2017
ANNUAL REPORT

Ngai Shun Holdings Limited
毅信控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1246

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Mock Wai Yin *(Chairman)*
Dr. Wong Yun Kuen (appointed on 5 July 2016)
Mr. Wang Xin (resigned on 22 August 2016)

Non-executive Director

Mr. Chui Kwong Kau

Independent Non-executive Directors

Mr. Lam Chi Wai
Ms. Lau Mei Ying
Mr. Eric Todd (appointed on 18 July 2016)
Mr. Chai Chi Man (appointed on 19 April 2017)
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)

COMPANY SECRETARY

Mr. Yeung Siu Keung

AUTHORISED REPRESENTATIVES

Mr. Mock Wai Yin
Mr. Yeung Siu Keung

AUDIT COMMITTEE

Mr. Lam Chi Wai *(Chairman)*
Ms. Lau Mei Ying
Mr. Chai Chi Man (appointed on 19 April 2017)
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)

REMUNERATION COMMITTEE

Mr. Lam Chi Wai *(Chairman)*
Ms. Lau Mei Ying
Mr. Chai Chi Man (appointed on 19 April 2017)
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)

NOMINATION COMMITTEE

Mr. Lam Chi Wai *(Chairman)*
Ms. Lau Mei Ying
Mr. Chai Chi Man (appointed on 19 April 2017)
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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168–200 Connaught Road Central
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Hong Kong

AUDITORS

Zenith CPA Limited
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21/F, Dominion Centre
43–59 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

01246

WEBSITE

www.1246.com.hk

Chairman's Statement

On behalf of the board (the "**Board**") of directors (the "**Director(s)**") of Ngai Shun Holdings Limited (the "**Company**"), I hereby report to our valued shareholders and investors the results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the financial year ended 31 March 2017.

For the year ended 31 March 2017, the Group recorded a total revenue of approximately HK$511.1 million, representing a decrease of 4.0% as compared to approximately HK$532.2 million for the year ended 31 March 2016. The Group recorded a net loss of approximately HK$572.2 million for the year ended 31 March 2017, as compared to approximately HK$193.4 million for the year ended 31 March 2016. Basic and diluted loss per share for the year ended 31 March 2017 were HK$0.12 (2016: basic and diluted loss per share of HK$0.19 (restated)).

The foundation piling business, one of the Group's principal businesses, continued to shrink as new infrastructure projects had been postponed due to the slow approval progress of infrastructure projects by the Legislative Council of Hong Kong and the Finance Committee of the Legislative Council of Hong Kong (the "**Legco Finance Committee**"). The property development business, although generating revenue to the Group in the current year, suffered loss due to loss recognised on sale of properties and write-down of completed properties held for sale and properties under development to net realisable value. On the other hand, losses were recognised from the investment securities business due to the volatile stock market in Hong Kong.

On 19 April 2017, the Group completed the acquisition of 68% of Anway Real Estate Limited ("**Anway**") (the "**Acquisition**") and its subsidiary, which own, operate and manage a property located in Shanghai, the People's Republic of China (the "**PRC**"), which will be developed as clubhouse, apartments and underground areas for lodging, food and beverage uses, tailoring the needs of customers within the healthcare holiday resort sector in Shanghai and derive rental income from these premises. The Group thus will be expanded into the industry of healthcare holiday resort development, a rapid growing industry in a first-tier city in the PRC. The business is expected to start generating revenue in the coming financial year.

The Group will strive to improve its operating results in the future by minimising costs and generating diversified income and additional cashflow for the Group's continuous development.

APPRECIATION

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

By Order of the Board
Ngai Shun Holdings Limited

Mock Wai Yin
Chairman
28 June 2017

BUSINESS REVIEW

Foundation Piling Business

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

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

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

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

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

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

The Disposal was approved by the shareholders of the Company (the "**Shareholders**") in the extraordinary general meeting of the Company held on 22 September 2016 and was completed on 30 September 2016. Upon completion of the Disposal, the Company and Excellent Speed holds 51% and 49% of the total issued share capital of Pearl Swirls Limited respectively, and Pearl Swirls Limited and Ngai Shun Construction & Drilling Company Limited remain as subsidiaries of the Company. The consideration of HK$80 million was offset by the loan and interests owed to Excellent Speed by the Company, which amounted to approximately HK$129.5 million as at the completion date of 30 September 2016 before such offset.

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

Property Development Business

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

The Property Project has (i) a planned site area of approximately 156,403 square metres; (ii) a construction area of approximately 115,010 square metres; and (iii) two development phases and 113 residential units. Based on the latest development and sales plan, the 113 residential units were split into 226 smaller saleable units (the "**Saleable Units**"). Sales from 48 Saleable Units (2016: 29 Saleable Units) amounted to approximately HK$219.1 million (2016: HK$116.6 million) have been recognised as revenue during the year ended 31 March 2017.

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

Investment Securities

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

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

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

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

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

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

Provision of Catering Services

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

FINANCIAL REVIEW

Revenue

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

Gross Loss

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

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

For the foundation piling business, in view of the slowdown of infrastructure projects funding approval by the government, many public projects have been postponed. The Group had to reduce the rate of the foundation piling projects in order to maintain the market share, which resulted in an adverse effect on the gross profit margin of the foundation piling business.

Selling and Distribution Expenses

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

Administrative Expenses and Other Expenses

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

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

Finance Costs

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

Net Loss

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

Use of Net Proceeds from the Share Offer

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

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

BUSINESS PROSPECTS

Foundation Piling Business

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

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

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

Property Development Business

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

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

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

Investment Securities

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

Provision of Catering Services

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

Healthcare Holiday Resort Development

On 30 September 2016, the Group as the purchaser and Boil International Co., Limited (the "**Vendor**") entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") (as amended and supplemented by a supplemental agreement dated 18 April 2017), pursuant to which the Group conditionally agreed to purchase, and the Vendor conditionally agreed to dispose of, 68% of the issued share capital of Anway together with assignment of 68% of a shareholder's loan in the amount of approximately HK$781.4 million owed by Anway to the Vendor as at the date of the Sale and Purchase Agreement, subject to further adjustment (if any) at the completion date to the Group at consideration of HK$1,100 million. Anway, through its wholly-owned subsidiary in the PRC, collectively owns, manages and operates a property which is based in Songjiang District in Shanghai, the PRC. Such property will be developed as clubhouse, apartments and underground areas for lodging, food and beverage uses, tailoring the needs of customers within the healthcare holiday resort sector in Shanghai and derive rental income from these premises.

On 30 September 2016, the Company and Liyao Investment Limited as the subscriber (the "**Subscriber**") entered into a subscription agreement, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, in aggregate 2,600,000,000 shares of the Company (the "**Subscription Shares**") at the subscription price of HK$0.20 per Subscription Share (the "**Subscription**") for an aggregate amount of HK$520 million (the "**Subscription Agreement**").

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

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

The financial risks facing the Group include interest rate risk, equity price risk, credit risk and liquidity risk. Details of the financial risks and capital risk management are set in note 44 "Financial Risk Management Objectives and Policies" to the financial statements.

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

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

For investment securities, there is an inherent risk that losses may be incurred as price of securities may go up or down and fluctuate due to various market factors which are out of the control of the Group.

DEBTS AND CHARGE ON ASSETS

As at 31 March 2017, the interest-bearing borrowings of the Group consisted of a loan from a related company of approximately HK$49.5 million (31 March 2016: HK$120 million) denominated in Hong Kong dollars ("**HK$**"), bank loans of approximately HK$29.3 million (31 March 2016: HK$38.7 million) denominated in HK$ and other borrowings of approximately HK$773.0 million denominated in United Stated dollars ("**USD**") (31 March 2016: HK$834.7 million with HK$75.0 million denominated in HK$ and HK$759.7 million denominated in USD) while there was no promissory notes (31 March 2016: HK$241.5 million). As at 31 March 2017, interest payables of approximately HK$1.2 million for the loan from a related company were included in other payables (31 March 2016: interest payables of HK$22.1 million for the loan from a related company, other borrowings and the promissory notes).

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

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the Group had net current assets of approximately HK$577.3 million (31 March 2016: HK$727.2 million) and cash and bank deposits (excluding restricted cash) of approximately HK$410.7 million, of which approximately HK$397.4 million were denominated in HK$ and approximately HK$31.3 million were denominated in USD (31 March 2016: HK$108.9 million).

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

CAPITAL STRUCTURE

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

Share Consolidation, Increase in Authorised Share Capital and Rights Issue

On 24 March 2016, the Company proposed the share consolidation (the "**Share Consolidation**") on the basis of every twenty-five (25) issued and unissued shares of the Company of HK$0.001 each into one (1) consolidated share of HK$0.025 (the "**Consolidated Share**"), and proposed to raise approximately HK$904 million, before expenses, by the way of the rights issue (the "**Rights Issue**") of 5,478,000,000 rights shares of HK$0.025 each (the "**Rights Shares**") to the qualifying Shareholders at the subscription price of HK$0.165 per Rights Share on the basis of eleven (11) Rights Shares for every two (2) Consolidated Shares held on the record date of 24 June 2016.

Moreover, in order to facilitate the Rights Issue, the Company proposed to increase its authorised share capital from HK$200,000,000 divided into 8,000,000,000 Consolidated Shares to HK$400,000,000 divided into 16,000,000,000 Consolidated Shares by creating additional 8,000,000,000 unissued Consolidated Shares (the "**Increase in Authorised Share Capital**").

The relevant ordinary resolutions approving the Share Consolidation, the Increase in Authorised Share Capital and the Rights Issue were passed at the extraordinary general meeting of the Company held on 14 June 2016, thus the Share Consolidation and the Increase in Authorised Share Capital became effective on 15 June 2016. The Rights Issue was completed on 20 July 2016 with net proceeds of approximately HK$879.0 million (the "**Net Proceeds**") raised and the total issued share capital of the Company increased to 6,474,000,000 shares of HK$0.025 each since then and as at the date of this annual report.

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

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

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

FOREIGN EXCHANGE RISK

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

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

CAPITAL COMMITMENTS

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

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

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

CONTINGENT LIABILITIES

As at 31 March 2017, there were four outstanding cases (31 March 2016: five) for compensation and personal injuries claims, against the Group by the employees of the subcontractors and the employees of the Group in respect of the foundation piling business. The claims were related to the employees of the subcontractors and the employees of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The Directors assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the consolidated financial statements.

Save as disclosed above, the Group had no significant contingent liabilities as at 31 March 2017 and 31 March 2016.

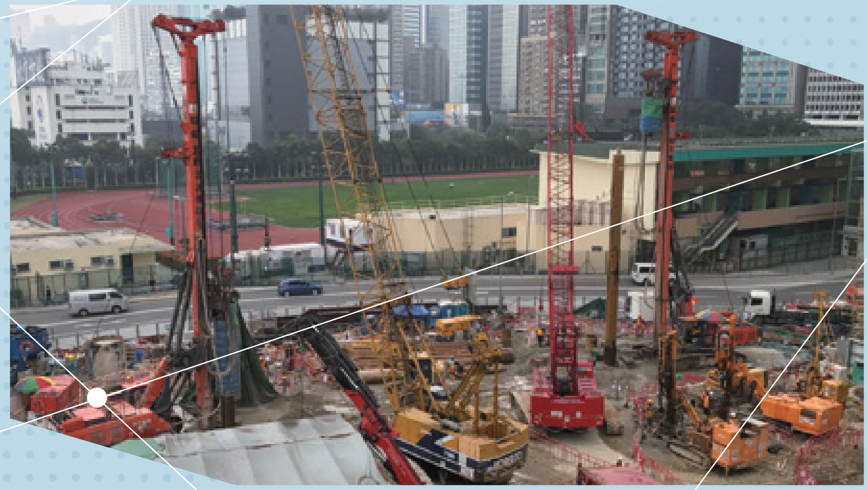
EMPLOYEE AND REMUNERATION POLICIES

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

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

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).



Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Mock Wai Yin ("**Mr. Mock**"), an executive Director and the chairman of the Board (the "**Chairman**"), aged 45, joined the Group on 15 July 2015. Mr. Mock holds a Master of Philosophy in Biochemistry from The Chinese University of Hong Kong and a Master of Science in Hazard Analysis and Critical Control Point from University of Salford. He also holds a Postgraduate Diploma in Professional Accounting. Mr. Mock has 15 years of experience in research analysis and over 3 years of world-wide experience in natural resources, project investment and property development as well as project valuation and budget management. He has been an executive director of Focus Media Network Limited (a company whose shares are listed on the Growth Enterprise Market (the "**GEM**") of the Stock Exchange with Stock Code: 8112) since 27 November 2015. He was also an executive director of China Minsheng Drawin Technology Group Limited (formerly known as South East Group Limited) (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 726) from 20 December 2013 to 1 February 2015.

Dr. Wong Yun Kuen ("**Dr. YK Wong**"), an executive Director, aged 59, joined the Group on 5 July 2016. He received a Ph.D. Degree from Harvard University, and was a "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. He has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. Dr. YK Wong is a member of Hong Kong Securities and Investment Institute. He is an Adjunct Professor of Syracuse University, USA, the chairman and an executive director of UBA Investments Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 768). He has been re-designated from an independent non-executive director to a non-executive director of China Sandi Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 910) on 15 September 2016, and is currently an independent non-executive director of DeTai New Energy Group Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 559), Far East Holdings International Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 36), GT Group Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 263), Kaisun Energy Group Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8203), Kingston Financial Group Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 1031) and Sincere Watch (Hong Kong) Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 444). Dr. YK Wong was also an independent non-executive director of KuangChi Science Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 439) (June 2007 to August 2014), Huge China Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 428) (September 2004 to January 2015), Kong Sun Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 295) (April 2007 to November 2014), Huajun Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 377) (October 2010 to September 2014) and Bauhaus International (Holdings) Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 483) (October 2004 to December 2016).

NON-EXECUTIVE DIRECTOR

Mr. Chui Kwong Kau ("**Mr. Chui**"), a non-executive Director, aged 50, joined the Group on 6 March 2015. He has over 15 years' experiences in financial management, accounting and auditing fields. Mr. Chui is currently an executive director of Hong Kong Life Sciences and Technologies Group Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8085) since 30 November 2009. Mr. Chui is also a non-executive director of Hsin Chong Group Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 404) since 23 May 2015 and a non-executive director of DeTai New Energy Group Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 559) since 1 December 2015. He had been an independent non-executive director of Aurum Pacific (China) Group Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8148) from 17 March 2010 to 16 March 2016 and an executive director of China Energy Development Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 228) from 5 October 2005 to 30 June 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Chi Wai ("**Mr. CW Lam**"), an independent non-executive Director, the chairman of the audit committee of the Company (the "**Audit Committee**"), the nomination committee of the Company (the "**Nomination Committee**") and the remuneration committee of the Company (the "**Remuneration Committee**"), aged 39, joined the Group on 15 July 2015. Mr. CW Lam holds a Master of Science in Accountancy from The Hong Kong Polytechnic University. He had years of experience in the field of business accounting, auditing and corporate secretarial services. He is a member of Association of Chartered Certified Accountants. Mr. CW Lam has been an independent non-executive director of Jin Bao Bao Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock Code: 1239) since 5 March 2015.

Ms. Lau Mei Ying ("**Mr. Lau**"), an independent non-executive Director, a member of the Audit Committee, the Nomination Committee and the Remuneration Committee, aged 35, joined the Group on 15 July 2015. She graduated from The Chinese University of Hong Kong with a Bachelor of Social Science in Economics. Ms. Lau has extensive experience in the financial market and insurance underwriting. She has been a fellow member of Life Management Institute issued by Life Office Management Association since November 2008. Ms. Lau has been an independent non-executive director of Focus Media Network Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock Code: 8112) since 27 November 2015.

Mr. Eric Todd ("**Mr. Todd**"), an independent non-executive Director, aged 55, joined the Group on 18 July 2016. He possesses extensive professional experience in the auditing, financial management, investment and media industry. Mr. Todd holds a bachelor degree in Business Administration in Accounting and Finance from the School of Management of Boston University in Massachusetts, USA. Mr. Todd has qualified as an U.S. Certified Public Accountant in 1989 and was a member of the American Institute of Certified Public Accountants from 1989–2010. Mr. Todd worked for the international accounting firm KPMG and the Standard Chartered Group between the periods 1985 to 1995. He was the finance director for several manufacturing and media production and distribution companies from 1999 to 2008. Mr. Todd has been working as a business consultant since 2009 specializing in the finance, investment and media sectors. Mr. Todd has been appointed as an executive director and chairman of Kong Shum Union Property Management (Holding) Limited (a company whose shares are listed on the GEM of the Stock Exchange with Stock code: 8181) since 1 August 2016. He has also been appointed as a non-executive director of Leyou Technologies Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock code: 1089) since 24 July 2015 and as an executive director of Hsin Chong Group Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange with Stock code: 404) since 9 March 2017.

Mr. Chai Chi Man ("**Mr. Chai**"), an independent non-executive Director, a member of the Audit Committee, the Nomination Committee and the Remuneration Committee, aged 54, joined the Group on 19 April 2017. He possesses extensive exposure in the auditing and accounting field. Mr. Chai holds a master's degree of Arts in Finance and Investment from University of Exeter, United Kingdom. Mr. Chai is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Chai worked for international audit firm and Hong Kong listed company and is currently a partner of a CPA firm. Mr. Chai is also a licensed person for the regulated activities of type 9 (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and an accredited general mediator of the Hong Kong Mediation Accreditation Association Limited.

Saved as disclosed herein, there is no other relationship between each of the Directors and senior management as required to be disclosed under the Listing Rules.

Corporate Governance Report

The Board is pleased to present hereby a Corporate Governance Report of the Company for the year ended 31 March 2017.

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term and continuing success of the Group. The Board is committed in maintaining good corporate standards and procedures for the best interest of the Shareholders. The Board will continue to review its corporate governance practices from time to time to ensure the Group comply with the statutory requirements and the Corporate Governance Code (the "**CG Code"**) as set out in Appendix 14 to the Listing Rules and align with the latest developments.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 March 2017, the Company had complied with the applicable code provisions (the "**Code Provisions**") of the CG Code except for the deviations as explained below:

Deviation from Corporate Governance Code

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

Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to personal commitments, Mr. Chui Kwong Kau, the non-executive Director, was unable to attend the extraordinary general meeting of the Company held on 15 June 2016; Mr. Lam Chi Wai and Ms. Thadani Jyoti Ramesh, the independent non-executive Directors, were unable to attend the extraordinary general meetings of the Company held on 14 June 2016 and 15 June 2016; and Ms. Lau Mei Ying, the independent non-executive Director, was unable to attend the extraordinary general meetings of the Company held on 14 June 2016, 15 June 2016 and 14 February 2017 and the annual general meeting of the Company held on 8 September 2016.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The key responsibilities of the Board include the formulation of the Group's overall business strategies, setting of management targets, monitoring internal control and risk management systems, and supervision of management performance of the senior management who are delegated with the authority and responsibility for day-to-day management and operation of the Company. Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

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

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

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

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

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

During the year, the Board reviewed the policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management and the Company's compliance with the CG Code and disclosure in this report.

Composition of the Board

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

Executive Directors

Mr. Mock Wai Yin *(Chairman)*
Dr. Wong Yun Kuen (appointed on 5 July 2016)
Mr. Wang Xin (resigned on 22 August 2016)

Non-executive Director

Mr. Chui Kwong Kau

Independent Non-executive Directors

Mr. Lam Chi Wai
Ms. Lau Mei Ying
Mr. Eric Todd (appointed on 18 July 2016)
Mr. Chai Chi Man (appointed on 19 April 2017)
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)

The composition of the Board is well balanced with each Director having sound board level experience and expertise relevant to the business operations and development of the Group.

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

In accordance with Rule 3.13 of the Listing Rules, the Company has received annual confirmations of independence from all of the INEDs. Based on the confirmations received, the Company is of the view that all INEDs are independent under the Listing Rules.

The Board members have no financial, business, family or other material or relevant relationship among members of the Board and senior management.

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

An updated list of Directors, identifying their roles and functions at the Company is maintained on the websites of the Company and the Stock Exchange.

Board Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. The Directors are given adequate notice to attend such regular Board meetings or other Board meetings. Directors may participate either in person or through electronic means of communications. Draft and final versions of minutes are circulated to all Directors for comments and records respectively, with reasonable time after Board meetings are held. Final versions of minutes are kept by the company secretary of the Company (the "**Company Secretary**") and are open for inspection at any reasonable time on reasonable notice by any Director.

The attendance of the respective Directors to the general meetings and Board Meetings which were held during the year ended 31 March 2017 are set out below:

	General Meetings	Board Meetings
Executive Directors		
Mr. Mock Wai Yin	5/5	12/12
Dr. Wong Yun Kuen[1]	3/3	6/8
Mr. Wang Xin[2]	0/2	4/7
Non-executive Director		
Mr. Chui Kwong Kau	4/5	6/12
Independent Non-executive Directors		
Mr. Lam Chi Wai	3/5	10/11
Ms. Lau Mei Ying	1/5	8/12
Mr. Eric Todd[3]	3/3	7/7
Ms. Thadani Jyoti Ramesh[4]	3/5	11/12

Notes:

1 Dr. Wong Yun Kuen was appointed as an executive Director with effect from 5 July 2016.

2 Mr. Wang Xin resigned as an executive Director with effect from 22 August 2016.

3 Mr. Eric Todd was appointed as an independent non-executive Director with effect from 18 July 2016.

4 Ms. Thadani Jyoti Ramesh resigned as an independent non-executive Director with effect from 19 April 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed their compliance with the Model Code and the code of conduct throughout the year ended 31 March 2017.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Every newly appointed Director is provided with comprehensive induction to ensure that he/she has a proper understanding of the operations and business of the Group as well as his or her responsibilities and obligations under Listing Rules and relevant regulatory requirements.

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

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

BOARD COMMITTEES

The Board has established three board committees, being the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively the "**Board Committees**") in compliance with the relevant Listing Rules and to assist the Board to discharge its duties. The functions and responsibilities of the Board Committees have been set out in the relevant terms of reference which are of no less stringent than those stated in the CG Code. The relevant terms of reference of each of the Board Committees can be found on the Company's website (http://www.1246.com.hk). All Board Committees have been provided with sufficient resources and support from the Group to discharge their duties and, upon request, are able to seek independent professional advice, at the Company's expense.

Audit Committee

The Audit Committee comprises three members, namely Mr. Lam Chi Wai (Chairman), Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)/Mr. Chai Chi Man (appointed on 19 April 2017), all of whom are INEDs of the Company.

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

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

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

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

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

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

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

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

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

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

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

During the year ended 31 March 2017, the Audit Committee reviewed with the management the Group's unaudited interim results and audited annual financial results, and discussed the risk management and internal controls systems as well as financial reporting matters. The Audit Committee also reviewed this annual report, and confirmed that this annual report complies with the applicable standard, the Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. Besides, the Audit Committee assisted by reviewing the corporate governance policies and practice as delegated by the Board. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the year ended 31 March 2017 and up to the date of this report.

