Qingdao Holdings International Limited
青島控股國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 499)

Annual Report 2016

* For identification purposes only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:
Mr. Xing Luzheng (*Chairman)*
Mr. Chen Mingdong (*Vice-chairman)*
Mr. Jiang Yi *(Chief Executive Officer)*
Mr. Wang Yimei
Mr. Yuan Zhi

Independent Non-executive Directors:
Mr. Yin Tek Shing, Paul
Mr. Wong Tin Kit
Ms. Zhao Meiran
Mr. Li Xue

AUDIT COMMITTEE

Mr. Li Xue *(Chairman)*
Mr. Yin Tek Shing, Paul
Mr. Wong Tin Kit
Ms. Zhao Meiran

REMUNERATION COMMITTEE

Mr. Wong Tin Kit *(Chairman)*
Mr. Yin Tek Shing, Paul
Ms. Zhao Meiran
Mr. Li Xue

NOMINATION COMMITTEE

Mr. Xing Luzheng *(Chairman)*
Mr. Yin Tek Shing, Paul
Mr. Wong Tin Kit
Ms. Zhao Meiran
Mr. Li Xue

COMPANY SECRETARY

Mr. Chan Kwong Leung, Eric

CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES

Mr. Jiang Yi
Mr. Chan Kwong Leung, Eric

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE

Unit No. 8, 26th Floor, Tower 1
Admiralty Centre
No. 18 Harcourt Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

Hong Kong Stock Exchange: 499

WEBSITE

http://www.qingdaohi.com

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am delighted to present the annual report of Qingdao Holdings International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 March 2016.

Facing the volatility in the global financial markets and slowdown in the mainland economy, the Group made efforts on streamlining of its structure and focused on building a stronger platform for future growth with a strategy on long term development of the Group.

During the financial year, the Company realised its property investment through joint ventures by disposing a wholly-owned subsidiary. The Company raised a net proceeds of HK$29.9 million from such disposal. The Company indirectly holds 50% of the issued share capital of each of the joint venture companies which were not accounted for as subsidiaries of the Group. The day-to-day operations of these joint venture companies are managed by our joint venture partner. The disposal was considered as a good opportunity to realize the Group's property investment through joint ventures.

In December 2015, with a purpose to secure office space to facilitate further growth of the Group, the Group purchased a property located in a commercial area in Hong Kong for a consideration of HK$25.8 million. We believe that it is beneficial for the Group in the long run to own office premises to reduce its exposure to the rental fluctuation in the Hong Kong property market.

Looking ahead, the economic environment is challenging, with support from our ultimate holding company, Qingdao City Construction Investment (Group) Limited, the Group will integrate existing resources and steadily promote existing businesses, while seeking to identify new investment opportunities to expand our revenue sources as well as improving profitability in order to maximise our shareholders' wealth in the long term.

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I would like to take this opportunity to express my gratitude to our fellow Board members, business partners, shareholders and dedicative employees for their support to the Company in the past year.

Xing Luzheng
Chairman

Hong Kong, 21 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in leasing of investment properties, property investments, sub-leasing of car parking spaces and the provision of loan financing. The Group's revenue is primarily derived from leasing of investment properties and sub-leasing of car parking spaces located in Hong Kong during the year.

Leasing of Properties

During the financial year ended 31 March 2016, the Group recorded rental income amounted to approximately HK$2.2 million (2015: HK$2.1 million) from properties in Hong Kong, which accounted for 47% of the Group's total revenues. Despite the volatility of the property market, the Group is able to generate stable income from leasing of properties. The Directors believe that the leasing of properties will continue to bring positive return to the Group.

Property Investments

The Group held two commercial properties in Hong Kong for appreciation of property value through its joint ventures. Share of profits of joint ventures decreased to approximately HK$0.2 million (2015: HK$0.5 million) as the two joint venture companies were disposed through disposal of a wholly-owned subsidiary on 21 August 2015. We believe that the disposal would be beneficial to the Company and its shareholders. The management will continue to monitor property markets and will act upon opportunities arising later on.

Carpark Management

Carpark management operation had been unable to generate overall positive profits for several years due to high operating cost. The Group's carpark rental income for the financial year ended 31 March 2016 decreased substantially by 55% to approximately HK$2.5 million (2015: HK$5.5 million) due to the closure of certain carpark spaces during the year. The management does not expect that the current situation will turnaround in the near future and will focus on developing other businesses.

Loan Financing

In view of the challenging economic environment, the Group remains prudent in management of credit risk exposure. No loans were granted successfully to customers during the financial year after the credit risk exposed to the Group were taken into account during credit risk assessment. The Group will continue to put more efforts on loan financing to diversify its income sources.

Outlook

During the year under review, global economy lacked a growth momentum and the recovery pace was slow. It is expected that China's ongoing growth slowdown will affect the global economy adversely. Taking into account the changing economic situation, the Group will remain prudent and seek profitable investment opportunities to expand the Group's sources of revenue and enhance the Group's profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Results

During the financial year ended 31 March 2016, the Group recorded a revenue for the year of approximately HK$4.6 million (2015: HK$7.7 million) and a loss for the year approximately HK$11.5 million (2015 profit: HK$7.2 million). The loss for the year is primarily attributable to fair value losses of the Group's investment properties and decrease in revenue due to slowdown in Hong Kong economy.

With the downturn of commercial and industrial premises markets, the Group recorded a decrease in fair value of investment properties of HK$5.7 million (2015 increase in fair value: HK$14.7 million).

During the financial year ended 31 March 2016, the Group's revenue was mainly derived from the rental income from leasing of properties and carpark management. The Group recorded a profit of approximately HK$0.3 million from leasing of properties and a loss of approximately HK$0.4 million from carpark management. The Group will actively diversify its business segments at an appropriate timing in the future, so as to strengthen its revenue stream for the sustainability of the Group.

Loss per share was 2.30 HK cents for the year ended 31 March 2016 (2015 earnings per share: 1.44 HK cents).

Dividends

The Board does not recommend the payment of any dividends for the year ended 31 March 2016 (2015: Nil).

Liquidity and Financial Resources

As at 31 March 2016, the Group had total assets of approximately HK$247.0 million (2015: HK$258.3 million), whereas total liabilities of the Group amounted to approximately HK$2.6 million (2015: HK$2.4 million). Accordingly, the net assets of the Group as at 31 March 2016 was HK$244.4 million (2015: HK$255.9 million). The gearing ratio of the Group, being the total liabilities to total assets, was 1.0% as at 31 March 2016 (2015: 0.9%), which indicates the Group's healthy liquidity position. The Group maintained sufficient cash which comprised bank balances and cash and short term deposits of approximately HK$127.6 million as at 31 March 2016 (2015: HK$132.2 million). It is believed that the Group has adequate cash resources to meet its commitments and current working capital requirements.

Capital Structure

The number of issued ordinary shares of the Company as at 31 March 2016 and 2015 were 499,276,680.

Pledge of Assets

As at 31 March 2016, the Group pledged certain of its investment properties with market value of HK$82.6 million to a bank in Hong Kong to secure banking facility of HK$57 million granted to the Group (2015: Nil).

Foreign Exchange Exposure

Most of the business transactions conducted by the Group were denominated in Hong Kong dollars. The Group does not undertake any derivative financial instruments or hedging instruments.

Contingent Liabilities and Capital Commitments

As at 31 March 2016, the Group did not have any material contingent liabilities or capital commitments.

Significant Acquisition and Disposal of Subsidiaries

On 21 August 2015, Capital Up Holdings Limited (the "Vendor"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Huge Award Limited (the "Purchaser"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the entire issued share capital of Oasis Star Holdings Limited together with the shareholder's loan amounted to approximately HK$29,866,000 for an aggregate consideration of HK$29,973,000 (the "Disposal"). The Disposal was completed on 24 August 2015. The Directors considered that the Disposal could streamline the Group's operation and allow the Group to apply the proceeds to explore other potential business opportunities. The Board also considered the Disposal a good opportunity for the Company to realise part of its investment. As at the date of this annual report, the net proceeds of HK$29,911,000 from the Disposal had not yet been utilised and were held in the bank for the Group as general working capital.

Details of the Disposal are set out in the Company's announcement dated 21 August 2015.

Acquisition of Property

On 1 December 2015, Royal Asset Investment Limited as the purchaser, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Prime Happy Limited as vendor, for the acquisition of a property located at Unit No. 8, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong at a total consideration of HK$25.8 million (the "Acquisition"). The completion of the Acquisition took place on 31 December 2015.

Details of the Acquisition are set out in the Company's announcement dated 1 December 2015.

Events after the Reporting Period

On 21 June 2016, the principal place of business of the Company was changed to Unit No. 8, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong.

Changes in Share Capital

The number of issued ordinary shares of the Company as at 31 March 2016 and 2015 were 499,276,680.

Human Resources and Environmental Matters

We aim to provide employees a stimulating and harmonious working environment. We also encourage lifelong learning and offer trainings to our employees to enhance their performance and provide support to their personal development. As at 31 March 2016, the Group employed a total of 11 full time employees (2015: 9). Employees and Directors are remunerated based on their performance and experience, current industry practices and prevailing market conditions and in accordance with existing labour laws. In addition to basic salaries, employees and Directors are rewarded with performance-related bonuses and other staff welfare benefits.

