annual results announcement have been agreed by the Group's auditor, Zenith CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Zenith CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Zenith CPA Limited on this annual results announcement.

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

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.1246.com.hk). The annual report for the year ended 31 March 2017 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to Shareholders in due course.

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

Hong Kong, 28 June 2017

As at the date of this announcement, the Company has (i) two executive Directors, namely Mr. Mock Wai Yin and Dr. Wong Yun Kuen; (ii) one non-executive Director, namely Mr. Chui Kwong Kau; and (iii) four independent non-executive Directors, namely Mr. Lam Chi Wai, Ms. Lau Mei Ying, Mr. Eric Todd and Mr. Chai Chi Man.

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