Deson Development International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 262)

ANNUAL REPORT 2016

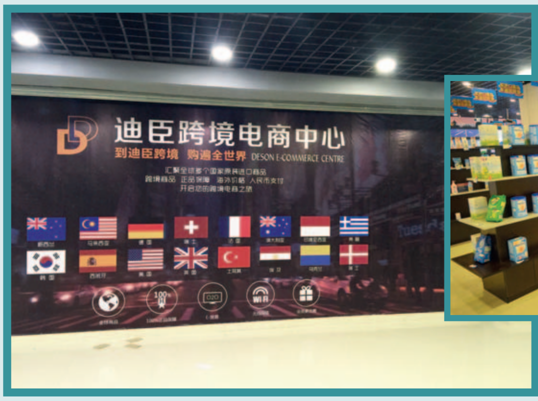
投資項目 Investment Project

****

迪臣跨境電商中心　Deson E-Commerce Centre

迪臣集團於世博廣場寫字樓二樓開設跨境電商旗艦店，打造“線上交易”+“線下體驗”O2O消費模式。

Deson Group has established an e-commerce flagship store on the second floor of Deson • World Expo Plaza Office to develop the O2O consumption patterns as “Online Transaction” + “Offline Experience”.



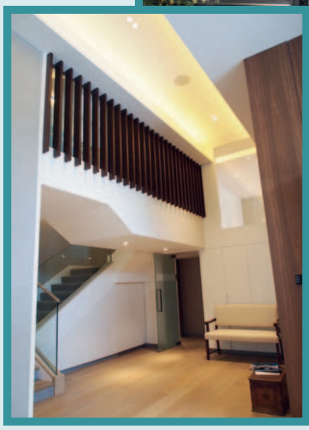
開封世博廣場　寫字樓
Deson • World Expo Plaza　Office

開封世紀豪苑　C區　連排別墅
Deson Century Place　Section C　Villas Complex

開封世紀豪苑　G區　連排別墅（效果圖）
Deson Century Place　Section G　Villas Complex (Perspective Drawings)

建築及裝修工程 Construction & Fitting-out Project

****



香港南灣道15號

改建及精裝修工程

No.15 South Bay Road, Hong Kong

A&A and Fitting-out works

香港新界西貢碧沙道

總承包工程，八幢獨立住宅、會所及相關外圍工程（包括地盤平整、上蓋、機電及裝修工程）

Pik Sha Road, Sai Kung, N.T., Hong Kong

Main Contractor for development of eight nos. residential houses, clubhouse and associated external works including site formation, construction of sub-structure and superstructure works, building services and interior fitting-out works

香港尖沙咀廣東道海港城Prada

改建及精裝修工程

Prada, Harbour City, Canton Road, Tsimshatsui, Hong Kong

A&A and Fitting-out works

機電工程 E&M Project

****

將軍澳工業邨多媒體製作及分銷中心

消防及電氣設備裝置工程

Multimedia Production & Distribution Centre at Tseung Kwan O Industrial Estate

Fire Services and Electrical Installation

聖公會聖十架小學及保良局何壽南小學

電氣、空調及消防設備安裝工程

SKH Holy Cross Primary School & PLK Stanley Ho Sau Nan Primary School

Building Services Installation (Electrical, MVAC & Fire Services)

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Mr. Lu Quanzhang *(Chairman)*
Mr. Tjia Boen Sien
(Managing Director and Deputy Chairman)
Mr. Wang Jing Ning
Mr. Tjia Wai Yip, William
Dr. Ho Chung Tai, Raymond**
Ir Siu Man Po**
Mr. Siu Kam Chau**

*(** Independent non-executive Directors)*

COMPANY SECRETARY

Mr. Lam Wing Wai, Angus, *HKICPA*

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Dah Sing Bank, Limited

LEGAL ADVISERS

Appleby
Howse Williams Bowers

AUDITORS

Ernst & Young

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

11th Floor, Nanyang Plaza
57 Hung To Road
Kwun Tong
Kowloon
Hong Kong

FOREWORD

On behalf of the board of directors (the "**Board**") of Deson Development International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I have the pleasure to present to you the annual report for the year ended 31 March 2016.

During the year, the global economy experienced an extremely volatile period with fierce fluctuation in the currency markets and turmoil in the global stock markets. Overall business environment in Mainland China remained challenging as its GDP growth continued to slow down.

The global economy faces greater challenges and uncertainties as the economic recovery continues to remain weak in the coming future. The property market is still playing a significant role in GDP growth, the industry policy will loosen and the sustainable development of urbanisation will be the key driver for property market growth in China. "De-stocking" will also remain a key focus of the property industry. The market will face restructuring along with the stable growth fierce market competition, an increasing degree of concentration of the industry and the regional diversification becoming distinct, which will be favourable to the fairly competitive developers for capturing the opportunities for more rapid and better development.

The Group is establishing a risk management system that is in line with the global standard on corporate governance, covering all the business segments to monitor, assess and manage various risks in the Group's business activities. The Group will conduct regular reviews on different risks in each area.

SUMMARY

Looking forward to 2016, the central government of Mainland China is expected to continue to pursue inventory de-stocking to ensure stable development in the property market. As a result, the property markets will continue to benefit from various supportive measures. The Group will continue to operate under a diversified business model. In respect of domestic demand, China's economy is showing a sign of continuous improvement as a result of the impact of the government's stimulus moves; nevertheless, with its proven track records and valuable expertise, the Group remains confident that its team's commitment and dedication will enable the Group to embrace the challenges ahead. The Group will continue strengthen the development of construction business (including electrical and mechanical engineering services) and also focus on the property development and investment business in a prudent manner. The Group will keep on seeking new opportunities and corporate development so as to accelerate the growth momentum. I believe the Group will continue to create value for shareholders as a result of the diligent efforts of all employees.

