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

(Incorporated in Bermuda with limited liability)

(Stock Code : 499)

Annual Report

2017

* For identification purposes only

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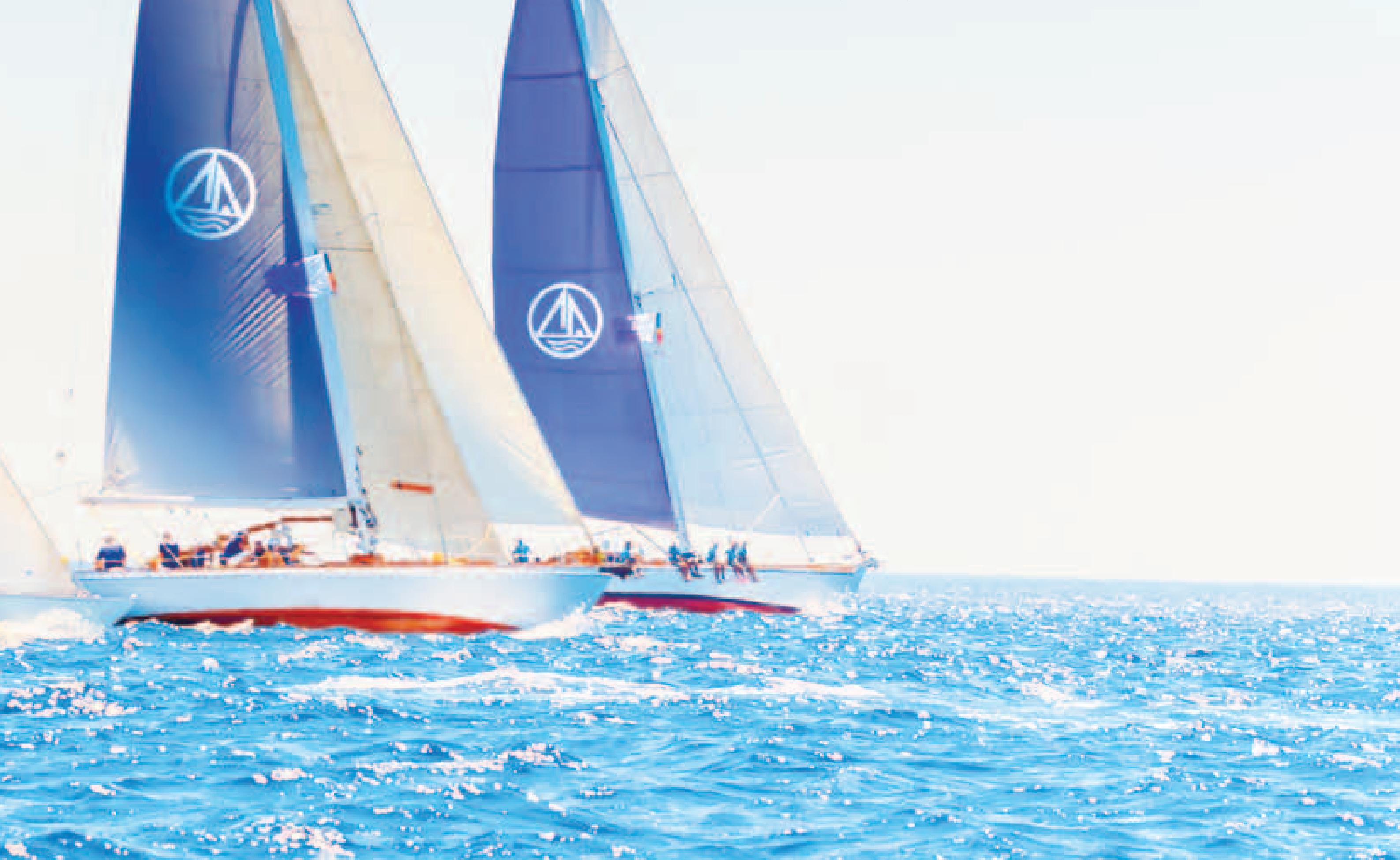


CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

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

Independent non-executive Directors:

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

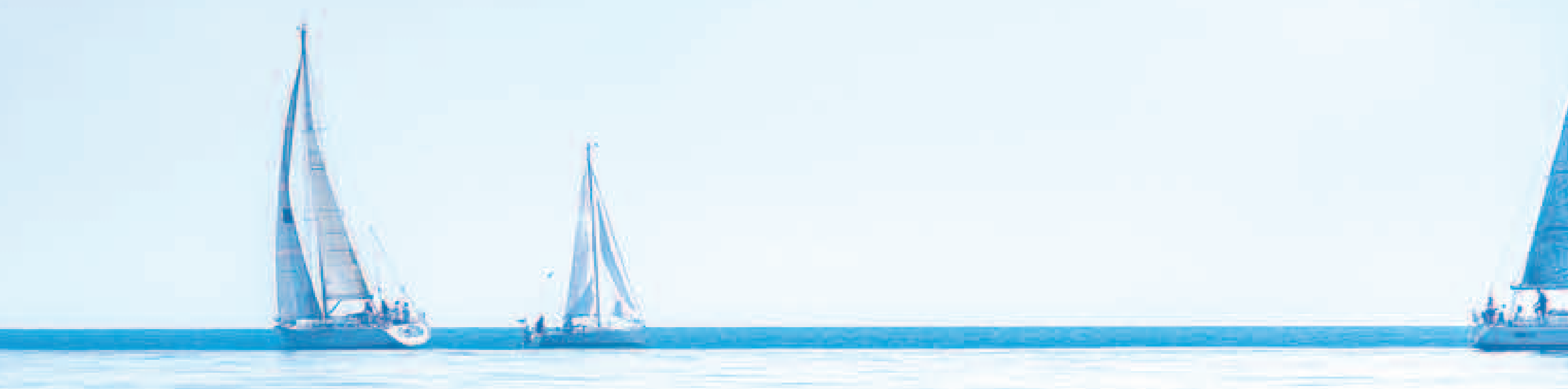
Mr. Wong Tin Kit *(Chairman)*
Mr. Yin Tek Shing, Paul
Ms. Zhao Meiran
Mr. Li Xue

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Chan Kwong Leung, Eric



CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES

Mr. Jiang Yi
Mr. Chan Kwong Leung, Eric

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

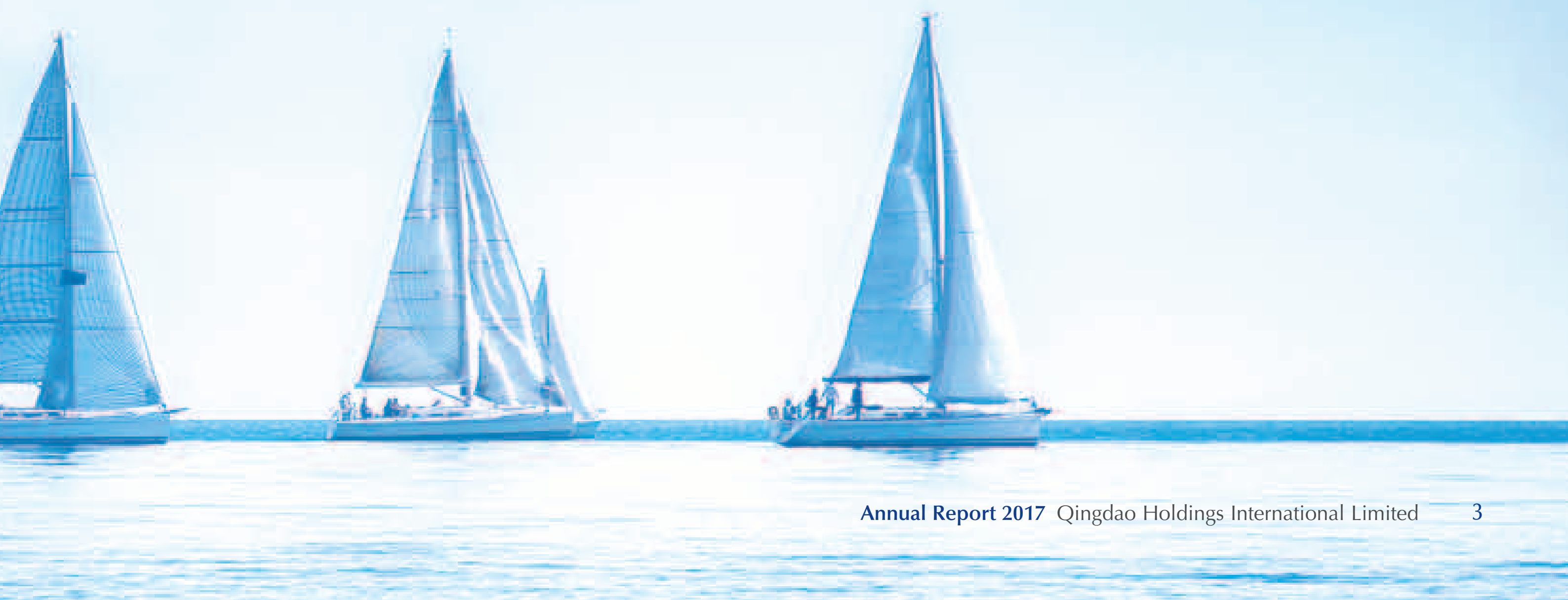
Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