On the environmental side, the principal activities of the Group related to leasing of investment properties, property investments and provision of loan finance do not generate gas emissions or hazardous materials. However, the Group's business activities related to sub-leasing of car parking spaces do, to certain extent, involve the generation of gas emission or hazardous materials during operating process. The Group aims to operate the carpark management business in a manner that minimises the impacts to environment.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Xing Luzheng ("Mr. Xing"), aged 52, was appointed as the vice-chairman and an executive Director on 10 September 2014. On 26 November 2015, he was appointed as the chairman of the Board and the chairman of the nomination committee and resigned as the vice-chairman of the Board. Mr. Xing has more than 20 years of experience in financial investment and corporate management. Mr. Xing has previously served as the president of Shibei sub-branch of the Qingdao branch of China Everbright Bank, deputy general manager and chief accountant of Qingdao Huatong State-owned Capital Operation (Group) Co., Ltd. He is currently the chairman of Qingdao City Construction Investment (Group) Limited ("QCCIG"). He is also a director of China Qingdao Development (Holdings) Group Company Limited ("CQDHG") and China Qingdao International (Holdings) Company Limited ("CQIH"). The Company's controlling shareholder CQIH is the wholly-owned subsidiary of CQDHG, which is in turn wholly-owned by QCCIG.

Mr. Chen Mingdong ("Mr. Chen"), aged 47, was appointed as the vice-chairman and an executive Director on 26 November 2015. Mr. Chen is a non-practising member of the Chinese Institute of Certified Public Accountants. He is currently a director and the general manager of QCCIG. Mr. Chen was the deputy commissioner of the Finance Bureau of Qingdao. He has over 20 years' experience in government investment and finance and corporate management.

Mr. Jiang Yi ("Mr. Jiang"), aged 44, was appointed as a non-executive Director on 27 September 2014. Mr. Jiang was re-designated from non-executive Director to executive Director on 26 November 2015. He was appointed as the chief executive officer on 14 December 2015. He is also a director of a number of subsidiaries of the Company. Mr. Jiang graduated from the Management College of Ocean University of China majoring in accountancy and holds a doctorate degree in management. He is currently the chief accountant of QCCIG. He is currently the director of CQDHG and CQIH.

Mr. Wang Yimei ("Mr. Wang"), aged 37, was appointed as an executive Director on 26 November 2015. He is also a director of a number of subsidiaries of the Company. Mr. Wang is currently a deputy general manager of 青島城投國際貿易集團. He is also a director of CQDHG and CQIH. CQIH, the Company's controlling shareholder, is a wholly-owned subsidiary of CQDHG. CQDHG is wholly-owned by QCCIG. Mr. Wang graduated from the Ocean University of China specialising in business administration and was awarded a master's degree. He has been working in the fields of administrative management, securities, investments, and others and has accumulated rich practical experience.

Mr. Yuan Zhi ("Mr. Yuan"), aged 39, was appointed as an executive Director on 26 November 2015. He is also a director of a number of subsidiaries of the Company. Mr. Yuan graduated from the College of Economics of Ocean University of China specialising in the economics of nationals and was awarded a master's degree in economics. He has 15 years' experience in investment in the securities market. He currently works in Qingdao Chengxiang Construction Finance Guarantee Company, a wholly-owned subsidiary of QCCIG.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yin Tek Shing, Paul ("Mr. Yin"), aged 74, was appointed as an independent non-executive Director on 27 September 2014. Mr. Yin is also the member of Nomination Committee, Remuneration Committee and Audit Committee. He acted as President of The Chinese Manufacturer's Association of Hong Kong from 2008 to 2009. He is currently Permanent Honorary President of The Chinese Manufacturer's Association of Hong Kong, Founding Chairman of Hong Kong Brand Development Council, a member of the People's Political Consultative Standing Committee of Qingdao City and Founding President of Hong Kong Qingdao Association Limited. Mr. Yin actively participates in serving the community and his services include acting as a member of Trade and Industry Advisory Board, a council member of Hong Kong Productivity Council, a member of Hong Kong Labour Advisory Board, a member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region (the "HKSAR Government"), a council member of Hong Kong Trade Development Council, and a committee member of Innovation and Technology Commission. He was awarded the Bronze Bauhinia Star by the HKSAR Government in 2003. He was appointed as Justice of the Peace in 2007 and was awarded the Silver Bauhinia Star by the HKSAR Government in 2009.

Mr. Wong Tin Kit ("Mr. Wong"), aged 60, was appointed as an independent non-executive Director on 27 September 2014. Mr. Wong is also the chairman of Remuneration Committee and a member of Nomination Committee and Audit Committee. Mr. Wong served in Qingdao Ocean Shipping Company which is directly operated under the Ministry of Transport and is currently President of Xiang Long (Group) International Limited. He is also the Chairman of Hong Kong Shandong Business Association, Vice President of Shandong Overseas Chinese Chamber of Commerce, Vice President of Shandong Province Association of Overseas Liaison and a member of the People's Political Consultative Standing Committee of Shandong Province.

Ms. Zhao Meiran ("Ms. Zhao"), aged 40, was appointed as an independent non-executive Director on 27 September 2014. Ms. Zhao is also a member of Nomination Committee, Remuneration Committee and Audit Committee. Ms. Zhao is a Qingdao entrepreneur engaged in industries including trading and logistics and has extensive experience in corporate management. Ms. Zhao graduated from Shanghai University and currently serves as Chairman of Qingdao Jinnuo Auction House, Chairman of Qingdao Cheng Kun Trading Company Limited and General Manager of America Los Angeles Travel Holiday Company Limited. Ms. Zhao has been an executive member of Qingdao Red Cross Dust Fund since 2010.

Mr. Li Xue ("Mr. Li"), aged 51, was appointed as an independent non-executive Director on 27 September 2014. Mr. Li is also the chairman of Audit Committee, a member of Nomination Committee and Remuneration Committee. Mr. Li holds a Master Degree in Economics. He has long been engaged in the fields of auditing theory and practical research and obtained ample research findings in basic audit theory and environmental auditing theory. He is currently a professor and a tutor for master candidates at the Accounting Department of the Management College of Ocean University of China, the director of Audit and Management Consulting Institute of the Management College of Ocean University of China, and the head of the Accounting Department of Qingdao College of Qingdao Technological University. Mr. Li is also a council member of Accounting Society of China, a member of China Audit Society and a member of the Chinese Institute of Certified Public Accountants.

DIRECTORS' REPORT

The Board presents the annual report and the audited consolidated financial statements for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries and joint ventures are set out in notes 29 and 15 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 32 of this annual report.

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

BUSINESS REVIEW

Business review of the Group for the year ended 31 March 2016 has been stated in Management Discussion and Analysis of this annual report.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 77 of the annual report.

RESERVES

Details of the movements in reserves of the Group and the Company during the year ended 31 March 2016 are set out in the consolidated statement of changes in equity on page 34 of this annual report and note 28 to the consolidated financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in property, plant and equipment of the Group are set out in note 12 to the consolidated financial statements.

INVESTMENT PROPERTIES

The investment properties of the Group were revalued as at 31 March 2016 and resulting in revaluation losses amounted to approximately HK$5.7 million (2015 gains: HK$14.7 million).

Details of movements in the investment properties of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in note 21 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Particulars of the Group's principal properties are set out on page 78 of this annual report.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Xing Luzheng *(Chairman) (appointed as Chairman on 26 November 2015)*
Mr. Chen Mingdong *(Vice-chairman) (appointed on 26 November 2015)*
Mr. Jiang Yi *(Chief Executive Officer) (re-designated as executive Director on 26 November 2015 and appointed as Chief Executive Officer on 14 December 2015)*
Mr. Wang Yimei *(appointed on 26 November 2015)*
Mr. Yuan Zhi *(appointed on 26 November 2015)*
Mr. Zhang Lianqing *(resigned on 14 December 2015)*

Non-executive Director:

Mr. Zhang Zhenan *(re-designated as non-executive Director and ceased to be the Chairman on 26 November 2015 and resigned on 21 June 2016)*

Independent non-executive Directors:

Mr. Yin Tek Shing, Paul
Mr. Wong Tin Kit
Ms. Zhao Meiran
Mr. Li Xue

Mr. Zhang Lianqing resigned as the chief executive officer of the Company and an executive Director as he wished to devote more time to his personal commitments. Mr. Zhang Zhenan resigned as a non-executive Director as he would like to allocate more time to his personal commitments.

Pursuant to bye-law 87(1) of the bye-laws of the Company, Mr. Xing Luzheng and Mr. Yin Tek Shing, Paul shall retire from office by rotation and, being eligible, shall offer themselves for re-election at the forthcoming annual general meeting.

Pursuant to bye-law 86(2) of the bye-laws of the Company, Mr. Chen Mingdong, Mr. Wang Yimei and Mr. Yuan Zhi shall retire from office by rotation and, being eligible, shall offer themselves for re-election at the forthcoming annual general meeting.

The directors who have served on the boards of directors of the subsidiaries of the Company as at the date of this report were:

Mr. Jiang Yi
Mr. Wang Yimei
Mr. Yuan Zhi
Mr. Liu Shun Chuen
Mr. Yeung Sau Chung

DIRECTORS' SERVICES CONTRACTS

Mr. Xing Luzheng, an executive Director, has entered into a service contract with the Company for a specified period of three years with effect from 10 September 2014, and either party may terminate such contract by giving three months' written notice or payment in lieu of notice.

On 27 September 2014, Mr. Jiang Yi was appointed as a non-executive Director and has signed an appointment letter with the Company for a specified period of three years commenced from 27 September 2014. On 26 November 2015, Mr. Jiang Yi was re-designated as an executive Director and has entered into a service contract with the Company for a specified period of three years commenced from 26 November 2015, and either party may terminate such contract by giving three months' written notice or payment in lieu of notice.