ACKNOWLEDGEMENTS

On behalf of the directors, I would like to express my heartfelt thanks to the long term support and trust of the Company's Shareholders, business partners and customers. I would also like to thank my colleagues for their dedication, hard work and continuous commitment over the past few years in aiding the Group to achieve an outstanding performance. The Group will carry on dedicating its efforts towards the Group's long-term development and hence deliver sustainable returns to its Shareholders.

Tjia Boen Sien
Managing Director and Deputy Chairman

Hong Kong
21 June 2016

BUSINESS REVIEW

The Group's turnover for the year ended 31 March 2016 recorded at HK$904,421,000, which represented an increase of 6% as compared with last year. The net profit attributable to owners of the Company amounted to approximately HK$140,998,000 representing an increase of 49% as compared with last year. The increase was mainly because there were significant increases in fair value gain on investment properties (after deferred taxation) in the amount of HK$196,441,000. The increase was offset by the general slow down in the property market in the People's Republic of China (the "**PRC**"). In addition, HK$5,954,000 share option expenses were incurred due to the grant of share options to certain directors and employees of the Group during the year. Earnings per share is approximately HK17.68 cents.

The Group's major business segments during the year comprise (i) property development and investment; (ii) trading of medical equipment and home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products for construction market; and (iii) construction as a main contractor and decoration, as well as the provision of electrical and mechanical ("**E&M**") engineering services.

In the current year, segment operating profit generated from the property development and investment business increased by 37% as compared to last year. This is mainly due to the combined effect of (i) the significant increases in fair value gain on investment properties (after deferred taxation) in the amount of HK$196,441,000; (ii) the slow down of the PRC property market during the year; and (iii) the decrease in rental income. Turnover generated from the sales of property decreased by 33% from HK$72,728,000 for the year ended 31 March 2015 to HK$49,331,000 for the year ended 31 March 2016. Besides, the Group's rental income received during the year decreased by 25% from HK$51,967,000 for the year ended 31 March 2015 to HK$38,893,000 for the year ended 31 March 2016. However, the Group has reclassified its properties at Kaifeng City, Henan Province from "properties held for sales" to "investment properties" during the year. As at 31 March 2016, the revaluation gain recorded during the year for all of the investment properties held by the Group is HK$261,921,000 (2015: HK$141,436,000). The increase in fair value gain on investment properties has totally offset the effect in the drop of sales of properties and the decrease in rental income.

During the year ended 31 March 2016, the Group completed or substantially completed a number of projects such as fitting-out works for residential house at South Bay Road, Hong Kong, was nominated as the sub-contractor for the mechanical ventilation air conditioning ("**MVAC**") services for the proposed student halls VII & IX development at Clear Water Bay for the Hong Kong University of Science and Technology, provided electrical installation for a residential building at Kwai Fong Street, Happy Valley, Hong Kong, and carried out fitting-outs works for Prada shop at Causeway Bay, Hong Kong and for Miu Miu shop and Prada shop in Beijing.

In the prior year, the Company had spun-off the construction and engineering contracting business held through Deson Construction International Holdings Limited ("**DCIHL**"), which was separately listed on The Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). DCIHL has developed a new business segment, which includes long-term and short-term investments in marketable securities and other related financial and/or investment products and opportunities (including without limitation fixed income products, foreign exchange products, commodities and related products, investment funds, pre-IPO investment opportunities, etc.) (the "**New Business**"). The initial capital required for the New Business is financed by internal resources and banking facilities of DCIHL. The directors of DCIHL consider the development of the New Business will enable DCIHL to diversify its business and broaden its revenue base and is in the interest of the Company and its shareholders as a whole.

FINANCIAL REVIEW

Turnover

For the year ended 31 March 2016, the Group's turnover amounted to HK$904 million, increased by 6% as compared to last year. The increase was due to (i) the decrease in sales of properties in the PRC; (ii) certain new projects were granted in late 2014 or early 2015 and not much revenue was recognised in last year; and (iii) the addition fitting-out works contracts granted in the PRC. Turnover generated from property development and investment business, trading of medical equipment and home securities and automation products as well as trading of various granite and marble products, stone slabs and products for construction market and construction contracting business amounted to approximately HK$59 million, HK$32 million and HK$813 million, respectively, which represent a decrease by 20%, increase by 25% and increase by 8% respectively as compared to last year.

Gross profit margin

During the year ended 31 March 2016, the Group's gross profit margin was approximately 9.1%, down by 0.4% as compared to last year's 9.5%, mainly driven by the decrease in the percentage of turnover generated from the property development and investment segment over the total turnover, from last year's 9% to this year's 7%, where the gross profit margin of this segment generally has a much higher gross profit margin than another segment, i.e. construction contracting segment, as a result, the overall gross profit margin is lower than last year.

Liquidity and financial resources

As at 31 March 2016, the Group had total assets of HK$3,302,666,000, which was financed by total liabilities, shareholders' equity and non-controlling interests of HK$1,921,417,000, HK$1,360,266,000 and HK$20,983,000, respectively. The Group's current ratio at 31 March 2016 was 1.30 compared to 1.95 at 31 March 2015.

The gearing ratio for the Group is 35% (31 March 2015: 38%). It was calculated based on the non-current liabilities of HK$732,639,000 (31 March 2015: HK$709,535,000) and long term capital (equity and non-current liabilities) of HK$2,113,888,000 (31 March 2015: HK$1,878,606,000).

Capital expenditure

Total capital expenditure for the year ended 31 March 2016 was approximately HK$970,000, and was mainly used in the purchase of items of property, plant and equipment.

Contingent liabilities

At the end of the reporting date, there were no significant contingent liabilities for the Group.

Commitments

At the end of the reporting date, there were no significant capital commitments for the Group.

Charges on group assets

Assets with carrying value of HK$1,535,230,000 were pledged as securities for the Group's banking facilities. Details of the charges on assets of the Group are set out in note 30 to the financial statements.