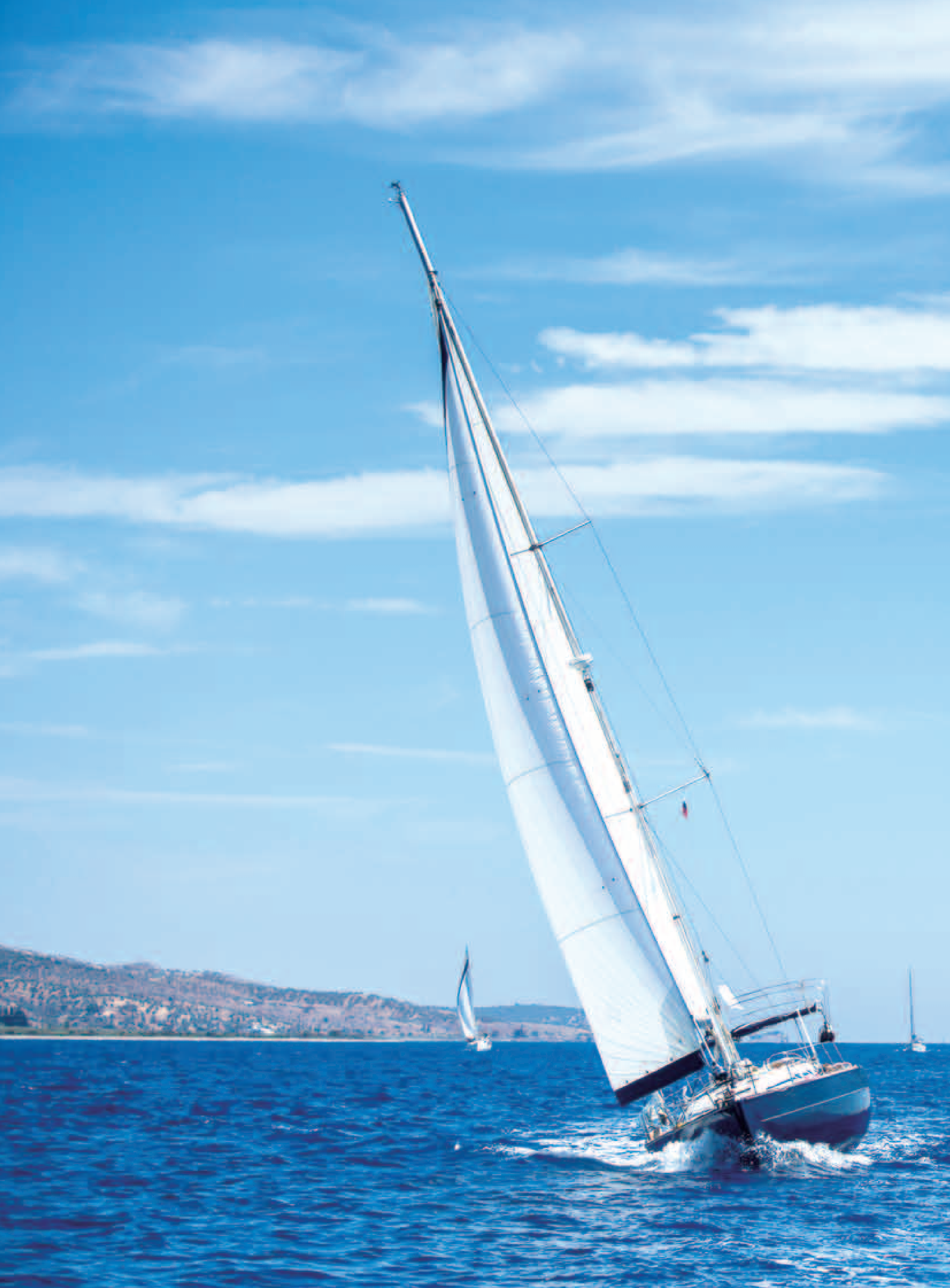
STOCK CODE

Hong Kong Stock Exchange: 499

WEBSITE

http://www.qingdaohi.com





CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of Qingdao Holdings International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 March 2017.

Despite the global uncertainties and economic deleveraging on the mainland China continued to present challenging operating conditions, the Group continues to identify and pursue profitable investment opportunities to expand the Group's sources of revenue and enhance the Group's business prospect.

During the financial year, the Group subscribed class A Shares in Asian Bond Fund segregated portfolio (the "Portfolio"). The Board considers that the subscription in the Portfolio will enable the Group to hold a financial investment through the Portfolio, which is expected to provide economic benefits to the Group with additional investment income. This will also facilitate efficient allocation of financial resources of the Group.

The acquisition of investment property situated in Lippo Centre, Hong Kong Island during the financial year allows the Group to enlarge and diversify its investment properties portfolio with high quality assets, strengthen the income base of the Group and provide capital appreciation potential to the Group. The Board considers that the acquisition represents a good investment opportunity for the Company and will improve the Company's operating performance in the medium to long run.

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

Last but not least, I would like to take this opportunity to thank all of our shareholders, partners and bankers their continuous support to the Group. I would also like to thank my fellow directors, the management team and our staff for their dedication and commitment in contributing to the success of the Group.

Xing Luzheng
Chairman

22 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the business of leasing of investment properties and the provision of loan financing. The Group was also engaged in carpark management which was discontinued in this financial year. The Group's revenue (including the Group's continuing and discontinued operations) was primarily derived from leasing of investment properties and sub-leasing of carpark spaces located in Hong Kong during the year.

Leasing of Properties

During the financial year ended 31 March 2017, the Group recorded rental income amounted to approximately HK$2.6 million (2016: HK$2.2 million) from properties located in Hong Kong, which accounted for 73% of the Group's total revenues (including the Group's continuing and discontinued operations). The increase in rental income was mainly due to the rental received from the new property of which the acquisition completed in January 2017. For details, please refer to the section headed "Acquisition of Property" below.

Hong Kong property markets are still on the upward trend, the Group continues to seek optimising its investment properties portfolio. The Directors believe that the leasing of properties will continue to bring positive return to the Group.

Loan Financing

In view of the challenging economic environment, the Group remains prudent in management of credit risk exposure. No loan was granted to customers during the financial year ended 31 March 2017 due to the Group's consideration of credit risk exposure during credit risk assessment. The Group will continue to put more efforts on loan financing to diversify its income sources.

Carpark Management

Carpark management operation had been unable to generate overall positive profits for several years due to high operating cost. The Group's carpark rental income for the financial year ended 31 March 2017 further decreased by 60% to approximately HK$1.0 million (2016: HK$2.5 million) as a result of the cessation of carpark management business on 6 October 2016.

In order to maintain cash flows for the Group's operation in other businesses, we ceased the carpark management business in October 2016.

Outlook

Looking ahead, the global economies are expected to remain challenging and trading conditions are likely to be uncertain. The depreciation of Renminbi, fluctuation in stock market and government measures on property market are still factors hanging around. The Group continues to allocate resources carefully in different business segments to optimise the investment strategies.

The Company is committed to maximise shareholders' wealth. The Group continues to look for investment opportunities and establish focus on high profitability projects in line with the Group's investment strategies.

FINANCIAL REVIEW

Revenue and Results

For the financial year ended 31 March 2017, the Group recorded a revenue (including the Group's continuing and discontinued operations) of approximately HK$3.6 million (2016: HK$4.7 million) and a profit from the Group's continuing and discontinued operations of approximately HK$5.8 million (2016: loss of HK$11.5 million). The turnaround in profit for the year is primarily attributable to the fair value gains of the Group's investment properties which amounted to HK$9.6 million (2016: decrease in fair value of HK$5.7 million).

During the financial year ended 31 March 2017, the Group's revenue (including the Group's continuing and discontinued operations) was mainly derived from the rental income from leasing of properties and carpark management. The Group recorded a gain of approximately HK$1.0 million (2016: HK$0.3 million) from leasing of properties and a loss of approximately HK$0.2 million (2016: HK$0.4 million) from carpark management. The Group will actively diversify its business segments at an appropriate timing in the future, so as to strengthen its revenue stream for the sustainability of the Group.

Employee benefit expenses (including the Group's continuing and discontinued operations) for the year under review was approximately HK$2.0 million (2016: HK$4.6 million), representing a decrease of 57% as compared to that of last year. This decrease was mainly due to a decrease in directors' remuneration of approximately HK$1.9 million.

Profit per share (including the Group's continuing and discontinued operations) was 1.15 HK cents for the year ended 31 March 2017 (2016: loss per share was 2.30 HK cents).

Dividends

The Board does not recommend the payment of any dividends for the year ended 31 March 2017 (2016: Nil).

Liquidity and Financial Resources

As at 31 March 2017, the Group had total assets of approximately HK$254.7 million (2016: HK$247.0 million), whereas total liabilities of the Group amounted to approximately HK$4.8 million (2016: HK$2.6 million). Accordingly, the net assets of the Group as at 31 March 2017 was HK$249.9 million (2016: HK$244.4 million). The gearing ratio of the Group, being the total liabilities to total assets, was 1.9% as at 31 March 2017 (2016: 1.1%), which indicates the Group's healthy liquidity position. During the financial year ended 31 March 2017, the Group subscribed certain shares and acquired a property (refer to sections headed "Acquisition of Property" and "Subscription of Shares" for details), the Group enabled to maintain sufficient cash which comprised bank balances and cash and short term deposits of approximately HK$64.0 million as at 31 March 2017 (2016: HK$127.6 million). It is believed that the Group has adequate cash resources to meet its commitments and current working capital requirements.

Capital Structure

The number of issued ordinary shares of the Company as at 31 March 2017 and 31 March 2016 were 499,276,680.

Pledge of Assets

As at 31 March 2017, the Group pledged certain of its investment properties with market value of HK$87.8 million (2016: HK$82.6 million) to a bank in Hong Kong to secure banking facility granted to the Group. As at 31 March 2017, the Group has unutilised banking facilities of HK$57.0 million (2016: HK$57.0 million).

Foreign Exchange Exposure

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

Contingent Liabilities and Capital Commitments

As at 31 March 2017, the Group did not have any material contingent liabilities or capital commitments.

SIGNIFICANT ACQUISITION

Subscription of Shares

On 29 June 2016, Prime Concept Development Limited ("Prime Concept"), a wholly-owned subsidiary of the Company, subscribed for a total of 17,873.64 class A shares ("Class A Shares") in Asian Bond Fund Segregated Portfolio (the "Portfolio") at issue price of US$100.42 per Class A Share for an aggregate consideration of approximately US$1,795,000 (equivalent to approximately HK$14.0 million). The Portfolio is a segregated portfolio of CMBI SPC, an open-ended investment company organised as an exempted segregated portfolio company with limited liability in the Cayman Islands on 11 June 2010. The investment in the Portfolio is expected to enable the Group to hold a financial investment which can provide economic benefits including investment income to the Group.

During the year, the Group received the investment income of an aggregate amount of HK$0.5 million from the investment in the Portfolio.

As at 31 March 2017, the market value of the Portfolio was approximately US$1,767,000 (equivalent to approximately HK$13.7 million). The Board will closely monitor the performance progress of the investment portfolio from time to time. Details of the subscription of Class A Shares are set out in the announcements of the Company dated 29 June 2016 and 8 July 2016, respectively.

Acquisition of Property

On 11 November 2016, Royal Asset Investments Limited, an indirect wholly-owned subsidiary of the Company as the purchaser, entered into a provisional agreement with Full Jet Investment Limited as the vendor, an independent third party, for the acquisition of a property located at Office Unit No. 1805, 18th Floor, Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong (the "Property") at the total consideration of HK$44.4 million (the "Acquisition"). The Property has been leased to an independent third party with lease term up to 15 November 2018. The Acquisition was completed on 11 January 2017.

The Acquisition allows the Group to enlarge and diversify its investment properties portfolio with high quality assets, strengthen the income base of the Group and provide capital appreciation potential to the Group. The Board considered that the Acquisition represents a good investment opportunity for the Company and will improve the Company's operating performance in the medium to long run.

Details of the Acquisition are set out in the announcement of the Company dated 11 November 2016.