Each of Mr. Chen Mingdong, Mr. Wang Yimei and Mr. Yuen Zhi, the executive Directors, has entered into a service contract with the Company for a specified period of three years commenced from 26 November 2015, and either party may terminate such contract by giving three months' written notice or payment in lieu of notice.

On 10 September 2014, Mr. Zhang Zhenan was appointed as an executive Director and has entered into a service contract with the Company for a specified period of three years commenced from 10 September 2014, and either party may terminate such contract by giving three months' written notice or payment in lieu of notice. On 26 November 2015, Mr. Zhang Zhenan was re-designated as a non-executive Director and has signed an appointment letter with the Company for a specified period of three years commenced from 26 November 2015.

Each of Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit, Ms. Zhao Meiran and Mr. Li Xue, the independent non-executive Directors, has signed an appointment letter with the Company for a specified period of three years with effect from 27 September 2014.

Saved as disclosed above, other than statutory compensation, none of the Directors who are proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation.

RELATED PARTY TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

Save for the payments of remuneration to the Directors which constitute exempted connected transactions, none of the other related party transactions as disclosed in the financial statements are required to be disclosed as connected transactions pursuant to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

There were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

The Company confirms that it has complied with the disclosure requirements in accordance with the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 March 2016.

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2016, none of the Directors and the chief executives of the Company and their associates had any interests and short positions in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules on the Stock Exchange.

SHARE OPTIONS

At the annual general meeting of the Company on 22 August 2013, the shareholders of the Company conditionally adopted the share option scheme (the "Share Option Scheme"), which became effective on 27 August 2013.

The primary purpose of the Share Option Scheme is to provide incentives to Directors and eligible participants and it remains in force for a period of 10 years commencing from 27 August 2013. Under the Share Option Scheme, the Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for shares in the Company:

(i) any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (the "Affiliate"); or

(ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or

(iii) a company beneficially owned by any Director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue as at 22 August 2013 unless approved by the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive Directors in excess of 0.1% of the shares of the Company in issue or with a value in excess of HK$5,000,000 in any 12-month period up to and including the date of grant must be approved in advance by the Company's shareholders.

Options granted must be taken up within 14 days from the date of grant, upon payment of HK$1 per option. Options may be exercised at any time from the date of grant of the share option to a date to be determined and notified by the Directors or, in the absence of such determination, the earlier of the date on which the options lapse or the 10th anniversary of the date of grant. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company shares.

There were no options granted under the Share Option Scheme since its adoption and as at 31 March 2016. As at the reporting date, options to subscribe for up to 49,927,668 shares of the Company, representing 10% of the total number of shares in issue of the Company (i.e. 499,276,680 shares), are available for issue under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

During the year, no share options was granted to or exercised by any Directors.

Save as disclosed above, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the Directors, or their spouses or children under the age of 18 had any rights to subscribe for shares of the Company or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS INTERESTS

So far as is known to the Directors and chief executives of the Company, as at 31 March 2016, the following persons (other than a Director or chief executive of the Company or their associates) had the following interests and short positions (if any) in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO.

Interest in the shares of the Company

Long positions

Name	**Capacity**	**Number of shares held** (Note)	**Approximately percentage of the Company's total number of shares in issue**
青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment (Group) Limited*) ("QCCIG")	Interest of a controlled corporation	344,621,633	69.02%
China Qingdao Development (Holdings) Group Company Limited ("CQDHG")	Interest of a controlled corporation	344,621,633	69.02%
China Qingdao International (Holdings) Company Limited ("CQIH")	Beneficial owner	344,621,633	69.02%

Note: These 344,621,633 shares of the Company were held by CQIH, which is a wholly-owned subsidiary of CQDHG. CQDHG is wholly-owned by QCCIG. By virtue of the SFO, QCCIG and CQDHG are deemed to be interested in the shares of the Company held by CQIH.

Save as disclosed above, the Company has not been notified of any other interests representing 5% or more of the total number of shares in issue of the Company as at 31 March 2016.

* *For identification purpose only*

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2016, the aggregate amount of revenue attributable to the Group's five largest customers accounted for approximately 46.6% of the Group's total revenue and the amount of revenue attributable to the largest customer was approximately 42.8% of total revenue. The Group maintains good business relationship with the five largest customers.

The Group had no purchases of trade goods during the year ended 31 March 2016 and thus there were no major product suppliers for the Group for the year ended 31 March 2016.

None of the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's total number of shares in issue) has any interests in any of the Group's five largest customers.

RELATIONSHIP WITH EMPLOYEES

The employees of the Group are one of the most important assets and stakeholders of the Group and their contribution and support are values at all times. The Group regularly reviews compensation and benefits policies according to industry benchmark as well as the individual performance of employees. Other fringe benefits, mandatory provident fund and share options are provided to retain loyal employees with the aim to form a professional staff and management team that can bring the Group to different levels of success.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal financial risks are set out in note 23 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of environmental policies and performance of the Company are set out in the section headed "Human Resources and Environment Matters" in the Management Discussion and Analysis on page 11 of this annual report. The Group's operations were in compliance in all material respects with currently applicable environment protection laws and regulations in Hong Kong during the year.

EQUITY-LINKED AGREEMENTS

Save for disclosed in the section headed "Share Options" on page 17 of this annual report, the Company has not entered into any equity-linked agreements during the year ended 31 March 2016.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's bye-laws, the Directors, secretary and other officers and every auditor for the time being of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by or by reasons of any act done, concurred in or omitted in or about the execution of their duties in their respective offices or otherwise in relation thereto.

The Company has taken out insurance against all losses and liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 March 2016, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the corporate governance report on pages 21 to 29 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a public float of its shares as required by the Listing Rules throughout the year ended 31 March 2016 and up to the date of this annual report.

RETIREMENT BENEFIT SCHEME

The Group operates a mandatory provident fund scheme for its employees. Particulars of the provident fund scheme are set out in note 25 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management of the Company the financial statements of the Group for the year ended 31 March 2016 and discussed with the management of the Company on auditing, internal control and financial reporting matters. Information on the composition of the Audit Committee of the Company is set out in the Corporate Governance Report on pages 21 to 29 of this annual report.

AUDITORS

The financial statements for the year ended 31 March 2014 were audited by KLC Kennic Lui & Co., Ltd.. The financial statements for the year ended 31 March 2015 and 2016 were audited by Messrs. Deloitte Touche Tohmatsu.

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

Signed on behalf of the Board

Jiang Yi
Executive Director and Chief Executive Officer

Hong Kong, 21 June 2016

The Board recognises their mission to create value and maximise returns on behalf of the shareholders of the Company while at the same time fulfilling their corporate responsibilities. Accordingly, the Company strives to promote and uphold a balanced and high standard of corporate governance.

The Company has put in place corporate governance practices to comply with all the provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules, except for certain areas of non-compliance discussed later in this report, during the year ended 31 March 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. The Company has made specific and reasonable enquiries of all Directors and is satisfied that they have complied with the Model Code throughout the year ended 31 March 2016.

BOARD OF DIRECTORS

The Board is responsible to the shareholders and all Directors are collectively responsible for formulating the strategic business direction of the Group and setting objectives for management, overseeing performance and assessing the effectiveness of management strategies.

The Directors

Currently, the Board comprises nine Directors, including five executive Directors and four independent non-executive Directors. The biographical details of the Directors are set out on pages 12 to 13 of this annual report. The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business operations and development of the Group. All Directors are aware of their collective and individual responsibilities to shareholders and have exercised their duties with care, skill and diligence and, thereby, have contributed to the performance of the Group.

The positions of the chairman and the chief executive officer of the Company are held by separate individuals to ensure a balance of power and authority. During the period from 1 April 2015 to 26 November 2015, Mr. Zhang Zhenan was the chairman of the Company and Mr. Xing Luzheng was the vice-chairman of the Company. During the period from 1 April 2015 to 14 December 2015, Mr. Zhang Liangqing was the chief executive officer of the Company. On 26 November 2015, Mr. Xing Luzheng was appointed as the chairman of the Company and Mr. Chen Mingdong was appointed as the vice-chairman of the Company. On 14 December 2015, Mr. Jiang Yi was appointed as the chief executive officer of the Company.

Throughout the year ended 31 March 2016, the Company complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualification of accounting or related financial management expertise. The Board has received from each independent non-executive Director an annual confirmation of his/her independence and considers that all of them are independent under the guidelines set out in Rules 3.13 of the Listing Rules.

The Board members have no financial, business, family or other material/relevant relationship with each other.

Responsibilities of the Board

The Board reviews the performance of the operating divisions against their agreed targets and budgets on a regular basis and also exercises a number of reserved powers, including but not limited to:

- formulating long-term strategies;
- setting objectives for management;
- approving public announcements including the interim and annual financial statements;
- setting dividend and other important policies;
- approving material borrowings and treasury policies; and
- assessing and committing to major acquisitions, disposals, formation of joint ventures and capital transactions.

The Directors are responsible for the preparation of the financial statements of the Company for each financial year and ensuring that these give a true and fair view of the state of affairs of the Group, its results and cash flows for that period. The Directors are also responsible for ensuring that proper accounting records which will accurately reflect the financial position of the Group are maintained at all times.

All Directors have full access to accurate, relevant and timely information of the Group and are able to obtain independent professional advice on issues whenever deemed necessary.