Treasury policies

The Directors will continue to follow a prudent policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business. In view of the expected development for the property development project in Kaifeng, the PRC, the Group will take into consideration the Renminbi fund planning to adequately finance this project. Interest for the current bank borrowings was mainly on floating rate basis and the bank borrowings were principally denominated in Hong Kong dollars and Renminbi. Hence, there is no significant exposure to foreign exchange rate fluctuations.

Exchange risk exposure

The Group mainly exposes to the Renminbi currency, arising from relevant group entities' foreign currency denominated monetary assets and liabilities for the Group's operating activities.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

PROSPECT

Property development and investment

On 9 June 2005, the Group was granted the land use rights of a development site in Long Ting district of the city of Kaifeng. The Directors intend to develop a residential and commercial complex on the site with an estimated gross floor area of approximately 221,000 square ("**sq.**") metres. Up to now, a gross floor area of 190,000 sq. metres had completed construction and the total sales contract sum achieved amounted to approximately RMB754 million. The remaining of the land is under construction, processing smoothly, and it is expected the construction will be completed by 2017.

On 16 February 2012, the Group has successfully won a bid for the acquisition of land use right of a residential and commercial site in the city of Kaifeng. The Directors intend to develop a residential and commercial complex on the site with an estimated gross floor area of approximately 100,000 sq. metres. Up to now, gross floor area of 20,000 sq. metres had completed construction. It includes two commercial buildings with gross floor area of 15,000 sq. metres and an animation theatre with gross floor area of around 5,000 sq. metres. The total sales contract sum achieved from the sales of commercial properties amounted to approximately RMB23 million. The animation theatre is named as "Qing-Ming Riverside Anime Exhibition" and is used to show the animation of 清明上河圖 which was shown in 2010 Shanghai Expo. It is planned to become a tourist spot at Kaifeng City. It is expected the construction of the whole project will be completed by 2018.

In September 2014, the Group has been granted another land use right in city of Kaifeng, the PRC, named as Zhu Ji Lane ("珠璣巷"). The Directors intend to develop a commercial street project with a total gross floor area of approximately 13,000 sq. metres. It was put in use in the 27th World Hakka Conference which was held in October 2014. As of now, the project has been completed. The total contract sum achieved for the sales of this area amounted to approximately RMB7 million. Most of the units have already been rented out during the year.

The first half of year 2015 was a tough period with the gradual slow growth of the PRC economy. The business performance of the Group for the year ended 31 March 2016 has gradually slowed down. In the first half of year 2015, the Central People's Government continued its relaxation policies towards the property sector implemented since the second half of year 2014. Starting from the second quarter of year 2015, the property market has generally stabilised and signified a growth momentum. In order to resolve the basic issue of excessive supply over demand in many cities, the Central People's Government and local governments pursued adjustment measures to address both supply and demand. Land supply and land usage were optimised. Smaller down payments for the purchase of second homes, as well as tax concessions, were also in place so as to stimulate end-users' demands for upgrading. Coupled with the lowering of the interest rate and required reserve ratio which served to facilitate a stable economic development, the property industry stood to benefit as a whole.

The Board remains optimistic about the property market in Mainland China and the Group will continue to place emphasis on strengthening the property development and investment business. The Group may acquire additional land to richen the Group's land reserve, specifically in the second and third-tier cities in the PRC where the markets continue to be bullish and growth potential is consistently increasing. However, the Group has no specific investment plan in relation to any particular project currently.

Construction business (including E&M works)

The Group will uphold an on-going parallel development of its construction business (including building construction and E&M works) in the PRC, Hong Kong and Macau. To cope with the difficulties encountered in the construction and engineering industry, the Group has adopted a prudent strategy in project tendering.

With its proven track records and adequate expertise in the main contracting business, the Group obtained "List of Approved Contractors for Public Works under Group C of the Building Category under Environment, Transport and Works Bureau of the HKSAR". Together with the licence in Group II under the "Turn-key Interior Design and Fitting-out Works" under the "List of Approved Suppliers of Materials and Specialist Contractors for Public Works" and the 11 licences held under the "List of Approved Suppliers of Materials and Specialist Contractors for Public Works under Environment, Transport and Works Bureau of the Government of the HKSAR", it enables the Group to take an active part in the construction business development.

During the year, new projects such as acting as the main contractor for the development of one residential house and associated external works including construction of substructure and superstructure works, building services and interior fitting-out works at Hoi Fung Path, Stanley, Hong Kong, fitting-out works including E&M works for three Prada/Miu Miu shops at Wynn Palace, Macau, fitting-out works including E&M works for three Prada/Miu Miu shops at City of Dreams, Macau, fitting-out works including E&M works at Purves Road, Hong Kong, fire services and MVAC installation of Multimedia Production And Distribution Centre at Tseung Kwan O Industrial Estate, New Territories, Hong Kong, building services installation for construction of two special schools at Sung On Street, To Kwa Wan, Kowloon, supply and installation of fire services for redevelopment of Methodist International Church Hong Kong at Queen's Road East, Hong Kong, building services installation (electrical, MVAC, fire services and plumbing) of a 36-classroom primary school in Area 36, Fanling, New Territories, addition and alteration works and fitting-out works at Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, addition and alteration works at East Point Centre, Causeway Bay, Hong Kong, fitting-out works of an office in Shenzhen, the PRC, fitting-out works, air-conditioning and ventilation works, plumbing and drainage works, floor heating works and electrical works for a staff social center in Suning, Hebei, the PRC, the fitting-out works for a hotel in Beijing, the PRC and addition and alteration works of a hospital in Beijing, the PRC. As at the date of this report, the Group had contracts on hand with a total contract sum of over HK$1,678 million.

With the Group's proven track record, comprehensive services and numerous licences, permits and qualifications, the Directors believe that the Group could strengthen its position in the Hong Kong market and diversify its customer base particularly by attracting larger corporate customers and tenders for more capital intensive projects for such customers.