OTHER BUSINESS ACTIVITY

Agency and Advisory Services Agreement

On 6 March 2017, Prime Concept as the service provider, entered into an agency and advisory services agreement (the "Agreement") with Lian Xin International Limited ("Lian Xin") as the recipient in relation to the provision of agency and advisory services by Prime Concept to Lian Xin. Prime Concept will provide the agency and advisory services, which include (i) the provision of agency and advisory services in relation to Lian Xin's financing, (ii) assistance in the preparation of the relevant loan application documents by Lian Xin to potential lender(s), and (iii) assistance in providing information of Lian Xin to potential lender(s) for loan application assessments on Lian Xin's background, financial condition, market reputation and repayment ability (collectively, the "Agency and Advisory Services"). Prime Concept will arrange at least one successful financing service to Lian Xin and the amount of such financing will not be less than US$9.0 million during the term of 12 months commenced on 6 March 2017 and ending on 5 March 2018. Prime Concept has received a service fee of US$0.14 million (equivalent to approximately HK$1.0 million) from Lian Xin. If Prime Concept fails to assist Lian Xin in securing such a loan, the service fee will be refunded to Lian Xin in full within three business days after the expiry date of the Agreement.

The Board considered that the Agreement will be beneficial to the Group as the Group could improve its profitability with the income generated by providing the Agency and Advisory Services.

Details of the Agreement are set out in the announcement of the Company dated 6 March 2017.

Human Resources

We aim to provide employees a stimulating and harmonious working environment. We also encourage lifelong learning and offer trainings to our employees to enhance their performance and provide support to their personal development. As at 31 March 2017, the Group employed a total of 11 full time employees (2016: 11). Employees and Directors are remunerated based on their performance and experience, current industry practices and prevailing market conditions and in accordance with existing labour laws. In addition to basic salaries, employees and Directors are rewarded with performance-related bonuses and other staff welfare benefits.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Xing Luzheng ("Mr. Xing"), aged 53, was appointed as the vice-chairman and an executive Director on 10 September 2014. On 26 November 2015, he was appointed as the chairman of the Board and the chairman of the nomination committee and resigned as the vice-chairman of the Board. Mr. Xing has more than 21 years of experience in financial investment and corporate management. Mr. Xing has previously served as the president of Shibei sub-branch of the Qingdao branch of China Everbright Bank, deputy general manager and chief accountant of Qingdao Huatong State-owned Capital Operation (Group) Co., Ltd. He is currently the chairman of Qingdao City Construction Investment (Group) Limited ("QCCIG"). He is also a director of China Qingdao Development (Holdings) Group Company Limited ("CQDHG") and China Qingdao International (Holdings) Company Limited ("CQIH"). The Company's controlling shareholder CQIH is the wholly-owned subsidiary of CQDHG, which is in turn wholly-owned by QCCIG.

Mr. Chen Mingdong ("Mr. Chen"), aged 48, was appointed as the vice-chairman and an executive Director on 26 November 2015. Mr. Chen is a non-practising member of the Chinese Institute of Certified Public Accountants. He is currently a director and the general manager of QCCIG. Mr. Chen was the deputy commissioner of the Finance Bureau of Qingdao. He has over 20 years' experience in government investment and finance and corporate management.

Mr. Jiang Yi ("Mr. Jiang"), aged 45, was appointed as a non-executive Director on 27 September 2014. Mr. Jiang was re-designated from non-executive Director to executive Director on 26 November 2015. He was appointed as the chief executive officer on 14 December 2015. He is also a director of a number of subsidiaries of the Company. Mr. Jiang graduated from the Management College of Ocean University of China majoring in accountancy and holds a doctorate degree in management. He is currently the chief accountant of QCCIG. He is currently the director of CQDHG and CQIH.

Mr. Wang Yimei ("Mr. Wang"), aged 38, was appointed as an executive Director on 26 November 2015. He is also a director of a number of subsidiaries of the Company. Mr. Wang is currently a general manager of QCCIG (Hong Kong Area). He is also a director of CQDHG and CQIH. CQIH, the Company's controlling shareholder, is a wholly-owned subsidiary of CQDHG. CQDHG is wholly-owned by QCCIG. Mr. Wang graduated from the Ocean University of China specialising in business administration and was awarded a master's degree. He has been working in the fields of administrative management, securities, investments, and others and has accumulated rich practical experience.

Mr. Yuan Zhi ("Mr. Yuan"), aged 40, was appointed as an executive Director on 26 November 2015. He is also a director of a number of subsidiaries of the Company. Mr. Yuan graduated from the College of Economics of Ocean University of China specialising in the economics of nationals and was awarded a master's degree in economics. He has 15 years' experience in investment in the securities market. He currently works in Qingdao Chengxiang Construction Finance Guarantee Company, a wholly-owned subsidiary of QCCIG.

BIOGRAPHICAL DETAILS OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yin Tek Shing, Paul ("Mr. Yin"), aged 75, was appointed as an independent non-executive Director on 27 September 2014. Mr. Yin is also the member of Nomination Committee, Remuneration Committee and Audit Committee. He acted as President of The Chinese Manufacturer's Association of Hong Kong from 2008 to 2009. He is currently Permanent Honorary President of The Chinese Manufacturer's Association of Hong Kong, Founding Chairman of Hong Kong Brand Development Council, a member of the People's Political Consultative Standing Committee of Qingdao City and Founding President of Hong Kong Qingdao Association Limited. Mr. Yin actively participates in serving the community and his services include acting as a member of Trade and Industry Advisory Board, a council member of Hong Kong Productivity Council, a member of Hong Kong Labour Advisory Board, a member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region (the "HKSAR Government"), a council member of Hong Kong Trade Development Council, and a committee member of Innovation and Technology Commission. He was awarded the Bronze Bauhinia Star by the HKSAR Government in 2003. He was appointed as Justice of the Peace in 2007 and was awarded the Silver Bauhinia Star by the HKSAR Government in 2009.

Mr. Wong Tin Kit ("Mr. Wong"), aged 61, was appointed as an independent non-executive Director on 27 September 2014. Mr. Wong is also the chairman of Remuneration Committee and a member of Nomination Committee and Audit Committee. Mr. Wong served in Qingdao Ocean Shipping Company which is directly operated under the Ministry of Transport and is currently President of Xiang Long (Group) International Limited. He is also the Chairman of Hong Kong Shandong Business Association, Vice President of Shandong Overseas Chinese Chamber of Commerce, Vice President of Shandong Province Association of Overseas Liaison and a member of the People's Political Consultative Standing Committee of Shandong Province.

Ms. Zhao Meiran ("Ms. Zhao"), aged 41, was appointed as an independent non-executive Director on 27 September 2014. Ms. Zhao is also a member of Nomination Committee, Remuneration Committee and Audit Committee. Ms. Zhao is a Qingdao entrepreneur engaged in industries including trading and logistics and has extensive experience in corporate management. Ms. Zhao graduated from Shanghai University and currently serves as Chairman of Qingdao Jinnuo Auction House, Chairman of Qingdao Cheng Kun Trading Company Limited and General Manager of America Los Angeles Travel Holiday Company Limited. Ms. Zhao has been an executive member of Qingdao Red Cross Dust Fund since 2010.

Mr. Li Xue ("Mr. Li"), aged 52, was appointed as an independent non-executive Director on 27 September 2014. Mr. Li is also the chairman of Audit Committee, a member of Nomination Committee and Remuneration Committee. Mr. Li holds a Master Degree in Economics. He has long been engaged in the fields of auditing theory and practical research and obtained ample research findings in basic audit theory and environmental auditing theory. He is currently a professor and a tutor for master candidates at the Accounting Department of the Management College of Ocean University of China, the director of Audit and Management Consulting Institute of the Management College of Ocean University of China, and the head of the Accounting Department of Qingdao College of Qingdao Technological University. Mr. Li is also a council member of Accounting Society of China, a member of China Audit Society and a member of the Chinese Institute of Certified Public Accountants.

DIRECTORS' REPORT

The Board presents the annual report and the audited consolidated financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 30 to the consolidated financial statements.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 40 of this annual report.

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

BUSINESS REVIEW

Business review of the Group for the year ended 31 March 2017 has been stated in Management Discussion and Analysis of this annual report.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 89 of the annual report.

RESERVES

Details of the movements in reserves of the Group and the Company during the year ended 31 March 2017 are set out in the consolidated statement of changes in equity on page 42 of this annual report and note 29 to the consolidated financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

The investment properties of the Group were revalued as at 31 March 2017 and resulting in revaluation gains amounted to approximately HK$9.6 million (2016: losses of HK$5.7 million).

Details of movements in the investment properties of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company during the year ended 31 March 2017 are set out in note 22 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Particulars of the Group's principal properties are set out on page 90 of this annual report.

DIRECTORS

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

Executive Directors:

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

Non-executive Director:

Mr. Zhang Zhenan *(resigned on 21 June 2016)*

Independent non-executive Directors:

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

Mr. Zhang Zhenan resigned as a non-executive Director as he would like to allocate more time to his personal commitments.

Pursuant to bye-law 87(1) of the bye-laws of the Company, Mr. Jiang Yi, Mr. Wong Tin Kit and Ms. Zhao Meiran shall retire from office by rotation and, being eligible, shall offer themselves for re-election at the forthcoming annual general meeting.

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

Mr. Jiang Yi
Mr. Wang Yimei
Mr. Yuan Zhi

DIRECTORS' SERVICES CONTRACTS

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

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

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

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

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

RELATED PARTY TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

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

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

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 March 2017.

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2017, none of the Directors and the chief executives and their associates of the Company had any interests and short positions in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules on the Stock Exchange.

SHARE OPTIONS

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

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

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

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

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

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

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

There were no options granted under the Share Option Scheme since its adoption and as at 31 March 2017. As at the reporting date, options to subscribe for up to 49,927,668 shares of the Company, representing 10% of the total number of shares in issue of the Company (i.e. 499,276,680 shares), are available for issue under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

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

SUBSTANTIAL SHAREHOLDERS INTERESTS

So far as is known to the Directors and chief executives of the Company, as at 31 March 2017, the following persons (other than a Director or chief executive of the Company or their associates) had the following interests and short positions (if any) in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO.

Interest in the shares of the Company

Long positions

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

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

Save as disclosed above, the Company has not been notified of any other interests representing 5% or more of the total number of shares in issue of the Company as at 31 March 2017.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2017, the aggregate amount of revenue attributable to the Group's five largest customers accounted for approximately 73% of the Group's total revenue (including the Group's continuing and discontinued operations) and the revenue attributable to the largest customer was represented approximately 60% of total turnover (including the Group's continuing and discontinued operations). The Group maintains good business relationship with the five largest customers.

The Group had no purchases of trade goods during the year ended 31 March 2017 and thus there were no major product suppliers for the Group for the year ended 31 March 2017.

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

* *For identification purpose only*

RELATIONSHIP WITH EMPLOYEES

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

PRINCIPAL RISKS AND UNCERTAINTIES

The principal financial risks are set out in note 24 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the discussion on the environmental policies and performance of the Company are set out in the "Environmental, Social and Governance Report" section of this annual report.