The attendance of the members of the Audit Committee meetings which were held during the year ended 31 March 2017 is summarised below:

	Audit Committee Meetings
Mr. Lam Chi Wai *(Chairman)*	2/2
Ms. Lau Mei Ying	2/2
Ms. Thadani Jyoti Ramesh	1/2

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Lam Chi Wai (Chairman), Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)/Mr. Chai Chi Man (appointed on 19 April 2017), all of whom are the INEDs of the Company.

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

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

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

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

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

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

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

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

8) ensuring that no Director or any of his or her associates is involved in deciding his or her own remuneration.

The attendance of the members of the Remuneration Committee meetings which were held during the year ended 31 March 2017 is summarised below:

	Remuneration Committee Meetings
Mr. Lam Chi Wai *(Chairman)*	3/3
Ms. Lau Mei Ying	2/3
Ms. Thadani Jyoti Ramesh	3/3

The remuneration payable to the Directors and senior management is determined by reference to their experience and duties with the Company and the estimated time spent by them on the Company's matters. The Board is of the view that the Remuneration Committee has properly discharged its duties and responsibilities during the year ended 31 March 2017 and up to the date of this report. Details of Directors' remuneration are set out in note 9 to the financial statements.

Pursuant to the code provision B.1.5 of the CG Code, the annual remuneration (including bonus) of the senior management of the Group by band for the year ended 31 March 2017 is set out below:

Remuneration Band	**Number of Senior Management**
Up to HK$1,000,000	7

Nomination Committee

The Nomination Committee comprises of three members, namely Mr. Lam Chi Wai (Chairman), Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)/Mr. Chai Chi Man (appointed on 19 April 2017), all of whom are the INEDs of the Company.

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

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

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

3) assessing the independence of the INEDs; and

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

The Board is of the view that the Nomination Committee has properly discharged its duties and responsibilities during the year ended 31 March 2017 and up to the date of this report.

The attendance of the members of the Nomination Committee meetings which were held during the year ended 31 March 2017 is summarised below:

	Nomination Committee Meetings
Mr. Lam Chi Wai *(Chairman)*	3/3
Ms. Lau Mei Ying	2/3
Ms. Thadani Jyoti Ramesh	3/3

AUDITOR'S REMUNERATION

For the year ended 31 March 2017, fees paid to the external auditors of the Company for audit services and for non-audit services were HK$1,980,000 and HK$820,000, respectively. The fees paid for non-audit services included HK$550,000 for review of interim results and HK$270,000 for other non-audit services.

COMPANY SECRETARY

The Company Secretary is responsible for facilitating the Board process, as well as communications among Board members. According to Rule 3.29 of the Listing Rule, the Company Secretary has taken more than 15 hours of relevant professional training during the year ended 31 March 2017.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The risk management and internal control systems are developed to identify, evaluate and manage significant risks and to resolve material internal control defects, if any. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Various procedures are established for identifying, evaluating, and managing the significant risks associated with operational objectives. The Board performs regular review and analysis on financial and operational data, conducts departmental meetings and on-site inspections to identify and monitor the potential risks associated with the business operation and financial management of the Group.

The Audit Committee assists the Board by reviewing internal control affairs identified by external auditor, senior management and the Board and evaluating the adequacy and effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2017. The Audit Committee in turn reports material issues, if any, to the Board.

The Company does not have an internal audit function and is of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. The Board has engaged an independent professional advisor to perform annual review of the risk management and internal control systems for the year ended 31 March 2017. The findings and areas for improvement reported by such advisor have been discussed by the Audit Committee and the Board and will be properly followed up by the Group to ensure that they are implemented within a reasonable period of time.

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. During the year, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Company, covering all material controls in financial, operational and compliance controls. This review also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budgets. The Board therefore considered that the risk management and internal control systems are effective and adequate.

The Directors and senior management of the Company were provided with latest guidelines and induction on disclosure of inside information to ensure that all relevant facts and circumstances that may have material effect on the share price of the Company is assessed in a timely manner and that any material information which comes to the knowledge of any one or more officers of the Group be promptly identified, assessed and, if appropriate, escalated for the attention of the Board to determine whether a disclosure is required.

BOARD DIVERSITY POLICY

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

DIRECTORS' INSURANCE

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

DIRECTOR AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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

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

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

GENERAL MEETINGS WITH SHAREHOLDERS

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

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting on Requisition by Shareholders

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

Procedures for Shareholders' Nomination of Directors

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

Procedures for directing Shareholders' enquiries to the Board

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

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

INVESTOR RELATIONS

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

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

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

Address:

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

Email: info@1246.com.hk

During the year ended 31 March 2017, the Company did not make changes to its Articles. A copy of the latest version of the Articles is posted on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

The Group is committed to the principles of good corporate governance, and strives to integrate corporate social responsibility into its business strategy and management approach. This report aims to provide the Group's stakeholders with an overview of the Group's efforts regarding environmental, social and governance impacts arising from its daily operations.

The Group is dedicated to cultivating a green, healthy and safety culture through the concerted efforts of all staff and promoting environmental, health and safety culture in the workplace in order to achieve the following objectives:

– Ensure compliance with all applicable legislation;

– Reduce quantities of waste and pollutants reaching the sea, land and atmosphere;

– Promote awareness on environment and safety among staff through training, workshops and programs;

– Provide a green, healthy and safe workplace for staff, visitors and contractors;

– Optimise energy use efficiency; and

– Continuously improve performance and environment and safety.

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" as set out in Appendix 27 of the Listing Rules.

KEY RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group continues to engage with its employees, customers, suppliers, investors, Shareholders, and other stakeholders through different channels to develop mutually beneficial relationships and promote sustainability.

Employees are remunerated equitably and competitively. Details of continuing training and development opportunities provided to them are set out in the "Development and Training" section below.

The Group is committed to delivering excellent customer services to its customers. For details, please refer to the "Customer Services" section below.

The Group partners with service providers that reflect its values and commitment. For details, please refer to the "Supply Chain Management" section below.

The Company maintains ongoing dialogues with its investors and Shareholders. For details, please refer to the section "Investor Relations" on page 26.

ENVIRONMENTAL PROTECTION

Environmental Policies and Performance

During the year, the Group has continued to make its best endeavours to protect the environment from its business activities and workplace. The Group also educates its employees on their awareness of promoting a "green" environment. The Group seeks to identify and manage environmental impacts attributable to its operation, in order to minimise these impacts if possible. Various measures have been adopted to reduce energy and other resource use, minimise waste and increase recycling, and promote environmental protection in its supply chain and workplace. These measures are discussed in the "Use of Resources" and "The Environment and Natural Resources" sections below.

Use of Resources

The Group aims to maximise energy conservation in its branches and offices by promoting efficient use of resources and adopting green technologies. For instance, the Group continues to upgrade equipment such as lighting and air-conditioning systems in order to increase overall operating efficiency. In the head office, air-conditioning systems are set at or above 25 degree, resulting in a comfortable working environment while saving energy. In both head office and branches, fluorescent tubes have been replaced with energy-efficient LED light.

The Environment and Natural Resources

Creating a paperless working environment not only reduces environmental damage but also fits commercial goals, as it can save physical space, facilitate information sharing via online networks, and reduce complicated documentation procedures. In recent years, the Group has implemented paperless processing in its internal communications, including for employee time sheets, payrolls and memorandum, etc. Moreover, duplex printing and copying has become the norm within the Group, greatly reducing paper consumption and saving costs. Usage data of office printing machines is regularly collected and assessed, to monitor the efficiency of a paperless environment.

The Company strongly recommends Shareholders to access its corporate communications, including financial reports, through the websites of the Stock Exchange and the Company instead of in printed form. By introducing electronic means of corporate communications to Shareholders, the quantity of printed materials has been considerably reduced. This paperless practice thus helps to protect the environment, as well as save costs for stationery, printing and administrative charges etc.

WORKPLACE QUALITY

Workforce

The Group believes that a motivated and balanced workforce is crucial for building a sustainable business model and delivering long-term returns.

As at 31 March 2017, the permanent employees of the Group totalled 314, working in the headquarters and branches in Hong Kong and the PRC.

The Group has a diverse workforce in terms of gender and age, providing a variety of ideas and levels of competencies that contribute to the Group's success. The Group is firmly committed to gender equality, and therefore particularly encourages female participation in the Board, and at managerial and operational levels. Staff turnover rate among managerial positions is relatively low, reflecting a high level of employee satisfaction and engagement with the Group.

The management believes that employees are important assets for the Group, and remains committed to attracting and retaining talent with diverse backgrounds for achieving sustainable growth. As at 31 March 2017, approximately 36% of the staff had worked for the Group for five years or more.

Health and Safety

The Group values the health and well-being of staff. In order to provide employees with health coverage, staff is entitled to benefits including medical and life insurance, provident funds and other competitive fringe benefits.

The Group prides itself on providing a safe, effective and congenial work environment for its staff. Adequate arrangements, training courses and guidelines are implemented to ensure the working environment is healthy and safe. During the year, the Group has offered a range of activities and initiatives to enhance the health and well-being of its employees.

Every case of injury (if any) is required to be reported to the Group and be individually assessed under the internal guideline procedures. The Group is pleased to report that the rate of accidents and injuries during the year was extremely low.

The Group believes that maintaining a work-life balance is essential for sustainability and a sound body and mind for every employee. To support employees in maintaining work-life balance, the Group actively provides a variety of staff activities for employees. All these activities help to strengthen relationships between employees, and foster a healthy and harmonious working environment.

Development and Training

The Group recognizes the importance of skilled and professionally trained employees to its business growth and future success. Given the growing complexity and sophistication of the marketplace, the Group supports its staff to develop and enhance their knowledge, skills and work capability. The Group encourages employees at all levels to pursue training opportunities that achieve personal growth and professional development.

As the Group retains its position at the forefront of the vibrant market, the staff actively pursues professional trainings to enhance their technical knowledge and keep abreast of the latest developments. During the year, the Group conducted in-house training covering anti-money laundering, updates to laws, codes, rules and regulations, and other topics related to licensed regulated activities, in order to maintain the highest standard of professional conduct and ethics by employees. Introduction training and on-the-job training on technical procedures have also been provided to workers.

OPERATING PRACTICE

Supply Chain Management

The Group values mutually beneficial and longstanding relationships with its suppliers. The Group works closely with a number of suppliers in order to provide high quality services. The selection of suppliers is based on criteria such as price, quality of products, customer service team responsiveness, capability and experience, with preference given to potential suppliers that demonstrate their commitment to the environment.

Customer Services

The Group has earned trusted relationships with its broad customer base through providing dedicated customer services. The Group makes every effort to promptly and fairly investigate and resolve all disputes and complaints lodged by customers. The Group has also set up designated channels (including hotline, facsimile and email) for clients to lodge complaints.

Protection of Intellectual Property

The Group builds up and protects its intellectual property rights by prolonged use and registration of domain names and various trademarks. The Group has registered trademarks in various classes in Hong Kong and Mainland China. In addition, the Group's trademarks and domain names are constantly monitored and renewed upon their expiration.

Anti-corruption

The Group values employees' business conduct, integrity, ethics and discipline. Relevant employees have been given training and briefings on anti-money laundering and are encouraged to raise concerns about possible improprieties in any matter related to the Group such as misconduct and malpractice. Disciplinary action would be taken by the Group if employee is found guilty of corruptive acts. Such policy can be found in the employee handbook.

During the year, no legal case regarding corrupt practices was brought against the Group or its employees.

Compliance with Laws and Regulations

The Company Secretary is delegated by the Board to review and monitor the policies and practices on compliance with legal and regulatory requirements which have significant impact on the Group.