The Group is currently operating in the developed cities in the PRC. Urbanisation of the PRC is expected to continue at a rapid pace, in particular, in the third and fourth-tier cities in the PRC. With the Group's long and established experience in the PRC market, the Directors believe that the Group could grasp such opportunities and selectively expand into the third- and fourth-tier cities in the PRC leveraging on the Group's established expertise.

In order to provide comprehensive services to the Group's customers, the Group intend to expand our services under the building construction works from time to time and apply for additional licences, permits or qualifications which may be required. For example, to increase the Group's scope of services for building construction works to include site formation, the Group approved as a Specialist Contractor (site formation works category) by the Buildings Department of Hong Kong in December 2014. The Directors believe the Group's qualification in site formation will complement the Group's other services.

Trading of medical equipment and home security and automation products

With rising affluence especially in Hong Kong and the major cities in the PRC, the consumers' increasing health awareness, especially among higher-income urban consumers, continued to create higher demand for medical equipment, and the Group's efforts on trading of medical equipment should continue to pay off in terms of sales growth and market penetration in the PRC. In the coming year, the Group will expand its distribution channels and introducing a broader range of products to spur sales growth.

Also, with the increasing safety awareness in Hong Kong and the major cities in the PRC, it is expected there will be high demand for wired and wireless security devices and systems, which are applicable to residential estates, commercial offices, shops, hotels, hospitals, museums and prisons.

Going forward, the uncertainty in the world economy and the slow down in economic growth in the mainland will continue to pose challenges to the business. The tightening policies such as restrictions on home purchase as a part of its efforts to control inflation and maintain a stable and healthy economic growth, also caused certain negative impact on the mainland property market. However, it is expected that the economy of the PRC will sustain a healthy growth, and Hong Kong remains well positioned to benefit from the PRC's continuing growth and development, as such, the Group remains optimistic in the long run and has confidence in the growth momentum in the PRC and Hong Kong.

The Group will continue to adopt efficacious cost management strategies and maintain tight credit control to cope with challenges and enhance competitiveness under the fluctuated operating environment. The Directors will continue to dedicate their best effort to maximise the best interests for the shareholders of the Company.

Investment in securities

Regarding the New Business in investments in securities by DCIHL, DCIHL has set up a Treasury Management Committee ("**Treasury Management Committee**") to implement the investment policy and guidelines on behalf of DCIHL. The Treasury Management Committee comprises one chairman and two committee members (comprising two directors and the financial controller of DCIHL, including at least one executive director of DCIHL who acts as an investment manager).

EVENT AFTER THE REPORTING PERIOD

Details of a significant event after the reporting period are set out in note 41 to the financial statements.

HUMAN RESOURCES

As at 31 March 2016, the Group had 308 employees, 196 of whom were based in the PRC and the remaining employees were based in Hong Kong. The total employee benefits expenses including directors' emoluments for the year under review amounted to HK$63 million as compared to HK$60 million in last year, the increase was mainly due to expenses on share options granted to certain directors and employees of the Group during the year.

The remuneration policy and package of the Group's employees are reviewed and approved by the Directors. Apart from pension funds, in order to attract and retain a high caliber of capable and motivated workforce, the Group offers discretionary bonus and share options to staff based on individual performance and the achievements of the Group's targets.

The Directors herein present their report and the audited financial statements of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consist of (a) property development and investment; (b) trading of medical equipment and home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products for construction market; and (c) the construction business, as a main contractor, decoration, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, Mainland China and Macau.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 March 2016 and the Group's financial position at that date are set out in the financial statements on pages 44 to 128.

No interim dividend was paid during the year (2015: HK1 cent per share) and the board of directors of the Company does not recommend the payment of a final dividend in respect of the year (2015: HK1 cent per share).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements is set out below. This summary does not form part of the audited financial statements.

RESULTS

	Year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**904,421**	850,198	984,190	788,095	817,580
PROFIT FROM OPERATING ACTIVITIES AFTER FINANCE COSTS	**219,634**	143,890	199,351	87,486	100,201
Share of profits and losses of a joint venture	**–**	–	(16)	(16)	(9)
Share of profits and losses of associates	**483**	577	679	450	6,340
PROFIT BEFORE TAX	**220,117**	144,467	200,014	87,920	106,532
Income tax expense	**(72,331)**	(52,076)	(54,296)	(39,131)	(34,161)
PROFIT FOR THE YEAR	**147,786**	92,391	145,718	48,789	72,371
Attributable to:					
Owners of the Company	**140,998**	94,476	145,712	49,135	72,184
Non-controlling interests	**6,788**	(2,085)	6	(346)	187
	147,786	92,391	145,718	48,789	72,371

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2016	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**3,302,666**	2,747,928	1,927,390	1,683,797	1,471,073
Total liabilities	**(1,921,417)**	(1,578,857)	(944,704)	(835,290)	(700,975)
Non-controlling interests	**(20,983)**	(16,337)	(5,823)	(5,817)	(4,652)
	1,360,266	1,152,734	976,863	842,690	765,446

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 13 and 14 to the financial statements, respectively. Further details of the Group's investment properties are set out on pages 26 to 27.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options during the year are set out in notes 32 and 33 to the financial statements, respectively.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 March 2016.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

At 31 March 2016, the Company's reserves available for cash distribution and/or distribution in specie, computed in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK$175,495,000. In addition, the Company's share premium account and capital redemption reserve, in the aggregate amount of HK$257,497,000, may be distributed in the form of fully paid bonus shares.

Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions from its contributed surplus in certain circumstances.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 March 2016 is set out in the section headed "**Management Discussion and Analysis**" on pages 4 to 9 of this report. These discussions form part of this "**Report of the Directors**".