EQUITY-LINKED AGREEMENTS

Save for disclosed in the section headed "Share Options" on page 18 of this annual report, the Company has not entered into any equity-linked agreements during the year ended 31 March 2017.

PERMITTED INDEMNITY PROVISION

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 March 2017, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

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

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

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the corporate governance report on pages 23 to 30 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a public float of its shares as required by the Listing Rules throughout the year ended 31 March 2017 and up to the date of this annual report.

RETIREMENT BENEFIT SCHEME

The Group operates a mandatory provident fund scheme for its employees. Particulars of the provident fund scheme are set out in note 26 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

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

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management of the Company the financial statements of the Group for the year ended 31 March 2017 and discussed with the management of the Company on auditing, internal control, risk management systems and financial reporting matters. Information on the composition of the Audit Committee of the Company is set out in the Corporate Governance Report on pages 23 to 30 of this annual report.

AUDITORS

The financial statements for the year ended 31 March 2015, 2016 and 2017 were audited by Messrs. Deloitte Touche Tohmatsu.

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

Signed on behalf of the Board

Jiang Yi
Executive Director and Chief Executive Officer

22 June 2017

CORPORATE GOVERNANCE REPORT

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

The Company has put in place corporate governance practices to comply with all the provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules, except for certain areas of non-compliance discussed later in this report, during the year ended 31 March 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. The Company has made specific and reasonable enquiries of all Directors and is satisfied that they have complied with the Model Code throughout the year ended 31 March 2017.

BOARD OF DIRECTORS

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

The Directors

Currently, the Board comprises nine Directors, including five executive Directors and four independent non-executive Directors. The biographical details of the Directors are set out on pages 14 to 15 of this annual report. The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business operations and development of the Group. All Directors are aware of their collective and individual responsibilities to shareholders and have exercised their duties with care, skill and diligence and, thereby, have contributed to the performance of the Group.

The positions of the chairman and the chief executive officer of the Company are held by separate individuals to ensure a balance of power and authority. Mr. Xing Luzheng is the chairman and Mr. Jiang Yi is the chief executive officer of the Company for the year ended 31 March 2017.

Throughout the year ended 31 March 2017, the Company complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualification of accounting or related financial management expertise. The Board has received from each independent non-executive Director an annual confirmation of his/her independence and considers that all of them are independent under the guidelines set out in Rules 3.13 of the Listing Rules.

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

Responsibilities of the Board

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

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

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

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

Continuous Professional Development of Directors

During the year ended 31 March 2017, the Company provides regular updates on the business performance of the Group to the Directors. Directors keep abreast of responsibilities as a Director and of the conduct, business activities and development of the Group. Every Director is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant statutory requirements. Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 March 2017, relevant materials including regulatory updates have been provided to the Directors for their reference and study.

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

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

Board Meetings

Directors are consulted on matters to be included in the agenda for Board meetings and have accessed to advice and services to ensure that Board meeting procedures and all applicable rules and regulations are followed. At least 14 days formal notice is to be given before each regular meeting is held. For special meetings, reasonable notice is given. The Company held six Board meetings during the year ended 31 March 2017. In addition to regular Board meetings, the Chairman of the Company met with the independent non-executive Directors of the Company without the presence of the executive Directors of the Company.

Audit Committee

During the year ended 31 March 2017, the Audit Committee comprised four independent non-executive Directors, namely, Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit, Ms. Zhao Meiran and Mr. Li Xue (chairman of the Audit Committee). Mr. Li Xue, the chairman of the Audit Committee, has appropriate professional qualifications and experience as required by the Listing Rules.

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

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

The Audit Committee held two meetings for the year ended 31 March 2017. During the year ended 31 March 2017, the Audit Committee reviewed the final results for the year ended 31 March 2016 with the external auditors and the unaudited interim results for the six months ended 30 September 2016 before recommending them to the Board for approval.

Remuneration Committee

The Remuneration Committee was established on 29 March 2012. During the year ended 31 March 2017, the Remuneration Committee comprised four independent non-executive Directors, namely, Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit (Chairman of the Remuneration Committee), Ms. Zhao Meiran and Mr. Li Xue. The Remuneration Committee held one meeting for the year ended 31 March 2017.

The duties of the Remuneration Committee include:

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

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

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

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

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

(f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

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

Nomination Committee

The Nomination Committee was established on 29 March 2012. During the year ended 31 March 2017, the Nomination Committee comprised one executive Director, namely, Mr. Xing Luzheng (Chairman of the Nomination Committee), and four independent non-executive Directors, namely, Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit, Ms. Zhao Meiran and Mr. Li Xue, as the members of the Nomination Committee. The Nomination Committee held one meeting for the year ended 31 March 2017.

The duties of the Nomination Committee include:

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

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

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

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

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

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

Details of the attendance of individual Directors at Board meetings, Board committees meetings and the annual general meeting (the "AGM") held on 8 September 2016 respectively during the year ended 31 March 2017 are set out in the table below:

	Number of meetings attended/Eligible to attended				
Members of the Board	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee	AGM
Executive Directors					
Xing Luzheng	6/6	N/A	N/A	1/1	0/1
Jiang Yi	6/6	N/A	N/A	N/A	1/1
Chen Mingdong	5/6	N/A	N/A	N/A	0/1
Wang Yimei	6/6	N/A	N/A	N/A	1/1
Yuan Zhi	6/6	N/A	N/A	N/A	1/1
Non-executive Director					
Zhang Zhenan *(resigned on 21 June 2016)*	1/1	N/A	N/A	N/A	N/A
Independent non-executive Directors					
Yin Tek Shing, Paul	6/6	2/2	1/1	1/1	0/1
Wong Tin Kit	6/6	2/2	1/1	1/1	0/1
Zhao Meiran	6/6	1/2	1/1	1/1	0/1
Li Xue	6/6	2/2	1/1	1/1	1/1

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

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

COMPANY SECRETARY

The Company's secretarial functions are outsourced to external service provider. The primary corporate contact person at the Company is Mr. Jiang Yi, an executive Director, during the year ended 31 March 2017.

In accordance with Rule 3.29 of the Listing Rules, Mr. Chan Kwong Leung, Eric, the company secretary and delegated by the external service provider, confirmed that he has taken no less than 15 hours of the relevant professional training during the year ended 31 March 2017.

SHAREHOLDERS' RIGHTS

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

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

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

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

CHANGES IN CONSTITUTIONAL DOCUMENTS OF THE COMPANY

There were no significant changes in constitutional documents of the Company during the year ended 31 March 2017.

DEVIATIONS FROM THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

Code provision A.1.3 of the CG Code stipulates that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year ended 31 March 2017, certain Board meetings were convened with less than 14 days' notice to facilitate the directors of the Company timely reaction and expeditious decision making process in respect of investment opportunity and internal affairs of the Group. The Board will use reasonable endeavor to meet the requirement of code provision A.1.3 of the CG Code in future.

Code provision A.6.5 of the CG Code requires all directors should participate in continuous professional development to develop and refresh their knowledge and skills, and should provide a record of the training they received to the issuer. Mr. Zhang Zhenan, being former non-executive Director, had not provided a record of the training to the Company.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. Xing Luzheng, the Chairman of the Company during the year ended 31 March 2017, was unable to attend the annual general meeting of the Company held on 8 September 2016 due to his other business engagements.

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

EXTERNAL AUDITOR

For the year ended 31 March 2017, the remuneration for audit services and non-audit services provided by the external auditor, Messrs. Deloitte Touche Tohmatsu, amounted to approximately HK$510,000 and approximately HK$247,000 respectively. The latter included taxation service, review of preliminary announcement and review of unaudited interim results. The total audit fees was approved by the Board and the Audit Committee.

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

FINANCIAL REPORTING

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

The statement of the independent auditor regarding their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 36 and 39 of this annual report

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognizes its responsibility to ensure the Company maintains a sound and effective risk management and internal control systems. The Group's internal control system is designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group's risk management framework includes risk identification, risk assessment, risk treatment and monitoring and reviewing of the effectiveness of the measures. This risk management framework is guided by the three-tier risk management approach. At the first line of defense, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defense, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within the acceptable range and that the first line of defense is effective. As the final line of defense, the Audit Committee of the Company, with the professional advices and opinions from the external professional consultant by whom internal audit work of the Group was conducted on annual basis, ensures that the first and second lines of defense are effective through constant inspection and monitoring.

In addition to the review of risk management and internal controls undertaken by the external professional consultants, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This is the first year of Qingdao Holdings International Limited (together with its subsidiaries, the "Group") to prepare and publish the Environmental, Social and Governance ("ESG") Report in Hong Kong. The Group will illustrate and highlight its efforts and performance in both environment and social aspects for the Group's business operations in this report.

THE SCOPE AND REPORTING PERIOD OF THIS REPORT

The Group is principally engaged in leasing of investment properties and the provision of loan financing. The Group's business operation is mainly conducted in Hong Kong and its customers are primarily tenants of the properties leased to them. There was no active loan financing business during the reporting period and the content of this ESG report covers the period from 1 April 2016 to 31 March 2017 unless otherwise stated.

VISION AND MISSION ON ESG

The Group is committed to protecting the environment and has been visionary and focused on integrating ESG consideration to its business operations. Environmental considerations are taken into account seriously during any decision-making process in the Group which is beneficial to the stakeholders and minimize risk for the long term. As a result, businesses will be sustainable and profitable that provides healthy and long-term returns to the investors and shareholders.

STAKEHOLDERS' ENGAGEMENT

Stakeholders' expectation, needs and feedback towards the Group is of ultimate importance to its future development. The Group proactively cultivates relationship building communications and exchange with its stakeholders to ensure an enduring and long-term relationship is maintained. Through various stakeholder engagement exercises during the reporting period, the Group was able to communicate its development in a direct and transparent way to its stakeholders and at the same time understand their views and expectation.

(A) ENVIRONMENTAL PERFORMANCE

The Group is basically engaged in the investment business, the business does not involve in any kinds of production-related air, water, and land pollutions which are regulated under national laws and regulations, its headquarter office in Hong Kong houses its sales, human resources and administration activities with a total floor area of 87.6 m^2. During the reporting period, the Group was in compliance with the necessary environmental protection requirement in accordance with the applicable environmental laws and regulations in Hong Kong.

(i) Emissions, Use of Natural Resources and Waste Generations

To provide meaningful information for this ESG report, the Group is disclosing its carbon footprint generated from its operations. Carbon footprint is defined as the total amount of direct and indirect emissions of greenhouse gas ("GHG") expressed in terms of equivalent amount of carbon dioxide ("CO_2") emission.

The emissions from the operation of the Group was mainly generated from the use of electricity, water, and paper for administration in the headquarter office. In addition, no hazardous waste was produced by the Group in the reporting period.

Green House Gases Emission

There were 3.21 tonnes of carbon dioxide equivalent ("tCO_2-eq") GHGs (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation in the reporting period. With the total operation area of 87.6 m^2, the total annual emission intensity due to energy usage was 0.059 tCO_2-eq/m^2.