Updates on the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. The management must ensure that business is conducted in accordance with the applicable laws and regulations.

COMMUNITY INVOLVEMENT

The Group is committed to the improvement of community well-being and social services. The Group's management team plays an important role in mobilising staff to join community activities such as donations and volunteering, which are held in tandem with its commitment to sustainable development. The Group believes that by encouraging staff to participate in a wide range of charitable events, concern for the community will be raised, inspiring more people to take part in serving the community.

Directors' Report

The Board is pleased to present the annual report together with the audited financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

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

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss on page 43.

The Board did not recommend payment of final dividend to the Shareholders for the year ended 31 March 2017.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 110.

BUSINESS REVIEW

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

KEY RELATIONSHIPS

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

Employees

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

Suppliers

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

Customers

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

ENVIRONMENTAL POLICY

The Group is committed to building up an eco-friendly corporation. Details of the Group's environmental policy and performance are disclosed in the Environmental, Social and Governance Report are set out on pages 27 to 30.

The Group will review its environmental practices from time to time and will consider implementing further measures and practices in the operation of the Group's business.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is highly committed to complying with laws and regulations that govern our businesses for the year ended 31 March 2017, and, to the best of the Directors' knowledge, has complied with among others to the Listing Rules, the SFO, laws of the Cayman Islands, the Companies Ordinance (Chapter 622 of laws of Hong Kong), Factories and Industrial Undertakings Ordinance (Chapter 59 of laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of laws of Hong Kong), Occupier Liability Ordinance (Chapter 314 of laws of Hong Kong), Air Pollution Control Ordinance (Chapter 311 of laws of Hong Kong), Noise Control Ordinance (Chapter 400 of laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of laws of Hong Kong), Dumping at Sea Ordinance (Chapter 466 of laws of Hong Kong), Environmental Impact Assessment Ordinance (Chapter 499 of laws of Hong Kong), Buildings Ordinance (Chapter 123 of laws of Hong Kong), laws and regulations in the PRC regarding property development, and other relevant laws and regulations.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the year ended 31 March 2017 are set out in note 14 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2017 are set out in note 1 to the financial statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 March 2017 was 6,474,000,000 ordinary shares of HK$0.025 each.

Details of movements of the share capital of the Company during the year ended 31 March 2017 are set out in note 32 to the financial statements.

DISTRIBUTABLE RESERVES

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

SHARE OPTION SCHEME

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

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2017 and as at the date of this report. The total number of shares of the Company for issue under the Scheme as at the date of this report was 647,400,000 shares, representing 7.1% of the then issued share capital of the Company.

DIRECTORS

The Directors during the year ended 31 March 2017 and up to the date of this report were:

Executive Directors

Mr. Mock Wai Yin *(Chairman)*
Dr. Wong Yun Kuen (appointed on 5 July 2016)
Mr. Wang Xin (resigned on 22 August 2016)

Non-executive Director

Mr. Chui Kwong Kau

Independent Non-executive Directors

Mr. Lam Chi Wai
Ms. Lau Mei Ying
Mr. Eric Todd (appointed on 18 July 2016)
Mr. Chai Chi Man (appointed on 19 April 2017)
Ms. Thadani Jyoti Ramesh (resigned on 19 April 2017)

Mr. Mock Wai Yin, Mr. Lam Chi Wai and Ms. Lau Mei Ying will retire from office as the Directors at the coming annual general meeting. Each of them, being eligible, offer themselves for re-election pursuant to article 108(a) of the Articles.

Mr. Chai Chi Man will retire from office as the Director at the coming annual general meeting and being eligible, offer himself for re-election pursuant to article 112 of the Articles.

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

DIRECTORS' SERVICE CONTRACT

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

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

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

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

As at 31 March 2017, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code adopted by the Company, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2017, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Long/ short position	No. of shares held	Approximate percentage of shareholding
Liyao Investment Limited (Note 1)	Beneficial owner (Note 2)	Long position	2,600,000,000	40.16%
Qiu Dongfang	Interest in controlled corporation (Note 2)	Long position	2,600,000,000	40.16%

Notes:

(1) On 30 September 2016, the Company entered into the Subscription Agreement with Liyao Investment Limited as the Subscriber pursuant to which Liyao Investment Limited conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, in aggregate 2,600,000,000 Subscription Shares at the subscription price of HK$0.20 per Subscription Share.

(2) Liyao Investment Limited is a company incorporated in the British Virgin Islands and is 100% owned by Mr. Qiu Dongfang.

Save as disclosed above, as at 31 March 2017, the Company had not been notified of any other persons (other than a Director and chief executive of the Company) who had an interest or short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

MAJOR CUSTOMERS

During the year ended 31 March 2017, the Group's five largest customers accounted for approximately 53.3% (2016: 65.7%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 22.1% (2016: 34.9%) of the total revenue.

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

MAJOR SUPPLIERS

During the year ended 31 March 2017, the Group's five largest suppliers accounted for 18.0% (2016: 27.8%) of the total purchases of the Group and the largest supplier of the Group accounted for 5.3% (2016: 12.0%) of the total purchases.

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

DIRECTORS' INTEREST IN CONTRACTS

Save as the related party transactions disclosed in note 41 to the financial statements, no contract of significance to which the Company or any of its subsidiaries, holding company or fellow subsidiaries was a party and in which a Director had a material interests directly or indirectly subsisted at the end of the reporting period or at any time during the year ended 31 March 2017.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2017.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 March 2017 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The material related party transactions entered into by the Group during the year ended 31 March 2017 set out in notes 7, 9, 27, 38 and 41 to the financial statements in this annual report included transactions that constitute "connected transactions" or "continuing connected transactions" for which the disclosure requirements under the Listing Rules have been complied with.

Save as disclosed above, the Group did not enter into any connected transactions or continuing connected transactions that are not exempt under Chapter 14A of the Listing Rules during the year ended 31 March 2017.

PERMITTED INDEMNITY PROVISION

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

Such provision was in force during the course of the financial year ended 31 March 2017 and remained force as of the date of this report. The Company has taken out and maintained Directors' and officers' liabilities insurance throughout the year, which provides appropriate cover for the Directors.

EMOLUMENT POLICY

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

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Having made specific enquiry of all Directors, all Directors have confirmed that neither themselves nor their respective associates (as defined in the Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the year ended 31 March 2017.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 45 to financial statements.

AUDITOR

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

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

The Company's financial statements for the years ended 31 March 2016 and 2017 were audited by Zenith CPA Limited.

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

On behalf of the Board
Ngai Shun Holdings Limited

Mock Wai Yin
Chairman

Hong Kong, 28 June 2017

Independent Auditor's Report

ZENITH 誠豐
ASSURANCE I TRANSACTIONS I ADVISORY

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

OPINION

We have audited the consolidated financial statements of Ngai Shun Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 43 to 108, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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

Key audit matter	How our audit addressed the key audit matter
Estimation of net realisable value of the properties under development and the completed properties held for sale	
The properties under development and the completed properties held for sale of the Group are stated at the lower of cost and net realisable value. The determination of net realisable value of the properties of the Group is highly dependent on management's judgements and estimates, such as assumptions of the expected sales price and costs to be incurred until completion and sale. The assumptions adopted in the assessment are affected by expectations of future market or economic conditions. Relevant disclosures are included in notes 3.4, 4, 19 and 20 to the consolidated financial statements.	The audit procedures we performed on the impairment assessment of properties under development and completed properties held for sale, among others, included: • we reviewed management's assessment of the indicators of impairment and tested the significant assumptions used by management; • we reviewed the valuation report performed by an independent valuer and have discussions with the valuer on the valuation assumptions and selection criteria; and • where significant indicators of impairment were identified, we checked on a sample basis, the unsold property area, estimated selling prices, construction costs to be incurred and selling expenses by reference to the historical information and open market information.
Impairment assessments for goodwill	
The Group has goodwill of HK$17,336,000 which is allocated to food and beverage cash generating unit ("**CGU**"). We identified the assessment of potential impairment of goodwill as a key audit matter because the impairment assessments prepared by management are complex and contain certain judgemental and subjective assumptions which may be inherently uncertain and could be subject to management bias. For management's impairment assessment, they involved the significant management assumptions and judgements with respect to underlying cash flows, discount rates and future growth rates for calculation of value in use in respect of CGU. Relevant disclosures are included in notes 3.4, 4, 16 to the consolidated financial statements.	The audit procedures we performed on the impairment assessment of goodwill, among others, included: • we evaluated competence, capabilities and objectivity of the independent valuer; • we compared the revenue and operating costs included in the discounted cash flow forecasts with the current year's performance to assess the accuracy of management's forecasting process and considering the nature of any significant differences; • we compared the future revenue growth rates adopted in the discounted cash flow forecasts with historical performance and external market data; • we challenged the reasonableness of key assumptions based on our knowledge of the business and industry; and • we checked, on a sample basis, the accuracy and relevance of the input data used.

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

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheng Po Yuen.

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

28 June 2017

Consolidated Statement of Profit or Loss

Year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
REVENUE	6	**511,146**	532,194
Cost of sales		**(686,886)**	(480,404)
Gross (loss)/profit		**(175,740)**	51,790
Other income and gains, net	6	**7,948**	13,148
Selling and distribution expenses		**(7,141)**	(2,251)
Administrative expenses		**(93,299)**	(88,508)
Other expenses		**(194,172)**	(103,184)
Finance costs	7	**(127,891)**	(71,176)
LOSS BEFORE TAX	8	**(590,295)**	(200,181)
Income tax credit	11	**18,051**	6,788
LOSS FOR THE YEAR		**(572,244)**	(193,393)
Attributable to:			
Owners of the parent		**(569,421)**	(193,393)
Non-controlling interests		**(2,823)**	–
		(572,244)	(193,393)
			(Restated)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	13	**HK$(0.12)**	HK$(0.19)

Consolidated Statement of Comprehensive Income

Year ended 31 March 2017

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

Consolidated Statement of Financial Position

31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**57,742**	77,971
Investment properties	15	**–**	–
Goodwill	16	**17,336**	17,336
Available-for-sale investments	17	**875**	7,800
Total non-current assets		**75,953**	103,107
CURRENT ASSETS			
Inventories	18	**370**	469
Completed properties held for sale	19	**72,781**	406,444
Properties under development	20	**917,927**	811,421
Trade and retention receivables	21	**68,316**	73,760
Prepayment, deposits and other receivables	22	**45,908**	135,338
Equity investments at fair value through profit or loss	23	**121,916**	237,164
Tax recoverable		**16,568**	21,626
Restricted cash	24	**64,969**	18,541
Cash and cash equivalents	24	**410,740**	108,901
Total current assets		**1,719,495**	1,813,664
CURRENT LIABILITIES			
Trade payables	25	**35,137**	43,824
Other payables and accruals	26	**254,537**	321,675
Due to a related company	27	**49,456**	120,000
Promissory notes	28	**–**	241,485
Interest-bearing bank and other borrowings	29	**802,310**	359,169
Tax payable		**770**	353
Total current liabilities		**1,142,210**	1,086,506
NET CURRENT ASSETS		**577,285**	727,158
TOTAL ASSETS LESS CURRENT LIABILITIES		**653,238**	830,265
NON-CURRENT LIABILITIES			
Interest-bearing other borrowings	29	**–**	514,214
Provision for long service payments	30	**3,262**	4,848
Deferred tax liabilities	31	**96,680**	122,164
Total non-current liabilities		**99,942**	641,226
Net assets		**553,296**	189,039

	Note	2017 HK$'000	2016 HK$'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	32	**161,850**	24,900
Reserves		**340,786**	164,139
		502,636	189,039
Non-controlling interests		**50,660**	–
Total equity		**553,296**	189,039