PRINCIPAL RISKS AND UNCERTAINTIES

The following is a list of principal risks and uncertainties that are considered to be of significance and have potential to affect the Group's businesses, results of operations and financial conditions. However, this list is non-exhaustive as there may be other risks and uncertainties arise resulting from changes in economic and other conditions over time. The Group employs a risk management and internal control framework to identify current and foreseeable risks at different levels of the organisation so as to take preventive actions to avoid or mitigate their adverse impacts.

Risks relating to properties development and investment segment

Property segment is one of the major businesses of the Group, particularly in Mainland China. Accordingly, this segment is subject to economic, political and legal developments in Mainland China as well as in the economies in the surrounding region. In recent years, the properties market movements in Mainland China have been concurrently affected by the economic trend and government policies including but not limited to the adoption of category-based regulatory measures and the bilateral regulatory measures for the real estate market, policy changes in mortgage levels and ownership, interest rate changes, supply and demand conditions as well as the overall economic volatility in Mainland China. The Group's property segment is expected to continue being exposed to these risks, which may affect the Group's investment strategy as well as its performance. In this respect, the Group actively assesses the overall economic, political and legal developments as well as the property markets in other provinces in Mainland China in deciding viable acquisitions and selling strategies. For each potential project, detailed feasibility studies and stress tests with regard to all aspects will be carried out before an acquisition to minimise the risks.

Risks relating to construction segment

The Group's construction works are labour-intensive in nature. During the three years ended 31 March 2016, the Group and its subcontractors did not experience any material shortage of labour, industrial actions, strikes or material increase in labour costs. However, there is no assurance that the Group will not experience these problems in the future when the peak load of construction activities is ongoing. In the event that there is a significant increase in the costs and demand of labour and we have to retain the Group's labour by increasing their wages, the Group's staff cost and/or subcontracting cost will increase and thus lower its profitability. On the other hand, if the Group or its subcontractors fail to retain the Group's existing labour and/or recruit sufficient labour in a timely manner to cope with the Group's existing or future projects, the Group may not be able to complete the Group's projects on schedule and within budget, the Group's operations and profitability may be adversely affected.

Besides, the Group needs to estimate the time and costs involved in projects for all sections in order to determine the fee. There is no assurance that the actual amount of time and costs would not exceed the Group's estimation during the performance of the jobs. The actual amount of time and costs involved in completing the job may be adversely affected by many factors, including adverse weather conditions, accidents, breakdown of machinery and equipment, unforeseen site conditions. Any material inaccurate estimation in the time and costs involved in a job may adversely affect the profit margin and results of operations of the Group.

Risk relating to financial conditions and results of operation

(i) The Group's finance costs and interest expenses fluctuate with changes in interest rates. In the PRC, the Group's borrowings also include amounts denominated in RMB. The People's Bank of China adjusts its benchmark lending rates from time to time in response to domestic and global economic changes. On 22 November 2014, the one-year benchmark lending rate was set at 5.6% as promulgated by the People's Bank of China. On 28 February 2015, the one-year benchmark lending rate for loans effective on 1 March 2015 was reduced to 5.35%, whereas the Group cannot guarantee that the People's Bank of China will not raise such lending rates in future. The Group may also be affected by changes in the prevailing interest rate of the global credit market. Any increase in interest rate in connection with the currencies the Group borrows will increase the Group's finance costs and customers' mortgage interest rates and may adversely and materially affect the Group's businesses, financial condition, results of operations and growth prospects.

(ii) The Group is required to reassess the fair value of its investment properties at the end of every reporting period to which financial statements are made up. Pursuant to Hong Kong Financial Reporting Standards, investment properties are stated at their fair value, and the variation in their changes should be taken to the consolidated statement of profit or loss of the financial period in which it is incurred. Based on the valuation conducted by independent property valuers, the Group recognises the aggregate market value of investment properties at fair value and the related deferred tax in the consolidated statement of financial position, while the variation in changes in fair value and the related deferred tax of investment properties are recognised in the consolidated statement of profit or loss. Therefore, the assumptions made in the valuation of investment properties would change under changing market conditions. Notwithstanding any variations in profit, fair value gains and losses are not cash items and will not increase or decrease cash and cash equivalents. The amount of revaluation adjustment has been and will continually be subject to changes in market conditions. As such, there can be no assurance that changes in market conditions will continue to generate gains from fair value changes in investment properties at similar level or at all, or there will be no decline in the fair value of the Group's investment properties. If a property market in the region where the Group operates slows down, the fair value of the Group's investment properties may decline.

(iii) Properties developed by the Group for sale in the PRC are subject to Land Appreciation Tax ("LAT"). LAT is calculated based on proceeds received from the sale of properties less deductible expenditures as provided in the relevant tax laws. Pending settlement with the relevant tax authorities, the Group makes provisions for the amount of LAT in accordance with the relevant PRC tax laws and regulations from time to time. Provisions for LAT are made on the Group's own estimates based on, among other things, its own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. The Group only prepays a portion of such provisions each year as required by the local tax authorities. The Group cannot assure that the relevant tax authorities will agree with its calculation of LAT, nor can it assure that the LAT provisions will be sufficient to cover its LAT obligations in respect of its past LAT liabilities in relation to its combined property business. If the relevant tax authorities determine that its LAT exceed the LAT prepayments and provisions, and seek to collect that excess amount, the Group's cash flow, results of operations and financial position may be materially and adversely affected. As there are uncertainties as to when the tax authorities will enforce the LAT collection and whether it will apply the LAT collection retrospectively to properties sold before the enforcement, any payment as a result of the enforcement of LAT collection may significantly restrict the Group's cash flow position, its ability to finance its land acquisitions and to execute its business plans.

IMPORTANT EVENT AFTER THE REPORTING DATE AFFECTING THE GROUP

On 29 March 2016, Deson Construction International Holdings Limited ("**DCIHL**") entered into a placing agreement with Koala Securities Limited (the "**Placing Agent**") pursuant to which DCIHL conditionally agreed to place, through the Placing Agent, certain convertible bonds (the "**Convertible Bonds**") with principal amounts aggregating up to HK$30,900,000 to not less than six placees at an initial conversion price of HK$0.30 per conversion share (the "**Placing**").