Scope	Sources of emission	GHG* emission (in tCO_2-eq)	GHG* emission by scope (in tCO_2-eq)	Distribution
1	Stationary	N/A	N/A	N/A
	Mobile	N/A		
	Refrigerant	N/A		
2	Purchased electricity	2.80	2.80	87.13%
	Purchased Energy	N/A		
3	Disposal of paper waste	0.41	0.41	12.87%
	Fresh water processing	0.00		
	Sewage water processing	0.00		
	Total GHG* emission	3.21		100%

* The GHG is calculated according to the "Guiltiness to Account for and Report on Green House Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" jointly published by EPD and EMSD.

Over 87% of the total GHG emission was generated by Scope 2 emission: indirect electricity use, the emission of 2.80 tCO_2-eq GHGs was from the use of electricity by electrical appliances including lightings, air conditioning, and office equipment in the headquarter office.

Scope 3 GHGs emission included the use of fresh water and sewage treatment, and the methane emission from paper waste disposal. GHG emission derived from the fresh waste use and sewage water treatment in Hong Kong was not included in this report, whereas the paper usage during the reporting period was mainly contributed by general paper usage in the office. A total of 86.1kg of papers was used which corresponded to 0.41 tCO_2-eq GHG emission. Paper reuse and recycling is in practice, but the total amount was not accounted for during the reporting period, hence the relevant GHG removal was not reported.

The GHG is calculated according to the "Guidelines to Account for and Report on Green House Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" jointly published by Environmental Production Department and Electrical and Mechanical Services Department.

(ii) Use of Natural Resources

Electricity, water, and paper products were used for the Group's operations, and there was no hazardous waste being generated; however, non-hazardous waste was generated from the use of paper products during the reporting period.

Electricity

The total electricity consumption by the Group was 3,586.00 Kilowatt-hour ("kWh"), with an energy intensity of 40.93 kWh/m^2. The Group understands the importance of energy conservation, lightings and air-conditioners in unused area and equipment not in use were switched off.

Water

The total water consumption in the headquarter office was not accounted for in the reporting period since the usage was included in the building management fee and the quantity used was not provided by the building management office. Nevertheless, the Group is conscientious in the conservation of water as it is one of the most precious natural resources on earth.

(iii) The Environment and Waste Generation

Paper use and Waste Generation

Non-hazardous waste produced from the Group's operation included paper for office use and other domestic waste from the office. As discussed in the previous section, 86.1 kg of papers were used in the reporting period. Double sided printing is in practice to minimize the amount of paper use, and some paper waste was collected by the building's management, but there is currently no systematic paper waste recycling program and the amount collected for recycling was not measured and monitored. In order to reduce paper waste being disposed of at landfill, a systematic recycling program will be implemented to improve recycling efficiency and reduce waste generation in the future.

Green Building Green Office

With the growing awareness of environmental protection, green building and green office concepts have been implemented in various buildings in Hong Kong. With the Group's principle business in the leasing of properties, it shall adopt and establish a more systematic environmental policy to collect GHG emission data to fulfil the carbon footprint disclosure generated by building material or waste management in buildings. Besides, monitoring of possible air emission within the indoor area of the properties is important as it is corresponded to the Indoor Air Quality ("IAQ") measures for the Green Building certification. For example, the use of low/zero volatile organic compound ("VOC") paint, formaldehyde free furniture, or radon free stone materials will affect the IAQ of indoor area. The Group shall consider developing guidelines which required more systematic planning and monitoring to the IAQ of the properties for leasing purposes.

(B) SOCIAL PERFORMANCE

(i) Employment

As at 31 March 2017, the total number of employees being employed by the Group was 11 (2016: 11). The Group understands that human resource is one of its most valuable assets, the provision of a stimulating and harmonious working environment can improve the sense of belongings to its employees. Employees and Directors are remunerated based on their educational qualifications, industry experience, performance, current industry practices and prevailing market conditions and in accordance with pertinent labour laws and regulations. Apart from the basic package, for instance, severance payment, mandatory provident fund, employment compensation insurance, medical insurance, annual leaves, sick leaves, additional remuneration and benefits such as performance-based bonuses and other staff welfare benefits are provided.

(ii) Employee Health and Work Safety

The Group cares about the well-being and work safety of its employees and is in compliance with the Occupational Safety and Health Ordinance (Chapter 509 of Laws of Hong Kong) and the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). Specific instructions and guidelines on employees' health and safety procedure are developed and communicated to maintain a healthy and safety working environment for employees. The management is also responsible for the overall health and safety performance of employees to ensure work safety. During the reporting period, there was no incidence of work stoppages, labour disputes, litigation, claims, administrative action or arbitration relating to labour disputes against the Group.

Occupational Health and Safety Data	
Work related Fatality	0
Work injury cases with leave of absence >3 days	0
Work injury cases with leave of absence <3 days	0
Lost days due to work injury	0
Work Injury rate	0

(iii) Employee Development and Training

The Group encourages lifelong learning and offer trainings to its employees to enhance their performance and to provide support to their personal development. The objective of the Group's human resource management is to reward and recognise performing staff by a sound performance appraisal system with appropriate incentives, salaries and wages are reviewed annually based on performance appraisals, qualifications, experience, position and seniority.

(iv) Labour Standards

There is no child nor forced labour in the Group's operations as it is in compliance with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) in terms of employment management. The recruitment process is strictly abided by the guidelines of the Group's human resource management, a job application form is used to collect personal, educational, and employment information of job applicants, and as such all necessary data related to employment is verified and the proper and right candidate would be hired in accordance to the job requirement and candidates' expectation for a healthy and sustainable workforce.

(v) Equal Opportunity

The Group provides equal opportunities for employees in respect of recruitment, training and development, job advancement, and remuneration and benefits. The employees would not be discriminated or deprived of such opportunities on the basis of gender, ethnicity, religion, age, marital status, pregnancy or any other discrimination prohibited by applicable laws.

(vi) Supply Chain Management

Procurement Policy

The Group's procurement policy is to ensure that products and services are procured in an honest, competitive, fair, and transparent manner that delivers the best value for money results. Products and services suppliers are being assessed based on factors including their reputation, financial reliability, products' quality, price stability and receptiveness to feedbacks. Sourcing for supplies generally executed by the Administration Department and the approved suppliers list is constantly updated and communicated to the employees.

(vii) Data Protection Policy

To the best knowledge of Directors, the Group is in compliance with the Personal Data (Privacy) Ordinance of Hong Kong. Company computers and servers are protected from access passwords, employees are instructed of their responsibility to ensure data is collected, stored and handled properly and securely appropriately, and the risk involved with malpractice. The Group is strictly abided by the regulation in the collection, disclosure, usage, retention, and storage of data to ensure data integrity and safety.

(viii) Anti-corruption and Anti-Fraud

In order to promote the highest standards of good corporate practices and to support the value of integrity and accountability, and to conduct business in an honest and transparent manner, the Group's Company Secretary ensures that all applicable rules and regulations with regards to corruption, fraudulent activities, conflict of interest, irregularities and unethical conduct are complied with. Minutes of Board meetings are kept by the Company Secretary and are available for inspection at any time on reasonable notice.

(ix) Community Investment

Although the Group was not involved in charity or community events during the reporting period, it is committed to conducting business without making any potential environmental and social impact to its stakeholders especially its employees and the community members. The Group will explore opportunities to be involved in future charity or community events to play a part in making a difference and strengthening the Hong Kong community.

THE FUTURE OF SUSTAINABLE DEVELOPMENT

The Group has conducted the ESG reporting in accordance with the Environmental, Social, Governmental Reporting Guide (Appendix 27 of the Listing Rules), all the information available for the reporting period are included in this report. The Group is committed to continuously improve its processes and procedures in the management, measurement and monitoring system of ESG related practices and strategies that will facilitate a more sustainable business growth.

STAKEHOLDERS' FEEDBACK

Stakeholders' comments and feedbacks regarding the Group's performance and approach on environmental, social and governance aspects are welcomed and valued. Questions, suggestions and recommendations could be sent via the 'contact us' link in the Group's official website at http://qingdaohi.com.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

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

OPINION

We have audited the consolidated financial statements of Qingdao Holdings International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 88, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 MATTER

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

KEY AUDIT MATTER (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgments involved in determining the inputs used in the valuation. As at 31 March 2017, the Group's investment properties amounted to HK$149 million and represented 58% of the Group's total assets. As disclosed in note 4 to the consolidated financial statements, the Group's investment properties are stated at fair values based on valuations on these properties conducted by a firm of independent professional valuers (the "Valuers") using property valuation techniques which involve certain assumptions of market conditions. The fair values of investment properties are derived using income capitalisation method. Details of the valuation techniques and key unobservable inputs used in the valuations are disclosed in note 14 to the consolidated financial statements.	Our procedures in relation to assessing the appropriateness of the fair values of the investment properties included: • Obtaining an understanding of management controls over the valuations of investment properties; • Evaluating the competence, capabilities and objectivity of the Valuers; • Assessing the scope of the valuations, appropriateness of significant assumptions, critical judgments and key input in the valuations and assessing the appropriateness of the methodology based on available market data and our knowledge of the property industry in Hong Kong; and • Checking the reasonableness of source data used in the valuations on a sample basis by benchmarking the details of rental, term yield and reversionary yield to relevant market information.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible 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 solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

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

- 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 those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, 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 the independent auditor's report is Ip Chiu Yin.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

22 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000 (Restated)
Continuing operations			
Revenue	5	**2,628**	2,170
Increase (decrease) in fair value of investment properties	14	**9,580**	(5,660)
Other income	6	**1,037**	440
Other gains and losses	6	**(24)**	101
Employee benefit expenses		**(1,646)**	(3,848)
Other operating expenses		**(5,438)**	(4,272)
Share of profits of joint ventures		**–**	176
Profit (loss) before taxation		**6,137**	(10,893)
Taxation	7	**(171)**	(163)
Profit (loss) for the year from continuing operations		**5,966**	(11,056)
Discontinued operation			
Loss for the year from discontinued operation	8	**(208)**	(407)
Profit (loss) for the year	9	**5,758**	(11,463)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Fair value loss on available-for-sale financial asset		**(289)**	–
Other comprehensive expense for the year		**(289)**	–
Total comprehensive income (expense) for the year		**5,469**	(11,463)
Profit (loss) for the year attributable to owners of the Company:			
– from continuing operations		**5,967**	(11,052)
– from discontinued operation		**(208)**	(407)
		5,759	(11,459)
Loss for the year attributable to non-controlling interest			
– from continuing operations		**(1)**	(4)
		5,758	(11,463)
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		**5,470**	(11,459)
– Non-controlling interests		**(1)**	(4)
		5,469	(11,463)
Earnings (loss) per share			
From continuing and discontinued operations			
– Basic (HK cents)	12	**1.15**	(2.30)
From continuing operations			
– Basic (HK cents)	12	**1.20**	(2.21)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	13	**26,867**	27,991
Investment properties	14	**148,900**	90,640
Available-for-sale financial asset	16	**13,691**	–
		189,458	118,631
Current assets			
Trade and other receivables	17	**934**	738
Tax recoverable		**300**	–
Bank balances and cash	19	**63,975**	127,645
		65,209	128,383
Current liabilities			
Other payables and accrued charges	20	**2,779**	1,147
Rental deposits from tenants		**37**	364
Income tax payable		**162**	94
		2,978	1,605
Net current assets		**62,231**	126,778
Total assets less current liabilities		**251,689**	245,409
Non-current liabilities			
Rental deposits from tenants		**740**	–
Deferred tax liabilities	21	**1,038**	951
		1,778	951
		249,911	244,458
Capital and reserves			
Share capital	22	**49,928**	49,928
Reserves		**199,983**	194,336
Equity attributable to owners of the Company		**249,911**	244,264
Non-controlling interests		**–**	194
		249,911	244,458