Continuous Professional Development of Directors

During the year ended 31 March 2016, the newly appointed Directors were given an induction after their appointment so as to ensure that they have appropriate understanding of the Group’s business and of their duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements. The Company provides regular updates on the business performance of the Group to the Directors. Directors keep abreast of responsibilities as a Director and of the conduct, business activities and development of the Group. Every Director is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant statutory requirements. Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 March 2016, relevant materials including regulatory updates have been provided to the Directors for their reference and study.

A summary of training received by Directors according to the records provided by the Directors is as follows:

Director	Training/reading materials on corporate governance, regulatory development and other relevant topics
Executive Directors	
Xing Luzheng	✔
Jiang Yi *(re-designated as executive Director from non-executive Director on 26 November 2015)*	✔
Chen Mingdong *(appointed on 26 November 2015)*	✔
Wang Yimei *(appointed on 26 November 2015)*	✔
Yuan Zhi *(appointed on 26 November 2015)*	✔
Zhang Lianqing *(resigned on 14 December 2015)*	–
Non-executive Director	
Zhang Zhenan *(re-designated as non-executive Director from executive Director on 26 November 2015 and resigned on 21 June 2016)*	–
Independent non-executive Directors	
Yin Tek Shing, Paul	✔
Wong Tin Kit	–
Zhao Meiran	–
Li Xue	✔

Board Meetings

Directors are consulted on matters to be included in the agenda for Board meetings and have access to advice and services to ensure that Board meeting procedures and all applicable rules and regulations are followed. At least 14 days formal notice is to be given before each regular meeting is held. For special meetings, reasonable notice is given. The Company held five Board meetings during the year ended 31 March 2016. In addition to regular Board meetings, the Chairman of the Company met with the non-executive Directors of the Company (including the independent non-executive Directors) without the presence of the executive Directors of the Company.

Audit Committee

During the year ended 31 March 2016, the Audit Committee comprised four independent non-executive Directors, namely, Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit, Ms. Zhao Meiran and Mr. Li Xue (chairman of the Audit Committee), as the members of the Audit Committee. Mr. Li Xue, the chairman of the Audit Committee, who has appropriate professional qualifications and experience as required by the Listing Rules.

The Audit Committee is responsible for reviewing the Group's financial information, overseeing the Group's financial reporting systems and internal control procedures and for making recommendations to the Board on the appointment, re-appointment and/or removal of the external auditors, including approving their remuneration and terms of engagement.

The primary duties of the Audit Committee are to review and advise on the accounting principles and practices adopted by the Group, and overview the auditing and financial reporting processes and internal control systems of the Group, including reviews of the Group's interim and annual reports.

The Audit Committee held two meetings for the year ended 31 March 2016. During the year ended 31 March 2016, the Audit Committee reviewed the final results for the year ended 31 March 2015 with the external auditors and the unaudited interim results for the six months ended 30 September 2015 before recommending them to the Board for approval.

In March 2016, on the recommendation of the Audit Committee, the Board has approved and adopted the revised terms of reference of the Audit Committee in light of the amendment of CG Code in relation to risk management requirements.

Remuneration Committee

The Remuneration Committee was established on 29 March 2012. During the year ended 31 March 2016, the Remuneration Committee comprised four independent non-executive Directors, namely, Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit, Ms. Zhao Meiran and Mr. Li Xue, as the members of the Remuneration Committee and Mr. Wong Tin Kit as the chairman of the Remuneration Committee. The Remuneration Committee held two meetings for the year ended 31 March 2016.

The duties of the Remuneration Committee include:

(a) to make recommendations to the Board on the Company's policies and structure for all Director and senior management remuneration and on the establishment of formal and transparent procedures for developing remuneration policy;

(b) to review and approve management remuneration proposals with reference to the Board's corporate goals and objectives;

(c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, such as compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the remuneration of non-executive Directors;

(e) to consider salaries paid by comparable companies, time commitments and responsibilities and employment conditions within the Group;

(f) to review and approve compensation payable to 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;

(g) to review and approve 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; and

(h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

Nomination Committee

The Nomination Committee was established on 29 March 2012. During the year ended 31 March 2016, the Nomination Committee comprised one executive Director as the Chairman of the Nomination Committee and four independent non-executive Directors, namely, Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit, Ms. Zhao Meiran and Mr. Li Xue, as the members of the Nomination Committee. During the period from 1 April 2015 to 26 November 2015, Mr. Zhang Zhenan was the chairman of the Nomination Committee and he was re-designated as a non-executive Director and ceased to be the chairman of the Nomination Committee of the Company on 26 November 2015. On 26 November 2015, Mr. Xing Luzheng, an executive Director, was appointed as the chairman of the Nomination Committee. The Nomination Committee held two meetings for the year ended 31 March 2016.

The duties of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of independent non-executive Directors; and

(d) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Nomination Committee has a policy concerning the diversity of board members (the "Policy"). Pursuant to the Policy, in reviewing the Board's diversity, the Board will consider including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. New Directors, being individuals who are suitably qualified and expected to make a positive contribution to the performance of the Board and having regards to the criteria stated in the Policy, are identified and submitted to the Board or shareholders for approval either to fill vacancies on the Board or to be appointed as additional Directors.

The written terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.qingdaohi.com).

Details of the attendance of individual Directors at Board meetings, Board committees meetings and the annual general meeting (the "AGM") held on 8 September 2015 respectively during the year ended 31 March 2016 are set out in the table below:

	Number of meetings attended/Eligible to attended				
Members of the Board	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee	AGM
Executive Directors					
Xing Luzheng	5/5	N/A	N/A	0/0	1/1
Jiang Yi *(re-designated as executive Director on 26 November 2015)*	5/5	N/A	N/A	N/A	1/1
Chen Mingdong *(appointed on 26 November 2015)*	1/1	N/A	N/A	N/A	0/0
Wang Yimei *(appointed on 26 November 2015)*	1/1	N/A	N/A	N/A	0/0
Yuan Zhi *(appointed on 26 November 2015)*	1/1	N/A	N/A	N/A	0/0
Zhang Lianqing *(resigned on 14 December 2015)*	4/5	N/A	N/A	N/A	1/1
Non-executive Director					
Zhang Zhenan *(re-designated as non-executive Director on 26 November 2015 and resigned on 21 June 2016)*	4/5	N/A	N/A	1/2	1/1
Independent non-executive Directors					
Yin Tek Shing, Paul	4/5	2/2	2/2	2/2	1/1
Wong Tin Kit	5/5	2/2	2/2	2/2	0/1
Zhao Meiran	3/5	1/2	1/2	1/2	0/1
Li Xue	5/5	2/2	2/2	2/2	1/1

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties as set out below:

(a) to develop and review the Company's policies and practices on corporate governance;

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

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

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

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the execution of and discharge of their duties or in relation thereto, the Company has arranged insurance cover for this purpose.

COMPANY SECRETARY

The Company's secretarial functions are outsourced to external service provider. The primary corporate contact person at the Company is Mr. Zhang Lianqing, a former executive Director, during the period from 1 April 2015 to 14 December 2015. Subsequent to Mr. Zhang's resignation on 14 December 2015, Mr. Jiang Yi, an executive Director, is the primary contract person of the Company with the external service provider.

In accordance with Rule 3.29 of the Listing Rules, Mr. Chan Kwong Leung, Eric, the company secretary and delegated by the external service provider, confirmed that he has taken no less than 15 hours of the relevant professional training during the year ended 31 March 2016.

SHAREHOLDERS' RIGHTS

To request to convene a special general meeting, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitioners themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda. For details refer to the bye-laws of the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the following channel:

The Board of Directors
Qingdao Holdings International Limited
Unit No. 8, 26th Floor
Tower 1, Admiralty Centre
No. 18 Harcourt Road, Hong Kong
Email: info@qingdaohi.com

Shareholders may also direct enquiries to the Board at the general meetings of the Company.

CHANGES IN CONSTITUTIONAL DOCUMENTS OF THE COMPANY

There were no significant changes in constitutional documents of the Company during the year ended 31 March 2016.

DEVIATIONS FROM THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the CG Code except for the deviations as set out below.

Code provision A.1.3 of the CG Code stipulates that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year ended 31 March 2016, certain Board meetings were convened with less than 14 days' notice to facilitate the Directors timely reaction and expeditious decision making process in respect of investment opportunity and internal affairs of the Group. The Board will use reasonable endeavor to meet the requirement of code provision A.1.3 of the CG Code in future.

Code provision A.6.5 of the CG Code requires all directors should participate in continuous professional development to develop and refresh their knowledge and skills, and should provide a record of the training they received to the issuer. Mr. Zhang Zhenan, Mr. Wong Tin Kit and Ms. Zhao Meiran confirmed that they had not attended any training during the year ended 31 March 2016. Mr. Zhang Lianqing, being former Director, had not provided a record of the training to the Company.

The Board will continue to review the corporate governance status of the Company from time to time and make any necessary changes to comply with the CG Code as and when considered appropriate.

EXTERNAL AUDITOR

For the year ended 31 March 2016, the remuneration for audit services and non-audit services provided by the external auditor, Messrs. Deloitte Touche Tohmatsu, amounted to approximately HK$460,000 and approximately HK$63,000 respectively. The latter included taxation service. The total audit fees was approved by the Board and the Audit Committee.

The re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company has been recommended by the Audit Committee and endorsed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group. The responsibilities of the Directors are to oversee the preparation of the consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of its results and cash flows for that period. The Directors have to ensure that the consolidated financial statements of the Group are in accordance with statutory requirements and applicable accounting standards, adjustments and estimates made are prudent, fair and reasonable and the consolidated financial statements are prepared on a going concern basis. The Directors also acknowledge that the publication of the consolidated financial statements of the Group should be made in a timely manner.