Subsequent to the end of the reporting period, on 18 April 2016, the Convertible Bonds in the aggregate principal amount of HK$30,900,000 were successfully placed and on the net proceeds from the Placing are approximately HK$29,720,000. The Placing has had no financial impact on the Group in the current year.

For details, please refer to the joint announcements of the Company and DCIHL dated 29 March 2016 and 18 April 2016.

ENVIRONMENTAL POLICIES, PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to maintaining sustainable working practices and pays close attention to ensure all resources are efficiently utilised. The Group strives to become an environmental-friendly corporation by saving electricity and encouraging recycling of office supplies and other materials.

The Group and its business activities are subject to requirements under various laws. The laws and regulations which have a significant impact on the Group include, among others, Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong), Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), and Immigration Ordinance (Chapter 115 of the Laws of Hong Kong). The Group has put in place in-house rules containing measures and work procedures to ensure that the Group's operation is in compliance with the applicable laws and regulations.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

As at 31 March 2016, the Group had a headcount of 308 employees (2015: 315). Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market as well as the minimum wages guideline as prescribed by the local government from time to time.

The Group awards discretionary bonuses to eligible employees based upon profit achievements of the Company and individual performance. The Company has also adopted a share option scheme in order to attract and retain the best available personnel and to align the interests of the employees with the Group's interests. Being people-oriented, the Group ensures all staff are reasonable remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety.

The Group also stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

PERMITTED INDEMNITY PROVISION

Each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. The Group has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors and officers of the Group during the year ended 31 March 2016.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2016, sales to the Group's five largest customers accounted for approximately 41% (2015: 49%) of the total sales for the year and sales to the largest customer included therein amounted to approximately 14% (2015: 22%). Purchases from the Group's five largest suppliers accounted for approximately 25% (2015: 27%) of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 9% (2015: 6%).

None of the Directors of the Company or any of their associates (as defined in the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) or any other shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

DIRECTORS

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

Executive Directors

Mr. LU Quanzhang	*(Chairman)*
Mr. TJIA Boen Sien#@	*(Managing Director and Deputy Chairman)*
Mr. WANG Jing Ning#@	
Mr. TJIA Wai Yip, William	

Independent non-executive Directors

Dr. HO Chung Tai, Raymond*#@
Ir SIU Man Po*#@
Mr. SIU Kam Chau*#@

* audit committee members
\# remuneration committee members
@ nomination committee members

Mr. Tjia Boen Sien, Ir Siu Man Po and Mr. Siu Kam Chau will retire by rotation according to the Company's Bye-Laws and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company considers that Dr. Ho Chung Tai, Raymond, Ir Siu Man Po and Mr. Siu Kam Chau are independent pursuant to the criteria set out in the Listing Rules and that it has received annual confirmations of independence from each of them.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meeting. Other emoluments are determined by the Company's board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group. For further details of the Directors' emoluments, please refer to note 8 to the financial statements.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in paragraph headed "**Continuing Connected Transactions**" and note 37 to the financial statements, no Director, a connected entity of a Director nor a controlling shareholder of the Company had a material beneficial interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2016, the interests and short positions of the Directors in the share capital and share option of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he would be deemed or taken to have under Section 344 and 345 of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in ordinary shares of the Company:

	Number of shares held, capacity and nature of interest				
Name of Directors	**Directly beneficially owned**	**Through controlled corporation**	**Options** (Note 1)	**Total**	**Percentage of the Company's issued share capital**
Mr. Tjia Boen Sien (Note 2)	68,661,600	349,935,000	500,000	419,096,600	42.86
Mr. Lu Quanzhang	150,000	–	1,500,000	1,650,000	0.17
Mr. Wang Jing Ning	22,259,400	–	5,000,000	27,259,400	2.79
Mr. Tjia Wai Yip, William	2,400,000	–	5,000,000	7,400,000	0.76
Dr. Ho Chung Tai, Raymond	727,500	–	500,000	1,227,500	0.13
Ir Siu Man Po	920,000	–	320,000 (Note 3)	1,240,000	0.13
Mr. Siu Kam Chau	–	–	500,000	500,000	0.05

Notes:

1. The options were granted on 17 April 2015 with consideration of HK$1 under the Scheme (defined below in section headed "**Share Option Scheme**") adopted by the Company. The above options could be exercised from the date of grant to 16 April 2018 in accordance with the rules of the Scheme to subscribe for ordinary shares of HK$0.10 each in the Company at an initial exercise price of HK$0.71 per share.

2. Sparta Assets Limited ("**Sparta Assets**"), a company incorporated in the British Virgin Islands ("**BVI**") and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 349,935,000 ordinary shares of the Company.

3. On 23 June 2015, Ir Siu Man Po has exercised 180,000 share options out of his 500,000 share options which the Company granted to him on 17 April 2015 at an exercise price HK$0.71 per share.

Long positions in ordinary shares of DCIHL:

	Number of shares held, capacity and nature of interest				
Name of Directors	**Directly beneficially owned**	**Through controlled corporation**	**Options**	**Total**	**Percentage of the DCIHL's issued share capital**
Mr. Tjia Boen Sien	22,887,200	538,414,868#	–	561,302,068	56.13
Mr. Lu Quanzhang	50,000	–	–	50,000	0.01
Ir Siu Man Po	150,000	–	–	150,000	0.02

Long positions in ordinary shares of Sparta Assets:

Name of Directors	Number of shares held, capacity and nature of interest: Directly beneficially owned	Through controlled corporation	Total	Percentage of the Sparta Assets's issued share capital
Mr. Tjia Boen Sien*	1,000	–	1,000	100.00

* Sparta Assets, a company incorporated in the BVI and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 349,935,000 ordinary shares of the Company.