Mock Wai Yin
Director

Wong Yun Kuen
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2017

	Notes	Share capital	Share premium account	Merger reserve#	Available-for-sale investments revaluation reserve	Exchange reserve	Other reserve	(Accumulated losses)/ retained profits	Total	Non-controlling interests	Total equity
		Attributable to owners of the parent									
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2015		4,150	95,797	10,000	1,560	–	–	209,917	321,424	–	321,424
Loss for the year		–	–	–	–	–	–	(193,393)	(193,393)	–	(193,393)
Other comprehensive income for the year:											
Changes in fair value of available-for-sale investments		–	–	–	3,450	–	–	–	3,450	–	3,450
Exchange differences on translation of foreign operations		–	–	–	–	(1,437)	–	–	(1,437)	–	(1,437)
Total comprehensive income/(loss) for the year		–	–	–	3,450	(1,437)	–	(193,393)	(191,380)	–	(191,380)
Placing of shares	32(a)	830	59,760	–	–	–	–	–	60,590	–	60,590
Share issue expenses	32(a)	–	(1,595)	–	–	–	–	–	(1,595)	–	(1,595)
Issue of bonus shares	32(c)	19,920	–	–	–	–	–	(19,920)	–	–	–
At 31 March 2016 and 1 April 2016		24,900	153,962	10,000	5,010	(1,437)	–	(3,396)	189,039	–	189,039
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(569,421)**	**(569,421)**	**(2,823)**	**(572,244)**
Other comprehensive loss for the year:											
Available-for-sale investments:											
– Change in fair value		**–**	**–**	**–**	**(2,290)**	**–**	**–**	**–**	**(2,290)**	**–**	**(2,290)**
– Reclassification adjustments		**–**	**–**	**–**	**(555)**	**–**	**–**	**–**	**(555)**	**–**	**(555)**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**(19,635)**	**–**	**–**	**(19,635)**	**–**	**(19,635)**
Total comprehensive loss for the year		**–**	**–**	**–**	**(2,845)**	**(19,635)**	**–**	**(569,421)**	**(591,901)**	**(2,823)**	**(594,724)**
Issue of rights shares	32(f)	**136,950**	**766,920**	**–**	**–**	**–**	**–**	**–**	**903,870**	**–**	**903,870**
Share issue expenses	32(f)	**–**	**(24,889)**	**–**	**–**	**–**	**–**	**–**	**(24,889)**	**–**	**(24,889)**
Partial disposal of interests in subsidiaries	38	**–**	**–**	**–**	**–**	**–**	**26,517**	**–**	**26,517**	**53,483**	**80,000**
At 31 March 2017		**161,850**	**895,993***	**10,000***	**2,165***	**(21,072)***	**26,517***	**(572,817)***	**502,636**	**50,660**	**553,296**

* These reserve accounts comprise the consolidated other reserves of HK$340,786,000 (2016: HK$164,139,000) in the consolidated statement of financial position.

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

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(590,295)**	(200,181)
Adjustments for:			
Dividend income from equity investments at fair value through profit or loss	6	**(340)**	(1,193)
Gain on bargain purchase	6	**–**	(7,046)
Gain on disposal of items of property, plant and equipment	6	**(4,933)**	(1,610)
Bank interest income	6	**(240)**	(136)
Depreciation	8	**33,166**	29,368
Fair value losses on equity investments at fair value through profit or loss	8	**143,111**	55,028
Gain on disposal of available-for-sale investments	6	**(539)**	–
Loss on disposal of equity investments at fair value through profit or loss	8	**51,061**	48,076
Loss on disposal of subsidiaries	8	**–**	80
Write-down of completed properties held for sale to net realisable value	8	**11,137**	–
Write-down of properties under development to net realisable value	8	**93,720**	–
(Utilisation of)/provision for long service payments	30	**(1,586)**	118
Finance costs	7	**127,891**	71,176
		(137,847)	(6,320)
Decrease/(increase) in inventories		**99**	(79)
Decrease in completed properties held for sale		**304,070**	127,071
Increase in properties under development		**(219,368)**	(20,714)
Decrease in trade and retention receivables		**5,444**	43,659
Decrease/(increase) in prepayment, deposits and other receivables		**88,211**	(63,452)
Increase in equity investment at fair value through profit or loss		**(78,924)**	(274,948)
(Increase)/decrease in restricted cash		**(46,428)**	12,820
(Decrease)/increase in trade payables		**(8,687)**	3,351
Decrease in other payables and accruals		**(61,913)**	(56,178)
Cash used in operations		**(155,343)**	(234,790)
Bank interest received		**240**	136
Interest element of finance lease rental payments		**–**	(1)
Hong Kong profits tax refunded/(paid)		**14,216**	(15,943)
People's Republic of China ("**PRC**") income tax paid		**(9,698)**	–
PRC land appreciation tax ("**PRC LAT**") paid		**(5,706)**	(3,704)
Net cash flows used in operating activities		**(156,291)**	(254,302)

	Notes	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from listed investments		340	1,193
Purchases of items of property, plant and equipment		(12,999)	(46,909)
Proceeds from disposal of items of property, plant and equipment		4,933	1,613
Acquisition of subsidiaries	36	–	(764,064)
Disposal of subsidiaries	37	–	40,457
Partial disposal of subsidiaries	38	–	–
Proceeds from disposal of available-for-sale investments		4,619	–
Net cash flows used in investing activities		(3,107)	(767,710)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	32	903,870	60,590
Share issue expenses	32	(24,889)	(1,595)
New bank loans		14,220	47,021
New other loans		25,000	826,740
Repayment of bank loans		(23,563)	(21,217)
Redemption of promissory notes		(245,000)	–
Repayment of other loans		(100,000)	–
Interest paid		(108,717)	(39,459)
Capital element of finance leases rental payments		–	(263)
Net cash flows from financing activities		440,921	871,817
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		281,523	(150,195)
Cash and cash equivalents at beginning of the year		108,901	254,815
Effect of foreign exchange rate changes, net		20,316	4,281
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		410,740	108,901

1. CORPORATE AND GROUP INFORMATION

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

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

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

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Ngai Shun Construction & Drilling Company Limited**	Hong Kong	HK$10,000,000	–	51%	Foundation piling
Starry Focus Limited	Hong Kong	HK$1	–	100%	Investment securities
Yueyang Nanhu Meishu Properties Limited#*	PRC	Renminbi ("**RMB**") 306,000,000	–	100%	Property development
Pride Review Limited	British Virgin Islands ("**BVI**")	United States Dollar ("**USD**") 1	100%	–	Investment holding
Chief Hero Limited	Hong Kong	HK$100	–	100%	Provision of catering services
Easy Time Limited	Hong Kong	HK$100	–	100%	Provision of catering services
Ace Wealthy Limited	Hong Kong	HK$100	–	100%	Provision of catering services

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

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

** During the year, the Group disposed 49% equity interest to a related company of the Group. Further details of this partial disposal are included in notes 38 and 41 to the financial statements.

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

2. BASIS OF PRESENTATION

Notwithstanding that (i) the Group incurred a loss attributable to owners of the parent of HK$569,421,000 for the year ended 31 March 2017; and (ii) the Group has capital commitments of HK$85,396,000, loan from a related company of HK$49,456,000, interest-bearing bank and other borrowings of HK$802,310,000 as at 31 March 2017, in the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into the following consideration:

(i) subsequent to the reporting period, the Company has obtained a loan credit facility from an independent third party, to finance the Group's working capital; and

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

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

3.1 BASIS OF PREPARATION

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

Basis of consolidation

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

Other than as explained below, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

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

   (i) the materiality requirements in HKAS 1;

   (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

   (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

   (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

   Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group does not have any disposal group held for sale during the year.

- HKFRS 7 *Financial Instruments: Disclosures*: Clarifies that the disclosures in respect of the offsetting of financial assets and financial liabilities in HKFRS 7 are not required in the condensed interim financial statements, except where the disclosures provide a significant update to the information reported in the most recent annual report, in which case the disclosures should be included in the condensed interim financial statements. The amendments are not applicable to the Group's annual consolidated financial statements.

- HKFRS 7 *Financial Instruments: Disclosures:* Clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the HKFRS 7 disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments. The amendments have had no impact on the Group as the Group does not have any servicing contracts.

- HKAS 19 *Employee Benefits*: Clarifies that market depth of high quality corporate bonds used for discounting the post-employment benefit obligation for defined benefit plans is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment has had no impact on the Group as the Group does not have any defined benefit plans.

- HKAS 34 *Interim Financial Reporting*: Clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report. The amendment also specifies that the information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is not applicable to the Group's annual consolidated financial statements.

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 15	*Clarification to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

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

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

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

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

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

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implement issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

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

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

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

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

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

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

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

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

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

Impairment of non-financial assets

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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

Related parties

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

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

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

or

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

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

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

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

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

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

Investment properties

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

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

Properties under development

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

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

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

Completed properties held for sale

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

Investments and other financial assets

Initial recognition and measurement

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. The losses arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

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

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

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

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

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

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

Available-for-sale financial investments

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

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and borrowings

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

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

Promissory notes

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

Derecognition of financial liabilities

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

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

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

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

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

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

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

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

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

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

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

Construction contracts

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

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

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

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

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

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

Borrowing costs

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

Foreign currencies

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

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Recognition and allocation of construction cost on properties under development

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

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

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

Estimation of net realisable value of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is determined by the Group with reference to the prevailing market conditions and prices existing, on an individual property basis, at the end of each reporting period. As at 31 March 2017, the carrying amounts of properties under development and completed properties held for sale were approximately HK$917,927,000 (2016: HK$811,421,000) and HK$72,781,000 (2016: HK$406,444,000), respectively. During the year ended 31 March 2017, impairment of HK$93,720,000 (2016: Nil) and HK$11,137,000 (2016: Nil) were provided for properties under development and completed properties held for sale, respectively.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Impairment of available-for-sale investments

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

Impairment of goodwill

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

Impairment of receivables

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

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

Useful lives and impairment of property, plant and equipment

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

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

Impairment of non-financial assets (other than goodwill)

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Provision for litigation

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

Corporate income tax ("CIT")

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

PRC LAT

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

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

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

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

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

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

5. OPERATING SEGMENT INFORMATION (continued)

	Foundation piling		Property development		Investment securities		Food and beverage		Total	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Segment revenue:										
Revenue from external customers	**268,029**	411,405	**219,090**	116,638	**–**	–	**24,027**	4,151	**511,146**	532,194
Segment results	**(25,740)**	6,957	**(221,585)**	(25,082)	**(193,302)**	(101,963)	**1,562**	1,134	**(439,065)**	(118,954)
Reconciliation:										
Bank interest income									**240**	136
Gain on bargain purchase									**–**	7,046
Corporate and other unallocated expenses, net									**(23,579)**	(17,233)
Finance costs									**(127,891)**	(71,176)
Loss before tax									**(590,295)**	(200,181)

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

5. OPERATING SEGMENT INFORMATION (continued)

Other segment information

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

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

Geographical Information

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

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

5. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

During the year, revenue of HK$248,637,000 (2016: HK$244,282,000), representing 49% (2016: 46%) of the Group's total revenue, were derived from foundation piling segment to three customers (2016: two customers) who each contributed over 10% of the Group's total revenue. A summary of revenue earned from each of these major customers is set out below:

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

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

6. REVENUE, OTHER INCOME AND GAINS, NET

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

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

	2017 HK$'000	2016 HK$'000
Revenue		
Contracts income	268,029	411,405
Sales of properties	219,090	116,638
Provision of catering services	24,027	4,151
	511,146	532,194
Other income and gains, net		
Bank interest income	240	136
Dividend income from equity investments at fair value through profit or loss	340	1,193
Gain on disposal of available-for-sale investments, net of transaction costs	539	–
Gain on disposal of items of property, plant and equipment	4,933	1,610
Gain on bargain purchase (note 36)	–	7,046
Rental income	–	403
Others	1,896	2,760
	7,948	13,148

7. FINANCE COSTS

An analysis of finance costs is as follows:

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

8. LOSS BEFORE TAX

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

	Notes	2017 HK$'000	2016 HK$'000
Auditor's remuneration		**1,350**	1,130
Cost of properties sold		**304,070**	127,071
Cost of inventories sold		**4,258**	436
Cost of services provided		**5,927**	431
Depreciation	14	**33,166**	29,368
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**–**	20
Foreign exchange differences, net		**16,403**	10,340
Fair value losses on equity investments at fair value through profit or loss*		**143,111**	55,028
Write-down of completed properties held for sale to net realisable value#		**11,137**	–
Write-down of properties under development to net realisable value#		**93,720**	–
Minimum lease payments under operating leases		**6,643**	2,667
Employee benefit expenses (excluding directors' and chief executive remuneration (note 9)):			
– Wages and salaries		**113,680**	129,400
– Pension scheme contributions		**4,380**	3,916
Less: Amount capitalised		**(4,807)**	(2,281)
		113,253	131,035
Loss on disposal of subsidiaries*	37	**–**	80
Loss on disposal of equity investments at fair value through profit or loss*		**51,061**	48,076

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

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

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	Fees HK$'000	Salaries, allowances and benefit in kind HK$'000	Discretionary bonus HK$'000	Pension scheme contribution HK$'000	Total HK$'000
2017:					
Executive directors:					
Mr. Mock Wai Yin	–	600	300	18	918
Dr. Wong Yun Kuen[1]	–	444	–	13	457
Mr. Wang Xin[2]	–	–	–	–	–
	–	1,044	300	31	1,375
Non-executive director:					
Mr. Chui Kwong Kau	120	–	–	–	120
Independent non-executive directors:					
Mr. Lam Chi Wai	120	–	–	–	120
Ms. Lau Mei Ying	120	–	–	–	120
Mr. Eric Todd[3]	85	–	–	–	85
Ms. Thadani Jyoti Ramesh[4]	120	–	–	–	120
	445	–	–	–	445
	565	1,044	300	31	1,940

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

	Fees HK$'000	Salaries, allowances and benefit in kind HK$'000	Discretionary bonus HK$'000	Pension scheme contribution HK$'000	Total HK$'000
2016:					
Executive directors:					
Mr. Mock Wai Yin[5]	–	427	150	14	591
Mr. Chu Bai Qing[6]	147	–	–	–	147
Mr. Zou Wei Dong[6]	147	–	–	–	147
Mr. Wang Xin[2]	–	–	–	–	–
Dr. Wong Sai Chung, Albert[7] ("**Dr. Albert Wong**")	–	2,202	9,367	18	11,587
Mr. Lam Wing Sum[7] ("**Mr. WS Lam**")	–	2,982	9,497	18	12,497
Mr. Lam Wing Tai[7]	–	174	–	7	181
Mr. Tao Chi Keung[8]	–	162	58	5	225
	294	5,947	19,072	62	25,375
Non-executive director:					
Mr. Chui Kwong Kau	120	–	–	–	120
Independent non-executive directors:					
Mr. Lam Chi Wai[5]	85	–	–	–	85
Ms. Lau Mei Ying[5]	85	–	–	–	85
Ms. Thadani Jyoti Ramesh[4]	85	–	–	–	85
Mr. Chiu Sai Chuen, Nicholas[7]	44	–	38	–	82
Mr. Foo Tin Chung, Victor[7]	35	–	–	–	35
Mr. Pai Hao[8]	40	–	38	–	78
Mr. Tam Tak Kei, Raymond[7]	44	–	38	–	82
	418	–	114	–	532
	832	5,947	19,186	62	26,027

1 Appointed on 5 July 2016
2 Appointed on 17 March 2016 and resigned on 22 August 2016
3 Appointed on 18 July 2016
4 Appointed on 15 July 2015 and subsequently resigned on 19 April 2017
5 Appointed on 15 July 2015
6 Appointed on 23 June 2015 and resigned on 4 February 2016
7 Resigned on 15 July 2015
8 Resigned on 7 July 2015

There were no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2016: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2016: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2016: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2017 HK$'000	2016 HK$'000
Salaries, allowances and benefits in kind	7,903	2,312
Discretionary bonuses	828	1,346
Pension scheme contributions	90	35
	8,821	3,693

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

	2017	2016
Nil to HK$1,000,000	1	1
HK$1,000,001 to HK$1,500,000	1	2
HK$1,500,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	1	–
HK$2,500,001 to HK$3,000,000	–	–
HK$3,000,001 to HK$3,500,000	1	–
	4	3

11. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

PRC CIT in respect of operations in Mainland China has been calculated at the applicable tax rate based on existing legislation, interpretations and practices in respect thereof.

PRC LAT is levied at progressive rates based on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including all property development expenditures.

	2017 **HK$'000**	2016 HK$'000
Current – Hong Kong		
– Charge for the year	**508**	394
– Underprovision in prior years	**–**	90
Current – PRC LAT	**6,925**	3,704
	7,433	4,188
Deferred (note 31)	**(25,484)**	(10,976)
Total tax credit for the year	**(18,051)**	(6,788)

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

	2017 **HK$'000**	2016 HK$'000
Loss before tax	**(590,295)**	(200,181)
At the statutory tax rate of 16.5%	**(97,399)**	(33,030)
Difference in tax rates of subsidiaries operating in other jurisdictions	**(18,729)**	(2,126)
Expenses not deductible for tax	**23,014**	17,246
Income not subject for tax	**(213)**	(1,413)
Tax losses utilised from previous periods	**(157)**	–
Tax losses not recognised	**37,016**	14,939
Underprovision in prior years	**–**	90
PRC LAT	**6,925**	3,704
Others	**31,492**	(6,198)
Tax credit	**(18,051)**	(6,788)

12. DIVIDENDS

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

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

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

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT

31 March 2017	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 31 March 2016 and at 1 April 2016:						
Cost	1,195	200,339	1,019	1,186	6,386	210,125
Accumulated depreciation	(211)	(126,541)	(278)	(512)	(4,612)	(132,154)
Net carrying amount	984	73,798	741	674	1,774	77,971
At 1 April 2016, net of accumulated depreciation	984	73,798	741	674	1,774	77,971
Additions	–	11,782	–	517	700	12,999
Depreciation provided during the year (note 8)	(319)	(31,291)	(190)	(327)	(1,039)	(33,166)
Exchange realignment	–	–	(26)	(28)	(8)	(62)
At 31 March 2017, net of accumulated depreciation	665	54,289	525	836	1,427	57,742
At 31 March 2017:						
Cost	1,195	199,620	1,002	1,666	7,078	210,561
Accumulated depreciation	(530)	(145,331)	(477)	(830)	(5,651)	(152,819)
Net carrying amount	665	54,289	525	836	1,427	57,742

31 March 2016	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2015:						
Cost	513	158,921	403	515	6,243	166,595
Accumulated depreciation	(33)	(103,464)	(172)	(373)	(3,581)	(107,623)
Net carrying amount	480	55,457	231	142	2,662	58,972
At 1 April 2015, net of accumulated depreciation	480	55,457	231	142	2,662	58,972
Additions	342	46,243	230	94	–	46,909
Disposals	–	–	(2)	(1)	–	(3)
Acquisition of subsidiaries (note 36)	347	–	405	591	144	1,487
Disposal of subsidiaries (note 37)	(6)	–	–	–	–	(6)
Depreciation provided during the year (note 8)	(179)	(27,902)	(108)	(148)	(1,031)	(29,368)
Exchange realignment	–	–	(15)	(4)	(1)	(20)
At 31 March 2016, net of accumulated depreciation	984	73,798	741	674	1,774	77,971
At 31 March 2016:						
Cost	1,195	200,339	1,019	1,186	6,386	210,125
Accumulated depreciation	(211)	(126,541)	(278)	(512)	(4,612)	(132,154)
Net carrying amount	984	73,798	741	674	1,774	77,971

15. INVESTMENT PROPERTIES

	2016 HK$'000
Carrying amount at beginning of year	41,400
Disposal of subsidiaries (note 37)	(41,400)
Carrying amount at end of year	–

As at 31 March 2015, the Group's investment properties consist of two commercial properties in Hong Kong. The directors have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. During the year ended 31 March 2016, the Group's investment properties were disposed upon disposal of subsidiaries.

16. GOODWILL

	HK$'000
Acquisition of subsidiaries (note 36)	17,336
Cost and net carrying amount as at 31 March 2016 and 31 March 2017	17,336
At 31 March 2016, 1 April 2016 and 31 March 2017:	
Cost	17,336
Accumulated impairment	–
Net carrying amount	17,336

Impairment testing of goodwill

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

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

- Average revenue growth rate of 2.6% (2016: 4.7%) with reference to the average performance in the past and the expected returns within the relevant industry;
- Discount rate of 15.0% (2016: 15.1%) is used with reference to the current market data for the relevant industry and comparable companies; and
- Terminal growth rate of 3.0% (2016: 3.0%) is used with reference to the Hong Kong's average inflation rate in the past five years.

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

17. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK$'000	2016 HK$'000
Listed equity investments, at fair value	875	7,800

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK$2,845,000 (2016: gross gain of HK$3,450,000) of which HK$555,000 (2016: Nil) was reclassified from other comprehensive loss to the statement of profit or loss for the year.

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

The market values of the Group's listed equity investments at the date of approval of these financial statements was HK$76,000.

18. INVENTORIES

	2017 HK$'000	2016 HK$'000
Food and beverage	370	469

19. COMPLETED PROPERTIES HELD FOR SALE

The Group's completed properties held for sale are located in Mainland China. All completed properties held for sale are stated at the lower of cost and net realisable value.

Further particulars of the Group's completed properties held for sale are set out on page 109 of the annual report.

20. PROPERTIES UNDER DEVELOPMENT

	2017 HK$'000	2016 HK$'000
Properties under development, expected to be recovered:		
Within one year	358,541	434,553
After more than one year	559,386	376,868
	917,927	811,421

The Group's properties under development is located in Mainland China and are stated at the lower of cost and net realisable value.

During the year ended 31 March 2017, certain items of the Group's properties under development with an aggregate carrying value of HK$Nil (2016: HK$534,529,000) were transferred to completed properties held for sale.

Further particulars of the Group's properties under development are set out on page 109 of the annual report.

21. TRADE AND RETENTION RECEIVABLES

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

Trade receivables mainly consist of receivables from the provision of catering services and construction contracts for foundation piling business. The Group's trading terms with its customers in relation to the provision of catering services are mainly on 30-day credit period. Contract and retention receivables are past due when a counterparty has failed to make a payment when contractually due and their credit period granted to customers is generally for a period of one month or otherwise the payment terms of contract work are stipulated in the related contract. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and retention receivables related to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and retention receivable balances. Trade and retention receivables are non-interest bearing.

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

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

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

	2017 HK$'000	2016 HK$'000
Neither past due nor impaired	**49,962**	50,151
1 to 30 days past due	**15,876**	17,670
31 to 60 days past due	**176**	890
Over 61 days past due	**2,302**	5,049
	68,316	73,760

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

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Deposits	**3,730**	2,899
Prepayments	**21,969**	107,212
Other receivables	**20,209**	25,227
	45,908	135,338

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

23. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK$'000	2016 HK$'000
Listed equity investments, at market value	**121,916**	237,164

The above equity investments at 31 March 2017 and 2016 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

The market value of the Group's short term investments at date of approval of these financial statements was HK$125,458,000.

24. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2017 HK$'000	2016 HK$'000
Cash and bank balances	**475,709**	127,442
Less: Restricted cash (note (a))	**(64,969)**	(18,541)
Cash and cash equivalents	**410,740**	108,901
Denominated in RMB (note (b))	**78,358**	27,715
Denominated in HK$	**397,351**	99,727
	475,709	127,442

Notes:

(a) Pursuant to relevant regulations in the PRC, certain properties development companies of the Group are required to place a certain amounts of pre-sale proceeds received at designated bank accounts as guarantee deposits for the construction of the related properties. As at 31 March 2017, such guarantee deposits amounted to HK$64,969,000 (2016: HK$18,541,000).

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

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

25. TRADE PAYABLES

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

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

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

26. OTHER PAYABLES AND ACCRUALS

	2017 HK$'000	2016 HK$'000
Accruals	**11,605**	31,366
Deposits received	**238,910**	252,310
Receipt in advance	**2,413**	6,276
Other payables	**378**	9,608
Interest payables	**1,231**	22,115
	254,537	321,675

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

27. AMOUNT DUE TO A RELATED COMPANY

The amount represented a loan advanced from Excellent Speed Limited ("**Excellent Speed**"). Excellent Speed was beneficially owned as to 50% by Dr. Albert Wong and as to 50% by Mr. WS Lam. Dr. Albert Wong and Mr. WS Lam were common directors of the Company as at 31 March 2015. Despite the resignation of Dr. Albert Wong and Mr. WS Lam as directors of the Company on 15 July 2015, they remained as directors of a subsidiary of the Company and considered as key management personnel of the Group as at 31 March 2017 and 2016.

The loan advanced from Excellent Speed is unsecured, bears interest at 5% per annum and repayable at a date falling twelve months from the drawdown date on 3 March 2015, which shall be automatically extended for a further term of twelve months unless advance notice for not less than one month is given by Excellent Speed to the Company in writing. As at 31 March 2017, the aforesaid loan was matured and the Group defaulted repayment of the outstanding principal of HK$49,456,000 and interest payable of HK$1,231,000. Nevertheless, the Group has commenced a negotiation with Excellent Speed in respect of the extension of loan and has yet to conclude the result as at the date of this annual report.

Included in the Group's other payables and accruals are interest payables of HK$1,231,000 (2016: HK$6,456,000) due to Excellent Speed as at 31 March 2017.

28. PROMISSORY NOTES

On 29 September 2015 and 4 November 2015, the Company entered into a sale and purchase agreement and supplemental agreement, respectively, with Landing International Development Limited (the vendor or "**Landing**"), for the acquisition of 100% equity interest of Double Earn Holdings Limited and its subsidiaries (the "**Double Earn Group**"). The consideration of HK$1,000,000,000 was payable by the Company through cash of HK$755,000,000 and issuance of the promissory notes at the aggregate principal amount of HK$245,000,000 to Landing. The unsecured promissory notes were interest-bearing at 15% per annum with interest payable on the maturity date on 23 November 2016. The fair value of the promissory notes at its initial recognition was measured using valuation techniques by which all significant inputs are directly or indirectly based on observable market data, which is categorised as level 2 valuation. Further details are set out in the Company's circular dated 6 November 2015. During the year ended 31 March 2017, the promissory notes were early redeemed by the Company in full with interest on the redeemed amount accrued up to the date of redemption.

The movements of the liability component of the promissory notes were as follows:

	HK$'000
Proceeds from issuance of the promissory notes (note 36)	239,747
Interest cost amortised	1,738
At 31 March 2016 and 1 April 2016	241,485
Interest cost amortised	3,515
Redemption of the promissory notes	(245,000)
At 31 March 2017	–

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2017			2016		
	Effective interest rate (%)	Maturity	HK'000	Effective interest rate (%)	Maturity	HK'000
Current						
Other loans – unsecured (note (a))	–	–	–	15	2016	75,000
Bank loans – unsecured (note (b))	2.2–3.0	On demand	29,338	2.2–3.75	On demand	38,680
Current portion of other loan – secured (note (c))	13.4	2017	772,972	13.4	2016	245,489
			802,310			359,169
Non-current						
Non-current portion of other loan – secured (note (c))	–	–	–	13.4	2018	514,214
			802,310			873,383

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

	2017 HK$'000	2016 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**29,338**	38,680
	29,338	38,680
Other borrowings repayable:		
Within one year	**772,972**	320,489
In the second year	**–**	514,214
	772,972	834,703
	802,310	873,383

Notes:

(a) The Group's other loans as at 31 March 2016 were unsecured, bore interest at 15% and were fully settled during the year.

(b) As at 31 March 2017, a personal guarantee given by Mr. WS Lam and Dr. Albert Wong for the Group's bank loans up to HK$53,725,000 (2016: HK$127,821,000).

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

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

30. PROVISION FOR LONG SERVICE PAYMENTS

	2017 HK$'000	2016 HK$'000
At beginning of year	**4,848**	4,730
(Utilised)/additional provision during the year	**(1,586)**	118
At end of year	**3,262**	4,848

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

31. DEFERRED TAX LIABILITIES

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

	Fair value adjustments arising from acquisition of subsidiaries	Depreciation allowance in excess of related depreciation	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2015	–	6,281	6,281
Acquisition of subsidiaries (note 36)	127,297	–	127,297
(Credited)/charged to statement of profit or loss (note 11)	(12,330)	1,354	(10,976)
Disposal of subsidiaries (note 37)	–	(438)	(438)
At 31 March 2016 and at 1 April 2017	**114,967**	**7,197**	**122,164**
Credited to statement of profit or loss (note 11)	**(23,207)**	**(2,277)**	**(25,484)**
At 31 March 2017	**91,760**	**4,920**	**96,680**

The Group has tax losses of HK$345,812,000 (2016: HK$122,423,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax asset has not been recognised in respect of these losses as the utilisation of which is uncertain.

32. SHARE CAPITAL

	2017 Number of shares	**2017** HK$'000	2016 Number of shares	2016 HK$'000
Authorised:				
Ordinary shares of HK$0.025 each (2016: HK$0.001) (note (e))	**16,000,000,000**	**400,000**	200,000,000,000	200,000

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

	Number of shares in issue	**Share capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
Issue and fully paid:				
At 1 April 2015	415,000,000	4,150	95,797	99,947
Shares issued pursuant to the placing (note (a))	83,000,000	830	59,760	60,590
Share subdivision (note (b))	4,482,000,000	–	–	–
Issue of bonus shares (note (c))	19,920,000,000	19,920	–	19,920
	24,900,000,000	24,900	155,557	180,457
Share issue expenses (note (a))	–	–	(1,595)	(1,595)
At 31 March 2016 and 1 April 2016	**24,900,000,000**	**24,900**	**153,962**	**178,862**
Shares consolidation (note (d))	**(23,904,000,000)**	**–**	**–**	**–**
Rights issue (note (f))	**5,478,000,000**	**136,950**	**766,920**	**903,870**
	6,474,000,000	**161,850**	**920,882**	**1,082,732**
Share issue expenses (note (f))	**–**	**–**	**(24,889)**	**(24,889)**
At 31 March 2017	**6,474,000,000**	**161,850**	**895,993**	**1,057,843**

32. SHARE CAPITAL (continued)

Notes:

(a) On 23 April 2015, the Company issued 83,000,000 shares of HK$0.01 each to not less than six placees at a price of HK$0.73 pursuant to the terms and conditions of the placing agreement entered into between the Company and Kingston Securities Limited on 13 April 2015. After netting off share issue expenses of HK$1,595,000, net proceeds of HK$59,000,000 were recognised. Details of the placing were set out in the announcements of the Company dated 13 April 2015 and 23 April 2015.

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

(c) On 19 August 2015, ordinary resolutions were duly passed at the extraordinary general meeting of the Company pursuant to which the authorised share capital of the Company increased from HK$10,000,000 divided into 10,000,000,000 shares of HK$0.001 each to HK$200,000,000 divided into 200,000,000,000 shares of HK$0.001 each and issue and allotment of bonus shares on the basis of four (4) bonus shares for every one (1) share held by the qualifying shareholders on the record date of 27 August 2015. 19,920,000,000 bonus shares of HK$0.001 each were allotted and issued on 2 September 2015. Details of the bonus issue were set out in the circular of the Company dated 3 August 2015.

(d) At the extraordinary general meeting of the Company held on 14 June 2016, the ordinary resolution was passed in respect of the share consolidation (the "**Share Consolidation**") of every twenty-five (25) issued and unissued ordinary shares of the Company of HK$0.001 each into one (1) consolidated share of the Company of HK$0.025 (the "**Consolidated Shares**"). Immediately after the Share Consolidation became effective on 15 June 2016, the issued and fully paid ordinary share capital of the Company was 996,000,000 shares of HK$0.025 each.

(e) At the extraordinary general meeting of the Company held on 14 June 2016, the ordinary resolution was passed to increase the authorised share capital of the Company from HK$200,000,000 to HK$400,000,000 by the creation of additional 8,000,000,000 ordinary shares of HK$0.025 each following the Share Consolidation mentioned in (d) above.

(f) On 20 July 2016, the Company completed the rights issue (the "**Rights Issue**") on the basis of eleven (11) rights shares of the Company of HK$0.025 each (the "**Rights Share(s)**") for every two (2) Consolidated Shares held on the record date. 5,478,000,000 Rights Shares were issued at a subscription price of HK$0.165 per Rights Share. The gross proceeds of the Rights Issue was HK$903,870,000, of which HK$136,950,000 was credited to the share capital account and HK$766,920,000 was credited to the share premium account. Details of which were set out in the Company's circular dated 27 May 2016. The expenses directly attributable to the Rights Issue of HK$24,889,000 were debited to the share premium account.

33. SHARE OPTION SCHEME

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

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

33. SHARE OPTION SCHEME (continued)

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

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

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

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

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

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

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2016 and 2017.

34. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 47 of the financial statements.

35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2017
Percentage of equity interest held by non-controlling interests:	
Ngai Shun Construction & Drilling Company Limited	49%

	2017 HK$'000
Loss for the year allocated to non-controlling interests:	
Ngai Shun Construction & Drilling Company Limited	(2,823)
Accumulated balances of non-controlling interests at the reporting dates:	
Ngai Shun Construction & Drilling Company Limited	50,680

The following tables illustrate the summarised financial information of Ngai Shun Construction & Drilling Company Limited. The amounts disclosed are before any inter-company eliminations:

	2017 HK$'000
Revenue	276,760
Total expenses	(300,992)
Loss for the year	(24,232)
Total comprehensive loss for the year	(24,232)
Current assets	115,329
Non-current assets	56,076
Current liabilities	(59,795)
Non-current liabilities	(8,182)
Net cash flows used in operating activities	(24,878)
Net cash flows used in investing activities	(8,161)
Net cash flows used in financing activities	(10,111)
Net decrease in cash and cash equivalents	(43,150)

36. BUSINESS COMBINATION

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

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

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

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

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

36. BUSINESS COMBINATION (continued)

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

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

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

Had the combination taken place at the beginning of the year ended 31 March 2016, the revenue of the Group and loss of the Group for the year ended 31 March 2016 would had been HK$549,394,000 and HK$200,395,000, respectively.