The statement of the independent auditor regarding their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 30 and 31 of this annual report.

INTERNAL CONTROLS

The Board acknowledges its responsibility for ensuring sound and effective internal control systems for the Group are in place to safeguard the assets of the Company at all times. The systems of internal control also aim to help achieve the Group's business objectives by maintaining proper accounting records for the provision of reliable financial information. It is recognised that the systems provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and help to manage rather than eliminate risks of failure when business objectives are being pursued.

Reviews on the effectiveness of the internal control systems covering all material controls in the financial and operational areas including coverage of the risk management functions were conducted during the year. The Audit Committee was reported to in respect of key findings identified in respect of such reviews and, in turn, reported all material issues and recommendations, if any and as appropriate, to the Board. It also considered the adequacy of resources, qualifications and experience in the Group's accounting and financial reporting function and the training programmes and budgets involved.

The external auditors reviewed and documented the internal control systems of the Group. Certain relevant recommendations made by the external auditors have since been implemented by the Group in stages together with subsequent improvements, if any, made by the Board to further enhance internal control policies, procedures and practices.

The Board has concluded that the Group's overall systems of internal control were functioning during the year, and will continue to improve the operation of the systems in the future.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF QINGDAO HOLDINGS INTERNATIONAL LIMITED
青島控股國際有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Qingdao Holdings International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 78, which comprise the consolidated statement of financial position as at 31 March 2016 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 judgment, 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.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

21 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
Revenue	5	**4,660**	7,732
(Decrease) increase in fair value of investment properties	13	**(5,660)**	14,700
Other income	6	**440**	2,348
Other gains and losses	6	**101**	(1,419)
Employee benefit expenses		**(4,595)**	(4,803)
Other operating expenses		**(6,422)**	(11,610)
Share of profits of joint ventures		**176**	469
(Loss) profit before taxation	7	**(11,300)**	7,417
Taxation	8	**(163)**	(223)
(Loss) profit for the year		**(11,463)**	7,194
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on available-for-sale financial assets		**–**	(290)
Reclassification adjustments of available-for-sale financial assets fair value reserve to profit or loss upon disposal		**–**	1,158
Other comprehensive income for the year		**–**	868
Total comprehensive (expense) income for the year		**(11,463)**	8,062
(Loss) profit for the year attributable to:			
Owners of the Company		**(11,459)**	7,192
Non-controlling interests		**(4)**	2
		(11,463)	7,194
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(11,459)**	8,060
Non-controlling interests		**(4)**	2
		(11,463)	8,062
(Loss) earnings per share			
– Basic (HK cents)	11	**(2.30)**	1.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	12	**27,991**	54
Investment properties	13	**90,640**	96,300
Interests in joint ventures	15	**–**	122
Amounts due from joint ventures	15	**–**	29,015
		118,631	125,491
Current assets			
Trade and other receivables	16	**738**	706
Bank balances and cash	18	**127,645**	132,153
		128,383	132,859
Current liabilities			
Other payables and accrued charges	19	**1,511**	1,418
Income tax payable		**94**	90
		1,605	1,508
Net current assets		**126,778**	131,351
Total assets less current liabilities		**245,409**	256,842
Non-current liability			
Deferred tax liabilities	20	**951**	921
		244,458	255,921
Capital and reserves			
Share capital	21	**49,928**	49,928
Reserves		**194,336**	205,795
Equity attributable to owners of the Company		**244,264**	255,723
Non-controlling interests		**194**	198
		244,458	255,921

The consolidated financial statements on pages 32 to 78 were approved and authorised for issue by the Board of Directors on 21 June 2016 and are signed on its behalf by:

Xing Luzheng
DIRECTOR

Jiang Yi
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2016

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Surplus account HK$'000 (note (i))	AFS financial assets fair value reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 1 April 2014	49,928	143,805	255,025	(868)	(130,328)	317,562	196	317,758
Fair value loss on available-for-sale ("AFS") financial assets	–	–	–	(290)	–	(290)	–	(290)
Reclassification adjustments of AFS financial assets fair value reserve to profit or loss upon disposal	–	–	–	1,158	–	1,158	–	1,158
Profit for the year	–	–	–	–	7,192	7,192	2	7,194
Total comprehensive income for the year	–	–	–	868	7,192	8,060	2	8,062
Share Premium Reduction (note (ii))	–	(143,805)	143,805	–	–	–	–	–
Special dividend declared (note (ii))	–	–	(69,899)	–	–	(69,899)	–	(69,899)
As at 31 March 2015	49,928	–	328,931	–	(123,136)	255,723	198	255,921
Loss and total comprehensive expense for the year	–	–	–	–	(11,459)	(11,459)	(4)	(11,463)
As at 31 March 2016	49,928	–	328,931	–	(134,595)	244,264	194	244,458

Notes:

(i) The surplus account as at 1 April 2014 represented the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve of a subsidiary which was acquired by the Company pursuant to the Group reorganisation in 1997.

(ii) Pursuant to a resolution passed by the shareholders at a special general meeting of the Company held on 18 August 2014, share premium of approximately HK$143,805,000 was approved to be reduced and transferred to the contributed surplus of the Company (the "Share Premium Reduction") and an amount of approximately HK$69,899,000 was approved to be distributed as a special dividend standing to the credit of the account of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2016

	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(11,300)**	7,417
Adjustments for:		
Depreciation	**374**	8
Interest income	**(440)**	(1,555)
Loss on disposal of AFS financial assets	**–**	1,158
Decrease (increase) in fair value of investment properties	**5,660**	(14,700)
Gain on disposal of subsidiaries	**(109)**	–
Share of profits of joint ventures	**(176)**	(469)
Operating cash flows before movements in working capital	**(5,991)**	(8,141)
(Increase) decrease in trade and other receivables	**(521)**	1,296
Decrease in loans receivable	**–**	7,820
Increase in other payables and accrued charges	**93**	386
Cash (used in) generated from operations	**(6,419)**	1,361
Income tax paid	**(129)**	(83)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	**(6,548)**	1,278
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(28,311)**	(51)
Proceeds from disposal of subsidiaries	**29,911**	–
Proceeds from disposal of AFS financial assets	**–**	1,521
Interest income received	**440**	1,272
NET CASH GENERATED FROM INVESTING ACTIVITIES	**2,040**	2,742
CASH USED IN A FINANCING ACTIVITY		
Dividend paid	**–**	(69,899)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,508)**	(65,879)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**132,153**	198,032
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**127,645**	132,153

1. GENERAL

The Company is a public limited liability company incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Unit 8, 26th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

The Company's immediate holding company is China Qingdao International (Holdings) Company Limited ("CQIH"), an indirect wholly-owned subsidiary of 青島城市建設投資（集團）有限責任公司 (Qingdao City Construction Investment (Group) Limited*, "Qingdao City Construction"), which is a state-owned enterprise and is wholly owned by Qingdao Municipal Government of the People's Republic of China ("PRC"). The Company's ultimate holding company is Qingdao City Construction.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

The Company acts as an investment holding company and the particulars of its subsidiaries are set out in note 29 to the consolidated financial statements.

* *The English name is for identification only.*

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

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

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
[3] Effective for annual periods beginning on or after 1 January 2016.
[4] Effective for annual periods beginning on or after a date to be determined.
[5] Effective for annual periods beginning on or after 1 January 2019.

The directors of the Company anticipate that, except as described below, the application of the above new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 ***Revenue from Contracts with Customers***

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a potential impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

HKFRS 16 ***Leases***

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 16 *Leases* (continued)

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 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 the application of HKFRS 16 until the Group performs a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance ("CO").

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance (Cap 622) regarding presentation of accounts and directors' reports and audits and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The result and assets and liabilities of a joint venture are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of loss of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal and constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised form part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in joint ventures (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy of recognition of revenue from operating leases is described in the accounting policy for leasing below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables and AFS financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amounts due from joint ventures, trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale investments or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated certain listed and unlisted equity securities and debt instruments in Hong Kong and overseas as AFS financial assets on initial recognition of those items.

Equity held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale financial assets fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale investments reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a debtor or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of fair value reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including other payables) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes upon disposal of its investment properties.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Useful lives of leasehold land and building

Leasehold land and building included in property, plant and equipment are depreciated over its useful life. The Directors determine the estimated useful life for its leasehold land and building based on the experience of the Group and will revise the depreciation charge where useful life is different from previous estimates. Useful life is periodically reviewed for continued appropriateness.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2016 at their fair values of HK$90,640,000 (2015: HK$96,300,000). The fair value was based on a valuation on these properties conducted by independent firms of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

5. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of the goods and services delivered or provided by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by the executive Directors, the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of performance.

Details of the Group's four operating and reportable segments are as follows:

(i) Leasing of properties: this segment mainly leases residential, industrial and commercial premises in Hong Kong to generate rental income.

(ii) Property investments through joint ventures: this segment mainly holds commercial properties in Hong Kong through investments in joint ventures to gain from appreciation in property values. During the current reporting period, the Group disposed of its interests in joint ventures through disposal of subsidiaries on 24 August 2015 (the "Disposal"). Details of which are set out in note 17. In the opinion of the directors of the Company (the "Directors"), the Group is going to seek for potential investment opportunity in respect of property investments with or without joint venture partners. Thus, the Disposal during the current reporting period is not considered as discontinued operation.

(iii) Carpark management: this segment mainly subleases carparks in Hong Kong to generate rental income.