\# Mr. Tjia Boen Sien beneficially owns all the shares in Sparta Assets, a company incorporated in the BVI. Sparta Assets directly beneficially owned 26,645,000 shares in DCIHL and it beneficially owned 349,935,000 shares in the Company, representing 35.79% of the issued share capital of the Company. By virtue of the SFO, Mr. Tjia is deemed to be interested in 538,414,868 shares in DCIHL (being aggregate of 26,645,000 shares in DCIHL held by Sparta Assets and 511,769,868 shares in DCIHL indirectly owned by the Company (through Deson Development Holdings Limited ("DDHL") which Sparta Assets is deemed to be interested in)).

The interests of the Directors in the share options of the Company are separately disclosed in the section headed "**Share Option Scheme**" below.

Save as disclosed above and note 33 to the financial statements, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded 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.

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

The following is the change in the information of the Directors since the interim report of the Company dated 10 November 2015, which is required to be disclosed pursuant to the Rule 13.51B(1) of the Listing Rules:

Mr. Siu Kam Chau

Resigned as an executive director of Jun Yang Financial Holdings Limited (Stock Code: 397), a company with its shares listed on the main board of the Stock Exchange, on 1 February 2016.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "**Directors' interests and short positions in shares and underlying shares**" above and in the heading "**Share Option Scheme**" and share option scheme disclosures set out in note 33 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, nor were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

(1) The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

The following share options were outstanding under the Scheme during the year:

Name or category of participant	Number of share options: At 1 April 2015	Granted during the year	Exercised during the year	At 31 March 2016	Date of grant of share options	Exercise period of share options	Price of the Company's shares**: Exercise price of share options* HK$ per share	At grant date of options HK$ per share	Immediately before the exercise date HK$ per share	At exercise date of options HK$ per share
Directors:										
Lu Quanzhang	–	500,000	–	500,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	–	–
	–	500,000	–	500,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	–	–
	–	500,000	–	500,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	–	–
Tjia Boen Sien	–	180,000	–	180,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	–	–
	–	160,000	–	160,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	–	–
	–	160,000	–	160,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	–	–
Wang Jing Ning	–	1,000,000	–	1,000,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	–	–
	–	2,000,000	–	2,000,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	–	–
	–	2,000,000	–	2,000,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	–	–

Name or category of participant	Number of share options: At 1 April 2015	Granted during the year	Exercised during the year	At 31 March 2016	Date of grant of share options	Exercise period of share options	Price of the Company's shares**: Exercise price of share options* HK$ per share	At grant date of options HK$ per share	Immediately before the exercise date HK$ per share	At exercise date of options HK$ per share
Directors: (continued)										
Tjia Wai Yip, William	–	1,000,000	–	1,000,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	–	–
	–	2,000,000	–	2,000,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	–	–
	–	2,000,000	–	2,000,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	–	–
Ho Chung Tai, Raymond	–	180,000	–	180,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	–	–
	–	160,000	–	160,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	–	–
	–	160,000	–	160,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	–	–
Siu Man Po	–	180,000	(180,000)	–	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	0.80	0.78
	–	160,000	–	160,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	–	–
	–	160,000	–	160,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	–	–
Siu Kam Chau	–	180,000	–	180,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	–	–
	–	160,000	–	160,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	–	–
	–	160,000	–	160,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	–	–
	–	13,500,000	(180,000)	13,320,000						

Name or category of participant	Number of share options: At 1 April 2015	Granted during the year	Exercised during the year	At 31 March 2016	Date of grant of share options	Exercise period of share options	Price of the Company's shares**: Exercise price of share options* HK$ per share	At grant date of options HK$ per share	Immediately before the exercise date HK$ per share	At exercise date of options HK$ per share
Other employees, in aggregate	–	6,780,000	(400,000)	6,380,000	17 April 2015	17 April 2015 to 16 April 2016	0.71	0.71	0.85	0.83
	–	10,120,000	–	10,120,000	17 April 2015	17 April 2016 to 16 April 2017	0.71	0.71	–	–
	–	9,600,000	–	9,600,000	17 April 2015	17 April 2017 to 16 April 2018	0.71	0.71	–	–
Total	–	40,000,000	(580,000)	39,420,000						

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options. The price of the Company's shares disclosed immediately before the exercise date of the share options is the weighted average of the Stock Exchange closing price immediately before the dates on which the options were exercised over all of the exercises of options within the disclosure line.

Further details of the Scheme are included in note 33 to the financial statements.

(2) DCIHL operates another share option scheme ("DCIHL Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of DCIHL and its subsidiaries.

The following share options were outstanding under the DCIHL Share Option Scheme during the year:

Name or category of participant	Number of share options: At 1 April 2015	Granted during the year	Exercised during the year	At 31 March 2016	Date of grant of share options	Exercise period of share options	Price of the DCIHL's shares**: Exercise price of share options* HK$ per share	At grant date of options HK$ per share
DCIHL Directors:								
Keung Kwok Cheung	–	2,400,000	–	2,400,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Kwok Koon Keung	–	2,200,000	–	2,200,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Lo Wing Ling	–	2,200,000	–	2,200,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255

Name or category of participant	Number of share options: At 1 April 2015	Granted during the year	Exercised during the year	At 31 March 2016	Date of grant of share options	Exercise period of share options	Price of the DCIHL's shares**: Exercise price of share options* HK$ per share	At grant date of options HK$ per share
Ong Chi King	–	1,000,000	–	1,000,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Lee Tho Siem	–	1,000,000	–	1,000,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Cheung Ting Kee	–	1,000,000	–	1,000,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Ong King Keung	–	1,000,000	–	1,000,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
	–	10,800,000	–	10,800,000				
Other employees, in aggregate	–	7,200,000	–	7,200,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Total	–	18,000,000	–	18,000,000				

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the DCIHL's share capital.