The consolidated financial statements on pages 40 to 88 were approved and authorised for issue by the board of directors on 22 June 2017 and are signed on its behalf by:

Xing Luzheng	**Jiang Yi**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2017

	Attributable to owners of the Company						
	Share capital HK$'000	Surplus account HK$'000 (note)	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 1 April 2015	49,928	328,931	–	(123,136)	255,723	198	255,921
Loss and total comprehensive expense for the year	–	–	–	(11,459)	(11,459)	(4)	(11,463)
As at 31 March 2016	49,928	328,931	–	(134,595)	244,264	194	244,458
Fair value loss on available-for-sale investment	–	–	(289)	–	(289)	–	(289)
Profit (loss) for the year	–	–	–	5,759	5,759	(1)	5,758
Total comprehensive (expense) income for the year	–	–	(289)	5,759	5,470	(1)	5,469
Acquisitions of additional interests in a subsidiary (note 30)	–	–	–	177	177	(193)	(16)
As at 31 March 2017	49,928	328,931	(289)	(128,659)	249,911	–	249,911

note: The surplus account represented the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve of a subsidiary which was acquired by the Company pursuant to a previous group reorganisation in 1997.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000 (Restated)
OPERATING ACTIVITIES			
Profit (loss) for the year		**5,758**	(11,463)
Adjustments for:			
Income tax		**171**	163
Depreciation		**1,475**	374
Interest income		**(552)**	(440)
Investment income		**(485)**	–
(Increase) decrease in fair value of investment properties		**(9,580)**	5,660
Gain on disposal of subsidiaries		**–**	(109)
Share of profits of joint ventures		**–**	(176)
Operating cash flows before movements in working capital		**(3,213)**	(5,991)
Increase in trade and other receivables		**(196)**	(521)
Increase in other payables and accrued charges		**2,045**	93
Cash used in operations		**(1,364)**	(6,419)
Income tax paid		**(316)**	(129)
NET CASH USED IN OPERATING ACTIVITIES		**(1,680)**	(6,548)
INVESTING ACTIVITIES			
Purchase of an investment property		**(48,680)**	–
Acquisition of available-for-sale financial asset		**(13,980)**	–
Addition to property, plant and equipment		**(351)**	(28,311)
Proceeds from disposal of subsidiaries	18	**–**	29,911
Investment income received		**485**	–
Interest received		**552**	440
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(61,974)**	2,040
CASH USED IN FINANCING ACTIVITIES			
Acquisitions of additional interests in a subsidiary		**(16)**	–
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(63,670)**	(4,508)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**127,645**	132,153
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		**63,975**	127,645

1. GENERAL

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

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

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

The Company acts as an investment holding company and the particulars of its subsidiaries are set out in note 30 to the consolidated financial statements. The Group's subsidiary was also engaged in carpark management which was discontinued in current year (see note 8).

* *The English name is for identification only.*

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

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

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
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 HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

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

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

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

HKFRS 9 *Financial Instruments* (continued)

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale financial asset will be measured as fair value through profit or loss ("FVTPL"). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

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

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Company currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has no non-cancellable operating lease commitments as disclosed in note 25. The directors of the Company anticipate that the application of HKAS 16 in the future may result in more disclosure, however, the directors of the Company do not anticipate that the application of HKFRS 16 in the future will have a material impact on the results and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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

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

The significant accounting policies are set out below.

Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as describe below.

Investment income is recognised when the investors' rights to receive payment have been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance lease) and building held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Leasehold land and building

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

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

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment properties measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

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

Foreign currencies

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

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

Retirement benefit costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

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

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

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

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

AFS financial assets

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

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

Impairment of financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

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

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including other payable and rental deposits from tenants are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment on tangible assets

At the end of the reporting period, the management of the Group reviews the carrying amounts of its tangible with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the management of the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY

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

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

Critical judgement in applying accounting policies

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

Deferred taxation on investment properties

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

Key source of estimation uncertainty

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

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2017 at their fair values of HK$148,900,000 (2016: HK$90,640,000). The fair value was based on a valuation on these properties conducted by a firm of independent professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income. Details of the fair value measurements are set out in note 14.

5. SEGMENT INFORMATION

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

An operating segment regarding carpark management was discontinued in the current year. The segment information reported below does not include any amounts for this discontinued operation, which are described in more detail in note 8. The comparative figures for the year ended 31 March 2016 have been restated to re-present the Group's segment information accordingly.

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

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

(ii) Loan financing: this segment provides loan financing services to individual and corporate customers. The Group possesses a money lender license and its money lending business is mainly carried out in Hong Kong. The management of the Group intends to continue this operation and the Group has been is seeking for potential business opportunity for both years.

5. SEGMENT INFORMATION (continued)

Information regarding these segments is reported below.

For the year ended 31 March 2017

Continuing operations

	Segment revenue HK$'000 (note)	Operating profit (loss) HK$'000	Segment results HK$'000
Leasing of properties	**2,628**	**1,048**	**1,048**
Loan financing	**–**	**(21)**	**(21)**
Segment total	**2,628**	**1,027**	**1,027**
Increase in fair value of investment properties			**9,580**
Unallocated income			**1,037**
Unallocated expenses			**(5,507)**
Profit before taxation (continuing operations)			**6,137**

For the year ended 31 March 2016

Continuing operations

	Segment revenue HK$'000 (note)	Operating profit (loss) HK$'000	Segment results HK$'000
Leasing of properties	2,170	346	346
Loan financing	–	(93)	(93)
Segment total	2,170	253	253
Decrease in fair value of investment properties			(5,660)
Share of profits of joint ventures			176
Unallocated income			541
Unallocated expenses			(6,203)
Loss before taxation (continuing operations)			(10,893)

Note: The segment revenue includes rental income from leasing of residential, industrial and commercial properties.

5. SEGMENT INFORMATION (continued)

Other segment information

During the year, an addition to non-current assets relating to leasing of properties segment amounted to HK$48,680,000 (2016: Nil) was included in the measurement of segment assets.

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

Segment assets and liabilities

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

	Segment assets		Segment liabilities	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operations:				
Leasing of properties	**149,505**	90,903	**2,028**	1,471
Loan financing	**–**	–	**10**	10
	149,505	90,903	**2,038**	1,481
Discontinued operation	**–**	–	**588**	400
Segment total	**149,505**	90,903	**2,626**	1,881
Unallocated:				
Bank balances and cash	**63,975**	127,645	**–**	–
Others	**41,187**	28,466	**2,130**	675
Total	**254,667**	247,014	**4,756**	2,556

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

- all assets are allocated to operating segments other than certain property, plant and equipment, certain other receivables of the corporate office, available-for-sale financial asset and bank balances and cash.

- all liabilities including tax payables and deferred tax liabilities are allocated to operating segments other than certain other payables and accrued charges of the corporate offices.

- investment properties were allocated to the leasing of properties segment while the change in fair value of investment properties was not reported to the CODM as part of the segment results. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

5. SEGMENT INFORMATION (continued)

Geographical information

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

Information about major customers

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

	2017 HK$'000	2016 HK$'000
Customer A – Leasing of properties	**2,155**	1,993

6. OTHER INCOME, OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000
Continuing operations		
Other income		
Bank interest income	**552**	257
Investment income from available-for-sale financial asset	**485**	–
Loan interest income from joint ventures	**–**	183
	1,037	440
Other gains and losses, net		
Gain on disposal of subsidiaries (note 18)	**–**	109
Others	**(24)**	(8)
	(24)	101

7. TAXATION

	2017 HK$'000	2016 HK$'000
Continuing operations		
Current tax – Hong Kong Profits Tax:		
Provision for the year	**84**	57
Underprovision in prior years	**–**	76
	84	133
Deferred tax (note 21)	**87**	30
	171	163

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

7. TAXATION (continued)

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

	2017 **HK$'000**	2016 HK$'000
Profit (loss) before taxation	**5,929**	(11,300)
Tax at the Hong Kong Profits Tax rate of 16.5%	**978**	(1,865)
Tax effect of share of profits of joint ventures	**–**	(29)
Tax effect of expenses not deductible for tax purpose	**356**	1,457
Tax effect of income not taxable for tax purpose	**(1,810)**	(112)
Tax effect of tax losses not recognised	**674**	736
Utilisation of tax losses previously not recognised	**(27)**	(100)
Underprovision in prior years	**–**	76
Income tax expense for the year	**171**	163

8. DISCONTINUED OPERATION

The Group ceased its carpark management operation which represents a separate operating segment carried out by a subsidiary, Keen Capital Investments Limited ("Keen Capital") upon the expiry of leasing of car parking spaces on 6 October 2016. The cessation was effected in order to maintain cash flows for the Group's operation in other businesses.

The loss for the year from the discontinued carpark management operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the carpark management operation as a discontinued operation.

	Year ended 31/3/2017 HK$'000	Year ended 31/3/2016 HK$'000
Loss of carpark management operation for the year	**(208)**	(407)

8. DISCONTINUED OPERATION (continued)

The results of the carpark management operation for the period from 1 April 2016 to 6 October 2016 which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period ended 6/10/2016 HK$'000	Year ended 31/3/2016 HK$'000
Revenue	**991**	2,490
Employee benefit expenses	**(387)**	(747)
Other operating expenses	**(812)**	(2,150)
Loss before taxation	**(208)**	(407)
Taxation	**–**	–
Loss for the period/year	**(208)**	(407)
Loss for the period/year from a discontinued operation includes the following:		
Auditor's remuneration	**(20)**	(20)
Gross rental income	**991**	2,490
Less: direct operating expenses that generated rental income during the year	**(790)**	(2,865)
	201	(375)

During the year, other than HK$20,355 (2016: HK$2,655) used in operating activities, Keen Capital has no cash flows contributed to the Group.