(iv) Loan financing: this segment provides loan financing services to individual and corporate customers. The Group possesses a money lender license and its money lending business is mainly carried out in Hong Kong.

5. SEGMENT INFORMATION (continued)

Information regarding these segments is reported below.

For the year ended 31 March 2016

	Segment revenue HK$'000 (note)	Operating profit (loss) HK$'000	Share of profits of joint ventures HK$'000	Segment results HK$'000
Leasing of properties	**2,170**	**346**	**–**	**346**
Property investments through joint ventures	**–**	**–**	**176**	**176**
Carpark management	**2,490**	**(407)**	**–**	**(407)**
Loan financing	**–**	**(93)**	**–**	**(93)**
Segment total	**4,660**	**(154)**	**176**	**22**
Unallocated				**(11,322)**
Loss before taxation				**(11,300)**

For the year ended 31 March 2015

	Segment revenue HK$'000 (note)	Operating profit (loss) HK$'000	Share of profits of joint ventures HK$'000	Segment results HK$'000
Leasing of properties	2,102	879	–	879
Property investments through joint ventures	–	–	469	469
Carpark management	5,495	(319)	–	(319)
Loan financing	135	22	–	22
Segment total	7,732	582	469	1,051
Unallocated				6,366
Profit before taxation				7,417

Note: The segment revenue include rental income from leasing of residential, industrial and commercial properties, rental income from sub-leasing of carparks and interest income from loan financing.

5. SEGMENT INFORMATION (continued)

Other segment information

The other segment information are regularly reviewed by the CODM but not included in the measure of segment profit or loss.

	2016 **HK$'000**	2015 HK$'000
(Decrease) increase in fair value of investment properties	**(5,660)**	14,700

The accounting policies of the reporting segments are the same as the Group's accounting policies described in note 3. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of (decrease) increase in fair value of investment properties, certain other income, certain other gains and losses, certain employee benefit expenses and certain other operating expenses. Besides, segment results are analysed before taxation whereas tax payable and deferred tax liabilities are allocated to operating segments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	Segment assets		**Segment liabilities**	
	2016 **HK$'000**	2015 HK$'000	**2016** **HK$'000**	2015 HK$'000
Leasing of properties	**90,903**	96,388	**1,471**	1,397
Property investments through joint ventures	**–**	29,137	**–**	–
Carpark management	**–**	4	**400**	–
Loan financing	**–**	–	**10**	–
Segment total	**90,903**	125,529	**1,881**	1,397
Unallocated:				
Bank balances and cash	**127,645**	132,153	**–**	–
Others	**28,466**	668	**675**	1,032
Total	**247,014**	258,350	**2,556**	2,429

5. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, certain other receivables of the corporate office and bank balances and cash.
- all liabilities including tax payables and deferred tax liabilities are allocated to operating segments other than certain other payables and accrued charges of the corporate offices.
- Investment properties were allocated to the leasing of properties segment while the change in fair value of investment properties was not reported to the CODM as part of the segment results. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Geographical information

As all the Group's revenue is derived from its operations in Hong Kong and all its non-current assets are located in Hong Kong, no geographical information is presented.

Information about major customers

An analysis of revenue from customers contributing to over 10% of the Group's total revenue for the year is as follow:

	2016 **HK$'000**	2015 HK$'000
Customer A – Leasing of properties	**1,993**	1,956

6. OTHER INCOME, OTHER GAINS AND LOSSES

	2016 **HK$'000**	2015 HK$'000
Other income		
Bank interest income	**257**	1,100
Loan interest income from joint ventures (note 15)	**183**	455
Agency income from provision of trading services	**–**	793
	440	2,348
Other gains and losses, net		
Gain on disposal of subsidiaries (note 17)	**109**	–
Loss on disposal of AFS financial assets	**–**	(1,158)
Others	**(8)**	(261)
	101	(1,419)

7. (LOSS) PROFIT BEFORE TAXATION

	2016 HK$'000	2015 HK$'000
(Loss) profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration:		
– Audit services	**460**	650
– Non-audit services	**20**	20
Depreciation of property, plant and equipment	**374**	8
Directors' emoluments (note 9(a))	**2,340**	3,644
Other staff costs:		
– Salaries and other benefits	**2,164**	1,109
– Retirement benefit scheme contributions	**91**	50
Total staff costs	**4,595**	4,803
Gross rental income	**(4,660)**	(7,597)
Less: direct operating expenses that generated rental income during the year (included in other operating expenses)	**2,901**	5,076
	(1,759)	(2,521)

8. TAXATION

	2016 HK$'000	2015 HK$'000
Current tax – Hong Kong Profits Tax:		
provision for the year	**57**	163
Underprovision in prior years	**76**	–
	133	163
Deferred tax (note 20)	**30**	60
	163	223

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

8. TAXATION (continued)

The tax charge for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	HK$'000	HK$'000
(Loss) profit before taxation	**(11,300)**	7,417
Tax at the Hong Kong Profits Tax rate of 16.5%	**(1,865)**	1,224
Tax effect of share of profits of joint ventures	**(29)**	(77)
Tax effect of expenses not deductible for tax purpose	**1,457**	515
Tax effect of income not taxable for tax purpose	**(112)**	(2,618)
Tax effect of tax losses not recognised	**736**	1,186
Utilisation of tax losses previously not recognised	**(100)**	(7)
Underprovision in prior years	**76**	–
Income tax expense for the year	**163**	223

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

(a) Directors' and Chief Executive's emoluments

Details of the emoluments paid or payable to the Directors including the Chief Executive during the year were as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
2016					
Executive Directors:					
Mr. Xing Luzheng (note 3)	–	–	–	–	–
Mr. Chen Mingdong (note 3) (appointed on 26 November 2015)	–	–	–	–	–
Mr. Jiang Yi (note 1 and 3) (re-designated on 26 November 2015)	–	–	–	–	–
Mr. Wang Yimei (note 3) (appointed on 26 November 2015)	–	–	–	–	–
Mr. Yuan Zhi (note 3) (appointed on 26 November 2015)	–	–	–	–	–
Mr. Zhang Lianqing (note 2) (resigned on 14 December 2015)	–	847	975	38	1,860
Non-executive Director:					
Mr. Zhang Zhenan (note 3) (re-designated on 26 November 2015) (resigned on 21 June 2016)	–	–	–	–	–
Independent non-executive Directors:					
Mr. Yin Tek Shing, Paul	120	–	–	–	120
Mr. Wong Tin Kit	120	–	–	–	120
Ms. Zhao Meiran	120	–	–	–	120
Mr. Li Xue	120	–	–	–	120
	480	847	975	38	2,340

Notes:

(1) Mr. Jiang Yi is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(2) Mr. Zhang Lianqing was also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(3) The emoluments paid to certain Executive Directors and Non-executive Director were borned by the ultimate holding company.

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' and Chief Executive's emoluments (continued)

Details of the emoluments paid or payable to the Directors including the Chief Executive during the year were as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
2015				
Executive Directors:				
Mr. Zhang Zhenan (appointed on 10 September 2014)	–	–	–	–
Mr. Xing Luzheng (appointed on 10 September 2014)	–	–	–	–
Mr. Zhang Lianqing (note 1) (appointed on 10 September 2014)	–	564	28	592
Mr. Liu Shun Chuen (resigned on 27 September 2014)	–	668	33	701
Mr. Yeung Sau Chung (resigned on 20 November 2014)	–	1,674	84	1,758
Non-executive Directors:				
Mr. Jiang Yi (appointed on 27 September 2014)	–	–	–	–
Mr. Kong Lingbiao (resigned on 27 September 2014)	–	118	6	124
Independent non-executive Directors:				
Mr. Yin Tek Shing, Paul (appointed on 27 September 2014)	61	–	–	61
Mr. Wong Tin Kit (appointed on 27 September 2014)	61	–	–	61
Ms. Zhao Meiran (appointed on 27 September 2014)	61	–	–	61
Mr. Li Xue (appointed on 27 September 2014)	61	–	–	61
Mr. Ng Wai Hung (resigned on 27 September 2014)	89	–	–	89
Mr. Wu Wang Li (resigned on 20 November 2014)	77	–	–	77
Mr. Jacobsen William Keith (resigned on 27 September 2014)	59	–	–	59
	469	3,024	151	3,644

Note 1: Mr. Zhang Lianqing was also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' and Chief Executive's emoluments (continued)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The emoluments of the non-executive directors and independent non-executive directors shown above were mainly for their services as directors of the Company.

(b) Highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2015: four) was Director whose emoluments are included in the disclosures in note 9(a) above. The emoluments of the remaining four (2015: one) individuals was as follows:

	2016 **HK$'000**	2015 HK$'000
Salaries and other benefits	**1,223**	490
Retirement benefit scheme contributions	**43**	24
	1,266	514

His/her emoluments were within the following bands:

	2016 **Number of employees**	2015 Number of employees
Not exceeding HK$1,000,000	**4**	1

During both years, no emoluments were paid by the Group to the five highest paid individuals, including Directors and employees, as an inducement to join or upon joining the Group or as compensation for loss of office.

10. DIVIDENDS

A special cash dividend of HK$0.14 per ordinary share (equivalent to approximately HK$69,899,000) was passed by the shareholders for distribution at a special general meeting of the Company held on 18 August 2014.

The Directors do not recommend the payment of final dividend for both years.

11. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	2016 **HK$'000**	2015 HK$'000
Earnings:		
(Loss) profit for the year attributable to owners of the Company	**(11,459)**	7,192

	2016	2015
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**499,276,680**	499,276,680

No diluted earnings per share is presented as there were no potential ordinary shares in issue for both years.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
COST			
At 1 April 2014	–	20	20
Additions	–	51	51
At 31 March 2015	–	71	71
Additions	28,248	63	28,311
At 31 March 2016	28,248	134	28,382
ACCUMULATED DEPRECIATION			
At 1 April 2014	–	9	9
Provided for the year	–	8	8
At 31 March 2015	–	17	17
Provided for the year	353	21	374
At 31 March 2016	353	38	391
CARRYING VALUES			
At 31 March 2016	27,895	96	27,991
At 31 March 2015	–	54	54

The above items of property, plant and equipment are depreciated on a straight-line basis as follows:

Leasehold land and building	20 years or over the term of the relevant lease for land, whichever is shorter
Furniture, fixtures and equipment	Over 5 years

13. INVESTMENT PROPERTIES

	Total
	HK$'000
FAIR VALUE	
At 1 April 2014	81,600
Increase in fair value recognised in profit or loss	14,700
At 31 March 2015	96,300
Decrease in fair value recognised in profit or loss	(5,660)
At 31 March 2016	90,640

The investment properties are located in Hong Kong.

The valuations for investment properties have been arrived on a basis of valuations carried out at the end of both reporting periods by Ascent Partners Valuation Service Limited, who are professional valuers independent to the Group, by adopting the Direct Comparison Method.

13. INVESTMENT PROPERTIES (continued)

Followings are the key inputs used in valuing the investment properties as at 31 March 2016:

Category	Term of lease	Fair value hierarchy	Fair value at 31 March 2016 HK$'000	Fair value at 31 March 2015 HK$'000	Valuation techniques	Key unobservable inputs	Range or weighted average	Relationship of unobservable inputs to fair value
Residential Property in Hong Kong	Long lease	Level 3	**8,000**	8,300	Direct Comparison Method based on the average market observable transactions of similar properties after applying adjusting factors to reflect the conditions and locations of the subject property	Price per sq. ft.	Ranging from HK$13,000 to HK$16,000 (2015: HK$14,000 to HK$17,000)	The higher the price per sq.ft., the higher the fair values, or vice versa.
						Adjusting factors on location and conditions including floor, and size of the property	Adjusting factors ranging from −10% to 0% (2015: -10% to 5%)	The more favourable the adjusting factor, the higher the fair values, or vice versa.
Industrial and commercial property in Hong Kong (note 14)	Medium-term lease	Level 3	**82,640**	88,000	Direct Comparison Method based on the average market observable transactions of similar properties after applying adjusting factors to reflect the conditions and locations of the subject property	Price per sq. ft.	Ranging from HK$6,000 to HK$8,000 (2015: HK$6,000 to HK$8,000)	The higher the price per sq.ft., the higher the fair values or vice versa.
						Adjusting factors on location and conditions including floor, age, size and view of the property	Adjusting factors ranging from −10% to 5% (2015: -10% to 10%)	The more favourable higher the adjusting factor, the higher the fair values, or vice versa.
			90,640	96,300				

14. PLEDGE OF ASSETS

As at 31 March 2016, investment properties with an aggregate carrying amount of HK$82,640,000 were pledged to a bank to secure general banking facilities granted to the Group (2015: nil). As at 31 March 2016, the Group has available untilised banking facilities of HK$57,000,000 (2015: nil).

15. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES

	2016 HK$'000	2015 HK$'000
Interests in joint ventures		
Cost of unlisted investments in joint ventures	–	–
Share of post-acquisition results and other comprehensive income	–	122
	–	122
Amounts due from joint ventures		
Shareholders Loans (as defined below)	–	11,157
Less: share of post-acquisition losses that are in excess of the costs of the investments	–	(342)
	–	10,815
Additional Loans (as defined below)	–	18,200
Interest receivable arising from Additional Loans	–	306
Total amounts due from joint ventures	–	29,321
Less: Interest receivable arising from Additional Loans (included in trade and other receivables) classified as current	–	(306)
	–	29,015

Pursuant to an announcement by the Company on 17 December 2012, Wealth Jade Limited ("Wealth Jade"), a wholly-owned subsidiary of the Company, entered into two shareholder agreements ("JV Agreements") with an independent third party ("Third Party") to set up two joint ventures, namely Citi Charm Limited ("Citi Charm") and Riccini Investments Limited ("Riccini") (collectively the "JV Companies") for the purchase of two non-residential properties in Hong Kong (the "Properties"). Pursuant to the JV Agreements, 60% of the purchase prices of the Properties shall be funded by bank mortgage finance with the remaining 40% being funded by non-interest bearing shareholders loans (the "Shareholders Loans") on a 50-50 basis by the JV Companies. In the event that the JV Companies were unable to obtain any bank mortgage finance, Wealth Jade would provide additional finance capped at 60% of the purchase prices of the Properties at prevailing market interest rate (the "Additional Loans").

15. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES (continued)

At 31 March 2015, the Group's material joint ventures included Citi Charm and Riccini. Both of the Group's joint ventures were accounted for using equity method in these consolidated financial statements. Details of the Group's material joint ventures were as follows:

Name of joint venture	Form of business structure	Place of incorporation/ and operation	Particulars of issued and paid up capital	Effective equity interest and voting power held by the Group 2016	2015	Principal activity
Citi Charm Limited	Incorporated	Hong Kong	HK$2	–	50%	Property investment
Riccini Investment Limited	Incorporated	Hong Kong	HK$2	–	50%	Property investment

During the year ended 31 March 2016, both joint ventures were sold through the disposal of an indirect wholly-owned subsidiary, Oasis Star Holdings Limited ("Oasis Star") to an independent third party on 24 August 2015. Details of the disposal are set out in note 17.

16. TRADE AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	37	4
Other receivables, deposits and prepayments	701	702
	738	706

For leasing of properties and carpark management, due to the nature of businesses, the Group generally grants no credit period to these customers. The following is an aged analysis of trade debtors from leasing of properties (2015: carpark management), net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

	2016 HK$'000	2015 HK$'000
Trade debtors aged:		
0 – 60 days	37	4

16. TRADE AND OTHER RECEIVABLES (continued)

The trade receivables are past due as at the reporting date for which the Group has not recognised any impairment loss. The Group does not hold any collateral over these balances, but management considers that no impairment loss needs to be recognised in view of the historical and subsequent repayments from these customers.

No allowance for doubtful debts was recognised by the Group during both years.

At 31 March 2015, other receivables, deposits and prepayments of HK$112,000 and HK$194,000 represented interest receivables on amounts due from joint ventures that were past due for 0 to 90 days and 91 to 365 days, respectively.

This aged analysis above is based on the due date of interest payment which approximate to the revenue recognition date. In order to minimise the related credit risk, management of the Group has monitored the repayment ability of the borrowers continuously.

17. DISPOSAL OF SUBSIDIARIES

On 21 August 2015, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party for the disposal of equity interest in and the shareholder's loan due by Oasis Star, an indirect wholly-owned subsidiary of the Company, which directly held 100% equity interest in Orient Glory Investments Limited and Wealth Jade Limited; and indirectly held 50% equity interest in Citi Charm and Riccini as set out in note 15, at a cash consideration of HK$29,973,000. The JV Companies were engaged in property investment and held two non-residential properties in Hong Kong. On 24 August 2015, the Group completed this disposal and the cash consideration were fully settled.

Analysis of assets and liabilities of the subsidiaries over which control was lost:

	HK$'000
Shareholders Loans, net of share of post-acquisition losses that are in excess of the costs of the investments (as defined in note 15)	11,112
Additional Loans (as defined in note 15)	18,200
Interest receivable arising from the Additional Loans	490
Shareholder's loan due by Oasis Star	(29,866)
Net liabilities disposed of	(64)
Gain on disposal of subsidiaries:	
Cash consideration received for equity interest and shareholder's loan	29,973
Assignment of shareholder's loan due by Oasis Star	(29,866)
Transaction costs	(62)
Net liabilities disposed of	64
	109
Net cash inflow arising on disposal:	
Cash consideration received	29,973
Expenses paid in connection with the disposal	(62)
	29,911

18. BANK BALANCES AND CASH

	2016 HK$'000	2015 HK$'000
Cash at banks and in hand	**53,818**	93,403
Time deposits in books with maturity less than three months	**73,827**	38,750
	127,645	132,153

Bank balances carry interest at market rates which range from 0.01% to 0.50% (2015: 0.01% to 1.61%) per annum.

The Group's bank balances and cash that are denominated in currency other than functional currency of the relevant group entities are set out below:

	2016 HK$'000	2015 HK$'000
United States Dollars ("USD")	**75,579**	75,650

The functional currency of the respective group entities is HK$. The Group's exposure to the currency risk of USD is limited because HK$ is pegged to USD.

19. OTHER PAYABLES AND ACCRUED CHARGES

	2016 HK$'000	2015 HK$'000
Other payables	**13**	61
Accrued charges	**1,134**	1,031
Deposits received	**364**	326
	1,511	1,418

20. DEFERRED TAX LIABILITIES

The following is an analysis of deferred tax liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000
At 1 April 2014	861
Charge to profit or loss	60
At 31 March 2015	921
Charge to profit or loss	30
At 31 March 2016	951

At 31 March 2016, the Group has unused tax losses of HK$34,275,000 (2015: HK$30,421,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profits streams. The tax losses may be carried forward indefinitely under current tax regulation in Hong Kong.

21. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 April 2014, 31 March 2015 and 2016	20,000,000	2,000,000
Issued and fully paid:		
At 1 April 2014, 31 March 2015 and 2016	499,277	49,928

22. 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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. In order to balance its overall capital structure, the Group may consider the payment of dividends and an increase in share capital.

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 HK$'000	2015 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**127,682**	161,478
Financial liabilities		
Amortised cost	**–**	1

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables and bank balances and cash. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk) and credit risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances as set out in note 18.

No sensitivity analysis is presented since the Directors consider that the exposure of cash flow interest rate risk to the Group is limited because of the short maturity of all bank balances.

Credit risk

As at 31 March 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

23. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due or being demanded for repayment. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing the lending limits of each individual borrower when appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group does not have any significant concentration of credit risk, other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings in both years. The Group assesses the credit risk by reviewing and monitoring the financial performance of the counterparties and the management considers the default risk is not significant.

24. OPERATING LEASES

The Group as lessee

During the current year, the Group made minimum lease payments under operating leases of HK$1,974,000 (2015: HK$4,582,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016 **HK$'000**	2015 HK$'000
Within one year	**772**	1,978
In the second to fifth year inclusive	**–**	772
	772	2,750

Operating lease payments represent rentals payable by the Group for its office and car park under management. Leases are negotiated for an average term of two to three years and monthly rentals are fixed.

24. OPERATING LEASES (continued)

The Group as lessor

Property and carpark rental income earned during the year was approximately HK$2,170,000 (2015: HK$2,102,000) and HK$2,490,000 (2015: HK$5,495,000) respectively.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2016	2015
	HK$'000	HK$'000
Within one year	**1,499**	2,016
In the second to fifth year inclusive	**183**	1,271
	1,682	3,287

25. RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group has joined the Mandatory Provident Fund Scheme (the "MPF Scheme") for employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. The contributions to the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the scheme with a cap. No forfeited contribution is available to reduce the contribution payable in future years.

The total costs charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK$129,000 (2015: HK$201,000) represents contributions paid or payable to the MPF Scheme by the Group during the year.

26. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

(a) During the reporting period, the Group received interest income in the amount of HK$183,000 (2015: HK$455,000) from joint ventures. In addition, the Company, as tenant, entered into two tenancy agreements during the current year, one with the intermediate holding company and the other with a fellow subsidiary in respect of certain premises. Under the agreements, the Company was granted the rights to use the relevant premises and is required to pay the related building management fee, utilities expenses and rates but it was not required to pay any rental. The premises were used by the Group as its office up to 31 December 2015.

26. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party transactions (continued)

(b) Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	2016	2015
	HK$'000	HK$'000
Short-term benefits	**2,302**	3,493
Post-employment benefits	**38**	151
	2,340	3,644

Related party balance

Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and in note 15.

27. SHARE-BASED PAYMENT TRANSACTION

Pursuant to an ordinary resolution passed by the shareholders at the annual general meeting of the Company dated 22 August 2013, a share option scheme (the "Scheme") was approved. The Scheme was adopted on 27 August 2013.

The Scheme was established for the purpose of providing incentives for the contribution of Directors and eligible persons. The Scheme will remain in force for a period of ten years from adoption of the Scheme. The Scheme will expire on 27 August 2023.

Under the Scheme, the Directors may at their discretion grant options to (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Affiliate"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

Options granted must be taken up within 14 days of the date of grant. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders in accordance with the Listing Rules.

27. SHARE-BASED PAYMENT TRANSACTION (continued)

Options may be exercised during such period (including the minimum period, if any, for which an option must be held before it can be exercised) as may be determined by the Directors (which shall be less than ten years from the date of issue of the relevant option). Options may be granted without initial payment except the payment of HK$1 as consideration for grant of option each time. The exercise price is determined by the Directors and will be not less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

No share option has been granted under the Scheme since its adoption.

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2016** **HK$'000**	2015 HK$'000
Non-current assets			
Interests in subsidiaries		**34**	41
Property, plant and equipment		**96**	54
		130	95
Current assets			
Other receivables		**385**	218
Bank balances and cash		**127,450**	95,865
Amounts due from subsidiaries		**137,702**	173,927
		265,537	270,010
Current liabilities			
Other payables and accrued charges		**649**	1,031
Amounts due to subsidiaries		**90,100**	88,855
		90,749	89,886
Net current assets		**174,788**	180,124
		174,918	180,219
Capital and reserves			
Share capital		**49,928**	49,928
Reserves	(a)	**124,990**	130,291
		174,918	180,219

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

Note:

(a) Reserves

	Share premium HK$'000	**Contributed surplus** HK$'000 (note)	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2014	143,805	555,303	(495,486)	203,622
Loss and total comprehensive expense for the year	–	–	(3,432)	(3,432)
Share Premium Reduction	(143,805)	143,805	–	–
Special dividend declared (note 10)	–	(69,899)	–	(69,899)
At 31 March 2015 and 1 April 2015	–	629,209	(498,918)	130,291
Loss and total comprehensive expense for the year	–	–	(5,301)	(5,301)
At 31 March 2016	–	629,209	(504,219)	124,990

Note: The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of a former subsidiary at the date on which the Group reorganisation became effective and the nominal amount of the share capital of the Company issued under the Group reorganisation in 1997.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(a) The Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

29. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2016 and 2015 are as follows:

Name of subsidiary	Place of incorporation/ registration/ establishment/ operation	Issued and fully paid share/ registered capital	Percentage of issued share/registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2016 %	2015 %	**2016 %**	2015 %	
Capital Scope Limited	British Virgin Islands	US$1	**100**	100	**–**	–	Investment holding
Capital Up Holdings Limited	British Virgin Islands	US$1	**100**	100	**–**	–	Investment holding
Classic Charter Limited	Hong Kong	HK$50	**–**	–	**96**	96	Loan financing
Concord Ocean Holdings Limited (note)	British Virgin Islands	US$1	**–**	100	**–**	–	Investment holding
Electronics Tomorrow Property Holdings Limited	British Virgin Islands	US$100	**–**	–	**100**	100	Investment holding
Issegon Company Limited	Hong Kong	HK$300,000	**–**	–	**100**	100	Property investment and leasing of properties
Jumbo Light Limited	British Virgin Islands	US$1	**100**	100	**–**	–	Investment holding
Keen Capital Investments Limited	Hong Kong	HK$1	**100**	100	**–**	–	Carpark management
Oasis Star Holdings Limited (note)	British Virgin Islands	US$100	**–**	–	**–**	100	Investment holding
Orient Glory Investments Limited (note)	British Virgin Islands	US$100	**–**	–	**–**	100	Investment holding
Prime Concept Development Limited	Hong Kong	HK$1	**100**	100	**–**	–	Sales agency
Royal Asset Investments Limited	Hong Kong	HK$1	**–**	–	**100**	100	Property investment and leasing of properties
Wealth Jade Limited (note)	British Virgin Islands	US$100	**–**	–	**–**	100	Investment holding
World Regal Limited	British Virgin Islands	US$1	**100**	100	**–**	–	Investment holding

29. PRINCIPAL SUBSIDIARIES (continued)

All of the above subsidiaries have their principal place of operations in Hong Kong.

None of the subsidiaries had any debt securities outstanding at the end of the reporting period or at any time during the year.

Note: The subsidiaries were disposed of during the year.

At the end of the reporting period, the compositions of the Company's subsidiaries are as follows. All of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Country/place of Incorporation/ establishment	Number of subsidiaries	
		2016	2015
Leasing of properties	Hong Kong	**2**	2
Carpark management	Hong Kong	**1**	1
Loan financing	Hong Kong	**1**	1
Others	Hong Kong	**2**	5
	Others	**6**	10
		12	19

	For the year ended 31 March				
	2012 HK$'000 (Restated)	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016** **HK$'000**
Revenue	8,183	9,338	9,122	7,732	**4,660**
Profit (loss) before taxation	10,422	(1,332)	631	7,417	**(11,300)**
Taxation	(32)	–	134	(223)	**(163)**
Profit (loss) for the year	10,390	(1,332)	765	7,194	**(11,463)**
Profit (loss) attributable to:					
Owners of the Company	10,362	(1,414)	713	7,192	**(11,459)**
Non-controlling interests	28	82	52	2	**(4)**
	10,390	(1,332)	765	7,194	**(11,463)**

	As at 31 March				
	2012 HK$'000 (Restated)	2013 HK$'000	2014 HK$'000	2015 HK$'000	**2016** **HK$'000**
Total assets	316,286	312,138	319,661	258,350	**247,014**
Total liabilities	(1,461)	(985)	(1,903)	(2,429)	**(2,556)**
	314,825	311,153	317,758	255,921	**244,458**
Equity attributable to:					
Owners of the Company	314,763	311,009	317,562	255,723	**244,264**
Non-controlling interests	62	144	196	198	**194**
	314,825	311,153	317,758	255,921	**244,458**

SCHEDULE OF PRINCIPAL PROPERTIES

Location	Approximate gross floor area (sq. ft.)	Use	Term of lease	Group's ownership
INVESTMENT PROPERTIES				
Flat E on 13th Floor, Hing On Mansion, On Shing Terrace, No. 5 Tai Yue Avenue, Taikoo Shing, Hong Kong	600	Residential	Long-term lease	100%
Workshop Unit Nos. 03 to 07 on 9th Floor, Car Parking Space No. L48 on Ground Floor and Car Parking Space No. P45 on Basement Floor, Harbour Centre Tower 1, No. 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong	16,225	Industrial and commercial	Medium-term lease	100%