37. DISPOSAL OF SUBSIDIARIES

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

37. DISPOSAL OF SUBSIDIARIES (continued)

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

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

38. PARTIAL DISPOSAL OF INTEREST IN SUBSIDIARIES

On 25 July 2016, the Company (as the vendor) and Excellent Speed (as the purchaser and a related company of the Group) entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell 49% of the issued share capital of Pearl Swirls Limited, a wholly-owned subsidiary of the Company, to Excellent Speed at the consideration of HK$80,000,000 (the "**Disposal**"). Pearl Swirls Limited is investment holding company incorporated in the BVI with limited liability, its directly wholly-owned subsidiary, Ngai Shun Construction & Drilling Company Limited (collectively the "**Pearl Swirls Group**") is principally engaged in the foundation piling business.

The completion of the Disposal took place on 30 September 2016 and the consideration was offset by the loan of HK$70,544,000 and interest payable of HK$9,456,000 owed to Excellent Speed by the Company, which amounted to HK$129,456,000 as at 30 September 2016 before such offset. Since the Disposal was provided a non-cash transaction and therefore not included in cash and cash equivalent during the year. Upon completion of the Disposal, the Company and Excellent Speed holds 51% and 49% of the total issued share capital of Pearl Swirls Limited, respectively. Since the change in the ownership interest of the Pearls Swirls Group without a loss of control, the financial results of the Pearl Swirls Group would continue to be consolidated into the Group's financial statements.

Such dilution of shareholding of the Pearl Swirls Group held by the Company from 100% to 51% constituted a partial disposal of the Group's equity interest in the Pearl Swirls Group, and the difference of HK$26,517,000 between the fair value of the consideration received and 49% carrying amount of the net assets attributable to the deemed disposal of was recognised directly in equity as other reserve during the year ended 31 March 2017. Details of which were set out in the circular and announcement of the Company dated 31 August 2016 and 30 September 2016, respectively.

39. OPERATING LEASE ARRANGEMENTS

Operating leases arrangements

The Group leases certain of its restaurants and office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years (2016: two to three years).

As at 31 March 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**6,662**	6,033
In the second to fifth years, inclusive	**11,287**	1,009
	17,949	7,042

40. COMMITMENTS

Other commitments

In addition to the operating lease commitment detailed in note 39 above, the Group had the following commitments at the end of the reporting period:

	2017 HK$'000	2016 HK$'000
Capital commitments		
Contracted, but not provided for:		
Property, plant and equipment	**2,240**	–
Other commitments:		
Development cost for properties being developed by the Group for sale	**83,156**	200,869
	85,396	200,869

41. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group entered into the following material transactions with related parties during the year ended 31 March 2017:

(a) During the year ended 31 March 2016, the Group disposed 49% equity interest in Pearl Swirls Limited to Excellent Speed, a company of which is beneficially owned by Dr. Albert Wong and Mr. WS Lam, both are the directors of a subsidiary of the Company. Details of which were set out in note 38 to the financial statements.

(b) As disclosed in the consolidated statement of financial position, the Group had outstanding balance of HK$49,456,000 (2016: HK$120,000,000) as at 31 March 2017 due to Excellent Speed which bore interest at the rate of 5% per annum. The related interest payable as at 31 March 2017 was HK$1,231,000 (2016: HK$6,456,000) and interest expense for the year ended 31 March 2017 was HK$4,231,000 (2016: HK$6,012,000). Further details are set out in notes 7 and 27 to the financial statements.

(c) Details of guarantees given by the directors of a subsidiary, Dr. Albert Wong and Mr. WS Lam, to the Group in connection with bank loans granted to the Group up to HK$53,725,000 (2016: HK$127,821,000) as at the end of the reporting period. Details are included in note 29 to the financial statements.

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

	2017 HK$'000	2016 HK$'000
Short-term employee benefits	**7,808**	26,027

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

42. FINANCIAL INSTRUMENTS BY CATEGORY

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

2017

Financial assets	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investments	–	–	875	875
Trade and retention receivables	–	68,316	–	68,316
Financial assets included in prepayment, deposits and other receivables	–	23,939	–	23,939
Equity investments at fair value through profit or loss	121,916	–	–	121,916
Restricted cash	–	64,969	–	64,969
Cash and cash equivalents	–	410,740	–	410,740
	121,916	567,964	875	690,755

Financial liabilities	Financial liabilities through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade payables	–	35,137	35,137
Financial liabilities included in other payables and accruals	–	4,022	4,022
Due to a related company	–	49,456	49,456
Interest-bearing bank and other borrowings	–	802,310	802,310
	–	890,925	890,925

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

2016

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

Financial liabilities	Financial liabilities through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade payables	–	43,824	43,824
Financial liabilities included in other payables and accruals	–	37,999	37,999
Due to a related company	–	120,000	120,000
Promissory notes	241,485	–	241,485
Interest-bearing bank and other borrowings	–	873,383	873,383
	241,485	1,075,206	1,316,691

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			
As at 31 March 2017	**Quoted prices in active markets (Level 1) HK$'000**	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Available-for-sale investments:				
Equity investments	**875**	**–**	**–**	**875**
Equity investments at fair value through profit or loss	**121,916**	**–**	**–**	**121,916**
	122,791	**–**	**–**	**122,791**

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

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

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

The Group did not have any financial liabilities measured at fair value as at 31 March 2017 and 2016.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets (2016: Nil).

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main risks arising from the Group's financial instruments are interest rate risk, equity price risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

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

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax HK$'000	Increase/ (decrease) in equity HK$'000
2017			
Hong Kong dollars	**100**	**293**	**–**
Hong Kong dollars	**100**	**(293)**	**–**

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

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 23) and available-for-sale investments (note 17) as at 31 March 2016 and 2017. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

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

	31 March 2017	High/low 2017	31 March 2016	High/low 2016
Hong Kong				
Hang Seng Index	**24,112**	**24,593/19,694**	20,777	28,443/18,320

The following table demonstrates the sensitivity to every 5% (2016: 5%) change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the revaluation reserve and no account is given for factors such as impairment which might impact the statement of profit or loss.

	Carrying amount of equity instruments HK$'000	Increase/ (decrease) in loss before tax HK$'000	Increase/ (decrease) in equity HK$'000
2017			
Investments listed in:			
Hong Kong –			
Available-for-sale	**875**	**–**	**44**
Held-for-trading	**121,916**	**(6,096)**	**–**
	122,791	**(6,096)**	**44**

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

Credit risk

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

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 March 2017, there were four (2016: four) customers which individually contributed over 10% of the Group's trade and retention receivables. The aggregate amount of trade and retention receivables from these customers amounted to 86% (2016: 72%) of the Group's total trade and retention receivables.

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

Liquidity risk

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

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

As at 31 March 2017	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Trade payables	21,852	13,113	172	–	35,137
Deposits received	238,910	–	–	–	238,910
Receipt in advance	2,413	–	–	–	2,413
Other payables	378	–	–	–	378
Interest payables	1,231	–	–	–	1,231
Due to a related company	51,733	–	–	–	51,733
Interest-bearing bank and other borrowings	30,001	–	830,082	–	860,083
	345,518	13,113	830,254	–	1,189,885

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

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital risk management

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

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

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

45. EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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

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

46. CONTINGENT LIABILITIES

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

(b) Pending litigation

As at 31 March 2017, there were four outstanding cases for compensation and personal injuries claims, against the Group by the employee of the subcontractor and the employee of the Group. The claims were related to the employee of the subcontractor and the employee of the Group who alleged to have suffered from bodily injuries during their course of work and employment in the Group's construction sites. The claims are dealt with and handled by the insurers and are covered by mandatory insurance. The directors assessed the cases and believed that there would not be a material impact to the financial position of the Group. No provision has been made for the cases in the consolidated financial statements.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	67	94
Interests in subsidiaries	839,881	1,184,791
Total non-current assets	839,948	1,184,885
CURRENT ASSETS		
Prepayment, deposits and other receivables	20,164	20,892
Equity investment at fair value through profit or loss	116,376	191,717
Cash and cash equivalents	349,567	10,438
Total current assets	486,107	223,047
CURRENT LIABILITIES		
Other payables and accruals	2,994	24,002
Due to a related company	49,456	120,000
Promissory notes	–	241,485
Interest-bearing other borrowings	772,972	320,489
Total current liabilities	825,422	705,976
NET CURRENT LIABILITIES	(339,315)	(482,929)
TOTAL ASSETS LESS CURRENT LIABILITIES	500,633	701,956
NON-CURRENT LIABILITIES		
Interest-bearing other borrowings	–	514,214
Net assets	500,633	187,742
EQUITY		
Share capital	161,850	24,900
Reserves (note)	338,783	162,842
Total equity	500,633	187,742

Mock Wai Yin
Director

Wong Yun Kuen
Director

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

Note:

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

	Share premium account HK$'000	Special reserve* HK$'000	(Accumulated losses)/retained profits HK$'000	Total HK$'000
At 1 April 2015	95,797	93,267	83,492	272,556
Loss for the year and total comprehensive loss for the year	–	–	(147,959)	(147,959)
Placing of shares	59,760	–	–	59,760
Share issue expenses	(1,595)	–	–	(1,595)
Issue of bonus shares	–	–	(19,920)	(19,920)
At 31 March 2016 and 1 April 2016	153,962	93,267	(84,387)	162,842
Loss for the year and total comprehensive loss for the year	**–**	**–**	**(566,090)**	**(566,090)**
Issue of rights shares	**766,920**	**–**	**–**	**766,920**
Share issue expenses	**(24,889)**	**–**	**–**	**(24,889)**
At 31 March 2017	**895,993**	**93,267**	**(650,477)**	**338,783**

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

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2017.

Properties Held by the Group

Property	The Group's interest (%)	Location	Site area attributable to the Group's interest ('000 sq. m.)	Total gross floor area attributable to the Group's interest ('000 sq. m.)	Usage	Stage of completion	Expected date of completion
Completed properties held for sale							
The Tangxi Villas	100	Yueyang City, Hunan Province	11	8	Residential	100%	N/A
Properties under development							
The Tangxi Villas	100	Yueyang City, Hunan Province	72	50	Residential	95%	2017

Financial Summary

Year ended 31 March 2017

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

RESULTS	2017 HK$'000	2016 HK$'000	2015 HK$'000 (Re-presented)	2014 HK$'000	2013 HK$'000
Revenue	**511,146**	532,194	558,150	486,906	356,100
Cost of sales	**(686,886)**	(480,404)	(408,371)	(353,509)	(248,827)
Gross profit	**(175,740)**	51,790	149,779	133,397	107,273
Other income and gains, net	**7,948**	13,148	22,755	5,146	323
Selling and distribution expenses	**(7,141)**	(2,251)	–	–	–
Administrative expenses	**(93,299)**	(88,508)	(61,155)	(47,293)	(31,777)
Operating (loss)/profit	**(268,232)**	(25,821)	111,379	91,250	75,819
Other expenses	**(194,172)**	(103,184)	(3,497)	–	–
Finance costs	**(127,891)**	(71,176)	(1,186)	(1,227)	(437)
(Loss)/profit before tax	**(590,295)**	(200,181)	106,696	90,023	75,382
Income tax credit/(expense)	**18,051**	6,788	(16,134)	(16,644)	(12,963)
(Loss)/profit attributable to owners of the parent	**(572,244)**	(193,393)	90,562	73,379	62,419
ASSETS AND LIABILITIES					
Total assets	**1,795,448**	1,916,771	544,771	324,164	153,683
Total liabilities	**(1,242,152)**	(1,727,732)	(223,347)	(94,862)	(57,707)
Net assets	**553,296**	189,039	321,424	229,302	95,976
Equity attributable to owners of the parent	**502,636**	189,039	321,424	229,302	95,976