9. PROFIT (LOSS) FOR THE YEAR

	2017 HK$'000	2016 HK$'000 (Restated)
Profit (loss) for the year from continuing operations has been arrived at after charging (crediting):		
Auditor's remuneration:		
– Audit services	**490**	440
– Non-audit services	**20**	20
Depreciation of property, plant and equipment	**1,475**	374
Directors' emoluments (note 10(a))	**480**	2,340
Other staff costs:		
– Salaries and other benefits	**1,121**	1,451
– Retirement benefit scheme contributions	**45**	57
Total staff costs	**1,646**	3,848
Gross rental income	**(2,628)**	(2,170)
Less: direct operating expenses that generated rental income during the year	**145**	36
	(2,483)	(2,134)

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

(a) Directors' and Chief Executive's emoluments

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

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
2017					
Executive Directors:					
Mr. Xing Luzheng (note 1)	–	–	–	–	–
Mr. Chen Mingdong (note 1)	–	–	–	–	–
Mr. Jiang Yi (notes 1 and 2)	–	–	–	–	–
Mr. Wang Yimei (note 1)	–	–	–	–	–
Mr. Yuan Zhi (note 1)	–	–	–	–	–
Non-executive Director:					
Mr. Zhang Zhenan (note 1) (resigned on 21 June 2016)	–	–	–	–	–
Independent non-executive Directors:					
Mr. Yin Tek Shing, Paul	120	–	–	–	120
Mr. Wong Tin Kit	120	–	–	–	120
Ms. Zhao Meiran	120	–	–	–	120
Mr. Li Xue	120	–	–	–	120
	480	–	–	–	480

notes:

(1) The Executive Directors and Non-executive Director are also the directors or employees of the ultimate holding company and received their emoluments from the ultimate holding company. There is no reasonable basis to allocate any amount to the Group.

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

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

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

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

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

notes:

(1) The Executive Directors and Non-executive Director are also the directors or employees of the ultimate holding company and received their emoluments from the ultimate holding company. There is no reasonable basis to allocate any amount to the Group.

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

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

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

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

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

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

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

(b) Highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2016: one) was a Director whose emoluments are included in the disclosures in note 10(a) above. The emoluments of the remaining four (2016: four) individuals was as follows:

	2017	2016
	HK$'000	HK$'000
Salaries and other benefits	**1,085**	1,223
Retirement benefit scheme contributions	**44**	43
	1,129	1,266

The number of the highest paid individuals who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2017 Number of employees	2016 Number of employees
Not exceeding HK$1,000,000	**4**	4

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

11. DIVIDENDS

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

12. EARNINGS (LOSS) PER SHARE

For continuing operations

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

Earning (loss) figures are calculated as follows:

	2017 **HK$'000**	2016 HK$'000
Profit (loss) for the year attributable to owners of the Company	**5,759**	(11,459)
Less: Loss for the year from discontinued operation	**(208)**	(407)
Earnings (loss) for the purpose of basic earnings per share from continuing operations	**5,967**	(11,052)

	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**499,276,680**	499,276,680

From continuing and discontinued operations

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

	2017 **HK$'000**	2016 HK$'000
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings per share		
Profit (loss) for the year attributable to owners of the Company	**5,759**	(11,459)

The denominators used are the same as detailed above for basic earnings per share.

From discontinued operation

Basic loss per share for the discontinued operation is HK0.05 cents per share (2016: HK0.09 cents per share), based on the loss for the year from the discontinued operation of HK$208,000 (2016: HK$407,000) and the denominators detailed above for basic earnings per share.

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

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
COST				
At 1 April 2015	–	–	71	71
Additions	28,248	–	63	28,311
At 31 March 2016	28,248	–	134	28,382
Additions	–	311	40	351
At 31 March 2017	28,248	311	174	28,733
ACCUMULATED DEPRECIATION				
At 1 April 2015	–	–	17	17
Provided for the year	353	–	21	374
At 31 March 2016	353	–	38	391
Provided for the year	1,412	29	34	1,475
At 31 March 2017	1,765	29	72	1,866
CARRYING VALUES				
At 31 March 2017	26,483	282	102	26,867
At 31 March 2016	27,895	–	96	27,991

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

Leasehold land and building	20 years or over the term of the relevant lease for land, whichever is shorter
Leasehold improvement	10 years or over the term of the relevant lease, whichever is shorter
Furniture, fixtures and equipment	Over 5 years

14. INVESTMENT PROPERTIES

	Total HK$'000
FAIR VALUE	
At 1 April 2015	96,300
Decrease in fair value recognised in profit or loss	(5,660)
At 31 March 2016	90,640
Addition	48,680
Increase in fair value recognised in profit or loss	9,580
At 31 March 2017	148,900

The investment properties are located in Hong Kong.

The valuations for investment properties have been arrived at the basis of valuations carried out at 31 March 2017 by Peak Vision Appraisals Limited (2016: Ascent Partners Valuation Service Limited), a firm of professional valuers independent to the Group, by adopting the Income Capitalisation Method (2016: Direct Comparison Method). Due to limited number of market transactions of a property held by the Group, the management of the Group considers using the income capitalisation method in deriving the fair value be appropriate. The management of the Group also considered there is no significant differences between the fair values based on the two methods for other properties.

The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Fluctuations in fair value of investment properties are discussed semi-annually among the board of directors.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

14. INVESTMENT PROPERTIES (continued)

Followings are the key inputs used in valuing the investment properties as at 31 March 2017:

Category	Term of lease	Fair value hierarchy	Fair value at 31 March 2017 HK$'000	Fair value at 31 March 2016 HK$'000	Valuation techniques	Key unobservable inputs	Range or weighted average	Relationship of unobservable inputs to fair value
Residential Property in Hong Kong	Long lease	Level 3	**10,100**	8,000	Income capitalisation method based on the average market observable rental value of similar properties after applying adjusting factors to reflect the conditions and locations of the subject property	(1) Term yield	2.25%	The higher the term yield, the lower the fair value.
						(2) Reversionary yield	2.50%	The higher the reversionary yield, the lower the fair value.
						(3) Monthly rent per sq. ft.	HK$28	The higher the monthly rent, the higher the fair value.
						(4) Reversionary rent per sq. ft.	HK$36 – HK$43	The higher the reversionary rent, the higher the fair value.
					(2016: Direct Comparison Method based on the average market observable transactions of similar properties after applying adjusting factors to reflect the conditions and locations of the subject property)	(2016: Price per sq. ft.)	(2016: HK$13,000 to HK$16,000)	(2016: The higher the price per sq.ft., the higher the fair values, or vice versa.)
						Adjusting factors on location and conditions including floor, and size of the property	Adjusting factors ranging from -10% to 3% (2016: -10% to 0%)	The more favourable the adjusting factor, the higher the fair values, or vice versa.

14. INVESTMENT PROPERTIES (continued)

Category	Term of lease	Fair value hierarchy	Fair value at 31 March 2017 HK$'000	Fair value at 31 March 2016 HK$'000	Valuation techniques	Key unobservable inputs	Range or weighted average	Relationship of unobservable inputs to fair value
Industrial and commercial property in Hong Kong	Medium-term lease	Level 3	**87,800**	82,640	Income capitalisation method based on the average market observable rental value of similar properties after applying adjusting factors to reflect the conditions and locations of the subject property	(1) Term yield	2.75%	The higher the term yield, the lower the fair value.
						(2) Reversionary yield	3.00%	The higher the reversionary yield, the lower the fair value.
						(3) Monthly rent per sq. ft.	HK$12	The higher the monthly rent, the higher the fair value.
						(4) Reversionary rent per sq. ft.	HK$12 – HK$14	The higher the reversionary rent, the higher the fair value.
					(2016: Direct Comparison Method based on the average market observable transactions of similar properties after applying adjusting factors to reflect the conditions and locations of the subject property)	(2016: Price per sq. ft.)	(2016: HK$6,000 to HK$8,000)	(2016: The higher the price per sq.ft., the higher the fair values or vice versa.)
						Adjusting factors on location and conditions including floor, age, size and view of the property	Adjusting factors ranging from -8% to 4% (2016: -10% to 5%)	The more favourable higher the adjusting factor, the higher the fair values, or vice versa.
Commercial property in Hong Kong	Long lease	Level 3	**51,000**	–	Income capitalisation method based on the average market observable rental value of similar properties after applying adjusting factors to reflect the conditions and locations of the subject property	(1) Term yield	2.25%	The higher the term yield, the lower the fair value.
						(2) Reversionary yield	2.50%	The higher the reversionary yield, the lower the fair value.
						(3) Monthly rent per sq. ft.	HK$48	The higher the monthly rent, the higher the fair value.
						(4) Reversionary rent per sq. ft.	HK$51 – HK$67	The higher the reversionary rent, the higher the fair value.
						Adjusting factors on location and conditions including floor, and size of the property	Adjusting factors ranging from -5% to 3%	The more favourable the adjusting factor, the higher the fair values, or vice versa.
			148,900	90,640				

15. PLEDGE OF ASSETS

As at 31 March 2017, investment properties with an aggregate carrying amount of HK$87,800,000 (2016: HK$82,640,000) were pledged to a bank to secure general banking facilities granted to the Group. As at 31 March 2017, the Group has available unutilised banking facilities of HK$57,000,000 (2016: HK$57,000,000).

16. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2017	2016
	HK$'000	HK$'000
Unlisted investments in Hong Kong, at fair value	**13,691**	–

On 29 June 2016, a wholly-owned subsidiary of the Company (the "Subscriber") entered into a subscription agreement pursuant to which the Subscriber agreed to subscribe for the Class A shares in the Asian Bond Fund Segregated Portfolio ("the Sub-Fund") of CMBI SPC (an exempted segregated portfolio company incorporated in the Cayman Islands with limited liability) for an aggregate consideration of US$1,795,000 (equivalent to approximately HK$13,980,000). The Sub-Fund is a segregated portfolio of the Fund and managed by CMB International Asset Management Limited. The subscription of the Class A shares in the Sub-Fund, representing approximately 8.50% of the total issued Class A shares of the Sub-Fund, was completed on 7 July 2016.

The Fund aims at generating interest income and long term capital appreciation, with at least 70% of its net assets invested in a broad range of fixed income securities and instruments and derivative financial instruments for investment and hedging purposes. Not more than 30% of the Sub-Fund's net assets may be invested in assets not meeting the above requirements.

Shares of the Sub-Fund may be redeemed at a redemption price which equals the net asset value per share as at the valuation date immediately preceding the dealing date. The Sub-Fund may redeem all or some of the shares of the Sub-Fund held by any person if, in the opinion of the directors of the Fund, it is in the interests of the Sub-Fund or when certain conditions are met, at the prevalent redemption price. The price for each share equals to the net asset value per share after adjusting for all liabilities accrued or contingent upon the liquidation of the Sub-Fund.

There is no guaranteed nor targeted level of dividend payment from the Sub-Fund. The Sub-Fund may at its full discretion to declare none, partial or all of its income accrued or received, realised capital gains and capital of the Sub-Fund to its shareholders.

The investments in the Sub-Fund are classified as available-for-sale financial asset and are measured at fair value on a recurring basis at the end of each reporting period. As at 31 March 2017, the fair value of the available-for-sale financial asset of approximately HK$13,691,000 is determined by reference to the quoted price provided by the issuing financial institution (Level 2 measurement) (note 24(c)).

17. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**467**	37
Deposits and prepayments	**467**	701
	934	738

For leasing of properties and carpark management operation, due to the nature of businesses, the Group generally grants no credit period to these customers. The following is an aged analysis of trade debtors from leasing of properties (2016: leasing of properties), net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

	2017 HK$'000	2016 HK$'000
Trade debtors aged:		
0 – 60 days	**467**	37

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

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

18. DISPOSAL OF SUBSIDIARIES

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

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

18. DISPOSAL OF SUBSIDIARIES (continued)

Analysis of assets and liabilities of the subsidiaries over which control was lost in year ended 31 March 2016:

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

19. BANK BALANCES AND CASH

	2017 **HK$'000**	2016 HK$'000
Cash at banks and in hand	**8,978**	53,818
Time deposits in books with maturity less than three months	**54,997**	73,827
	63,975	127,645

Bank balances carry interest at market rates which range from 0.01% to 0.50% (2016: 0.01% to 0.50%) per annum.

19. BANK BALANCES AND CASH (continued)

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

	2017 HK$'000	2016 HK$'000
United States Dollars ("USD")	**58,112**	75,579

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

20. OTHER PAYABLES AND ACCRUED CHARGES

	2017 HK$'000	2016 HK$'000
Other payables	**1**	–
Accrued charges	**1,721**	1,134
Receipt in advance	**1,057**	13
	2,779	1,147

21. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation HK$'000	**Tax losses recognised** HK$'000	**Total** HK$'000
At 1 April 2015	921	–	921
Charge to profit or loss	30	–	30
At 31 March 2016	951	–	951
Charge (credit) to profit or loss	343	(256)	87
At 31 March 2017	1,294	(256)	1,038

At 31 March 2017, the Group has unused tax losses of HK$40,901,000 (2016: HK$35,430,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$1,550,000 (2016: Nil) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$39,351,000 (2016: HK$35,430,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely under current tax regulation in Hong Kong.

22. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 April 2015, 31 March 2016 and 2017	20,000,000	2,000,000
Issued and fully paid:		
At 1 April 2015, 31 March 2016 and 2017	499,277	49,928

23. CAPITAL RISK MANAGEMENT

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

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

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

24. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**64,442**	127,682
Available-for-sale financial asset	**13,691**	–
	78,133	127,682
Financial liability		
Amortised cost	**777**	364

24. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

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

Market risk

Interest rate risk
The Group is exposed to cash flow interest rate risk in relation to bank balances as set out in note 19.

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

Credit risk

As at 31 March 2017, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the carrying amount of the respective financial assets as stated in the consolidated statement of financial position.

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

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

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any significant concentration of credit risk.

24. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate	Repayable on demand or less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.03.2017 HK$'000
2017							
Rental deposits from tenants	–	–	–	37	740	777	777

	Weighted average effective interest rate	Repayable on demand or less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.03.2016 HK$'000
2016							
Rental deposits from tenants	–	–	–	364	–	364	364

24. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements

The Group's available-for-sale financial asset is measured at fair value at end of each reporting period. The following table gives information about how the fair value of this financial asset are determined.

Financial asset	Fair value as at 31.3.2017	Fair value as at 31.3.2016	Fair value hierarchy	Valuation techniques and key inputs
Unlisted investments classified as available-for-sale financial asset in the consolidated statement of financial position	**HK$13,691,000**	–	Level 2	The fair value was determined with reference to the quoted price provided by the issuing financial institution

The directors consider that the carrying amounts of the other financial assets and financial liabilities that are measured at amortised cost recognised in the consolidated financial statements approximate their fair values.

25. OPERATING LEASES

The Group as lessee

During the current year, the Group made minimum lease payments under operating leases of HK$772,000 (2016: HK$1,974,000).

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

	2017 **HK$'000**	2016 HK$'000
Within one year	**–**	772

Operating lease payments represented rentals payable by the Group for its office and car park under management. Leases were negotiated for an average term of two to three years and monthly rentals were fixed. Such leases were terminated during the year ended 31 March 2017.

25. OPERATING LEASES (continued)

The Group as lessor

Property and carpark rental income earned during the year was approximately HK$2,628,000 (2016: HK$2,170,000) and HK$991,000 (2016: HK$2,490,000) respectively. During the year, the carpark management operation has been ceased, further details are set out in note 8.

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

	2017	2016
	HK$'000	HK$'000
Within one year	**3,803**	1,499
In the second to fifth year inclusive	**4,848**	183
	8,651	1,682

26. RETIREMENT BENEFIT SCHEME

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

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

The total costs charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK$62,000 (2016: HK$129,000) represents contributions paid or payable to the MPF Scheme by the Group during the year.

27. RELATED PARTY TRANSACTIONS

(a) During the year ended 31 March 2016, the Group received interest income in the amount of HK$183,000 (2017: Nil) from joint ventures. In addition, the Company, as tenant, entered into two tenancy agreements during the year ended 31 March 2016, one with the intermediate holding company and the other with a fellow subsidiary in respect of certain premises. Under the agreements, the Company was granted the rights to use the relevant premises and was required to pay the related building management fee, utilities expenses and rates but it was not required to pay any rental. The premises were used by the Group as its office up to 31 December 2015.

(b) Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	2017	2016
	HK$'000	HK$'000
Short-term benefits	**480**	2,302
Post-employment benefits	**–**	38
	480	2,340

As detailed in note 10(a), the emolument paid to Executive and Non-executive Director were borne by the ultimate holding company as they are also the directors or employees of the ultimate holding company. There is no reasonable basis to allocate any amount to the Group.

28. SHARE-BASED PAYMENT TRANSACTION

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

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

28. SHARE-BASED PAYMENT TRANSACTION (continued)

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

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

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

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

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Amounts due from subsidiaries		**203,825**	137,879
Property, plant and equipment		**78**	96
		203,903	137,975
Current assets			
Other receivables		**238**	385
Bank balances and cash		**59,446**	127,450
		59,684	127,835
Current liabilities			
Other payables and accrued charges		**1,043**	649
Amounts due to subsidiaries		**89,942**	90,100
		90,985	90,749
Net current (liabilities) assets		**(31,301)**	37,086
		172,602	175,061
Capital and reserves			
Share capital		**49,928**	49,928
Reserves	(a)	**122,674**	125,133
		172,602	175,061

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

Note:

(a) Reserves

	Contributed surplus HK$'000 (Note)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2015	629,209	(498,918)	130,291
Loss and total comprehensive expense for the year	–	(5,158)	(5,158)
At 31 March 2016 and 1 April 2016	629,209	(504,076)	125,133
Loss and total comprehensive expense for the year	–	(2,459)	(2,459)
At 31 March 2017	629,209	(506,535)	122,674

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

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

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

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

30. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2017 and 2016 are as follows:

Name of subsidiary	Place of incorporation/ registration/ establishment/ operation	Issued and fully paid share/ registered capital	Percentage of issued share/ registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2017 %	2016 %	2017 %	2016 %	
Capital Scope Limited	British Virgin Islands	US$1	100	100	–	–	Investment holding
Capital Up Holdings Limited	British Virgin Islands	US$1	100	100	–	–	Investment holding
Classic Charter Limited	Hong Kong	HK$50	–	–	100	96	Loan financing
Electronics Tomorrow Property Holdings Limited	British Virgin Islands	US$100	–	–	100	100	Investment holding
Issegon Company Limited	Hong Kong	HK$300,000	–	–	100	100	Property investment and leasing of properties
Jumbo Light Limited	British Virgin Islands	US$1	100	100	–	–	Investment holding
Keen Capital Investments Limited	Hong Kong	HK$1	100	100	–	–	Carpark management
Prime Concept Development Limited	Hong Kong	HK$1	100	100	–	–	Investment holding
Royal Asset Investments Limited	Hong Kong	HK$1	–	–	100	100	Property investment and leasing of properties
World Regal Limited	British Virgin Islands	US$1	100	100	–	–	Investment holding

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

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

During the year ended 31 March 2017, the Group acquired additional 4% equity interest in Classic Charter Limited at a total of consideration of HK$16,000 from non-controlling shareholders. The acquisitions have been accounted for as equity transactions. The difference of HK$177,000 between the consideration paid of HK$16,000 and the carrying amount of the attributable non-controlling interests of HK$193,000 acquired had been credited to accumulated losses.

30. PRINCIPAL SUBSIDIARIES (continued)

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

Principal activities	Country/place of Incorporation/ establishment	Number of subsidiaries 2017	2016
Leasing of properties	Hong Kong	**2**	2
Carpark management	Hong Kong	**1**	1
Loan financing	Hong Kong	**1**	1
Others	Hong Kong	**2**	2
	Others	**7**	6
		13	12

FINANCIAL SUMMARY

	For the year ended 31 March				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Revenue	9,338	9,122	7,732	4,660	**3,619**
(Loss) profit before taxation	(1,332)	631	7,417	(11,300)	**5,929**
Taxation	–	134	(223)	(163)	**(171)**
(Loss) profit for the year	(1,332)	765	7,194	(11,463)	**5,758**
(Loss) profit attributable to:					
Owners of the Company	(1,414)	713	7,192	(11,459)	**5,759**
Non-controlling interests	82	52	2	(4)	**(1)**
	(1,332)	765	7,194	(11,463)	**5,758**

	As at 31 March				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Total assets	312,138	319,661	258,350	247,014	**254,667**
Total liabilities	(985)	(1,903)	(2,429)	(2,556)	**(4,756)**
	311,153	317,758	255,921	244,458	**249,911**
Equity attributable to:					
Owners of the Company	311,009	317,562	255,723	244,264	**249,911**
Non-controlling interests	144	196	198	194	**–**
	311,153	317,758	255,921	244,458	**249,911**

SCHEDULE OF PRINCIPAL PROPERTIES

Location	Approximate gross floor area (sq. ft.)	Use	Term of lease	Group's ownership
INVESTMENT PROPERTIES				
Flat E on 13th Floor, Hing On Mansion, On Shing Terrace, No. 5 Tai Yue Avenue, Taikoo Shing, Hong Kong	600	Residential	Long lease	100%
Workshop Unit Nos. 03 to 07 on 9th Floor, Car Parking Space No. L48 on Ground Floor and Car Parking Space No. P45 on Basement Floor, Harbour Centre Tower 1, No. 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong	16,225	Industrial and commercial	Medium-term lease	100%
Office Unit No. 1805, 18th Floor, Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong	1,930	Commercial	Long lease	100%