** The price of the DCIHL's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options. The price of the DCIHL's shares disclosed immediately before the exercise date of the share options is the weighted average of the Stock Exchange closing price immediately before the dates on which the options were exercised over all of the exercises of options within the disclosure line.

Further details of the DCIHL Share Option Scheme are included in note 33 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2016, so far as is known to the Directors of the Company, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Sparta Assets *(Note 1)*	Beneficial owner	349,935,000	35.79
Mr. Tjia Boen Sien	Interests of controlled corporation	349,935,000	35.79
	Directly beneficially own	68,661,600	7.02
Granda Overseas Holding Co. Ltd. ("Granda") *(Note 2)*	Beneficial owner	173,698,740	17.76
Mr. Chen Huofa	Interests of controlled corporation	173,698,740	17.76

Notes:

1. Sparta Assets, a company incorporated in the BVI and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 349,935,000 ordinary shares of the Company.

2. Granda, a company incorporated in the BVI and wholly owned by Mr. Chen Huofa, is beneficially interested in 173,698,740 ordinary shares of the Company.

Save as disclosed above, no person, other than the Directors of the Company, whose interests are set out in the section "**Directors' interests and short positions in shares and underlying shares**" above, at 31 March 2016, had registered an interest or short position in the shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES

During the year ended 31 March 2016, the Company purchased certain of its shares on the Stock Exchange and these shares were subsequently cancelled by the Company. The Company considered that it is the best way of enhancing shareholders' value and that it is in the best interest of the shareholders to return a substantial part of the surplus funds to them. The details of those transactions are as follows:

	Number of Shares repurchased	Price per share Highest	Lowest	Total price paid
		HK$	*HK$*	*HK$'000*
April 2015	500,000	0.650	0.640	322

The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK$50,000 was transferred from retained profits to the capital redemption reserve. The premium of HK$272,000 paid on the repurchased shares and shares repurchase expenses of HK$7,000 were charged against the share premium account.

The purchase of the Company's shares during the year was effected by the Directors, pursuant to the mandate from shareholders received at the last annual general meeting, with an aim to benefit shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above and as disclosed in the paragraph headed "**Capital structure**", neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2016.

CAPITAL STRUCTURE

On 12 January 2016, the Company raised approximately HK$104.3 million before expenses by issuing 325,960,133 offer shares at the offer price of HK$0.32 per offer share on the basis of one offer share for every two existing shares.

The Company intends to apply the net proceeds from the open offer in the following manner:

(i) approximately 19.6% of the net proceeds from the open offer for the repayment of the term loans and accrued interest;

(ii) approximately 35.6% of the net proceeds from the open offer for the capital injection to the e-commerce projects at Kaifeng City, Henan Province in the PRC; and

(iii) approximately 44.8% of the net proceeds from the open offer for general working capital of the Group for the expansion of existing businesses of the Group.

For details, please refer to the announcements of the Company dated 27 November 2015 and 12 January 2016.

PRE-EMPTIVE RIGHTS

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

CONTINUING CONNECTED TRANSACTIONS

On 30 May 2014, the Group has entered into a tenancy agreement with Fitness Concept Limited, a company wholly-owned by Mr. Tjia Boen Sien ("**Mr. Tjia**"), the Managing Director and Deputy Chairman and a substantial shareholder of the Company, for the leasing of a property of the Group in Hong Kong. The tenancy agreement is contracted for three years commencing 1 April 2014, and the monthly rent payable is HK$25,500. The rental income earned during the year ended 31 March 2016 from this tenancy agreement was HK$306,000.

On 29 March 2014, the Group has entered into a tenancy agreement with 上海美格菲健身中心有限公司, a company wholly-owned by Mr. Tjia, the Managing Director and Deputy Chairman and a substantial shareholder of the Company, for the leasing of a property of the Group in Shanghai. The tenancy agreement is contracted for three years commencing 1 April 2014, and the annual rent payable is RMB100,000. The rental income earned during the year ended 31 March 2016 from this tenancy agreement was RMB100,000.

Given that Mr. Tjia is the Managing Director and Deputy Chairman of the Company and has an approximately 50.53% equity interest in the Company at the time entering into the tenancy agreements, Mr. Tjia is a connected person of the Company within the meaning of the Listing Rules, the transactions therefore constitute connected transactions of the Company. As each of the applicable percentage ratios of the transactions was less than 5% and the total considerations involved were less than HK$3,000,000, pursuant to Rule 14A.33 of the Listing Rules, the transactions were exempted from the reporting, annual review, announcement and independent shareholders' approval requirements of the Listing Rules.

PARTICULARS OF PROPERTIES

The properties held for sale under development of the Group are as follows:

Location	Attributable interest of the Group	Stage of completion	Expected completion date	Expected use	Gross floor area
Section G 1 Xi Da Jie Kaifeng City Henan Province PRC	100%	Removal stage	2017	Residential/ commercial complex	The total gross floor area is 20,336 sq. m.
Residential Zone 1-3 Commercial Zone C and D Core Lot No. 2012-1 Zheng Kai Avenue Kaifeng City Henan Province PRC	100%	Construction stage	2017	Residential/ commercial complex	The total gross floor area is 80,000 sq. m.

PARTICULARS OF PROPERTIES *(continued)*

The properties held for sale of the Group are as follows:

Location	Attributable interest of the Group	Tenure	Current use	Gross floor area
Phase I to IV of Asian Villas City Square Southern Area Jinpen Industrial Development Zone Haikou Hainan Province PRC	100%	The properties are held for a term of 70 years, commencing on 13 May 1998 and expiring on 12 May 2068	Residential/ commercial complex	The total gross floor area is 87,647 sq. m.
Sections B to F 1 Xi Da Jie Kaifeng City Henan Province PRC	100%	The properties are held for a term of 70 years, commencing on 15 June 2005 and expiring on 15 June 2075	Residential/ commercial complex	The total gross floor area is 136,591 sq. m.
Commercial Zone A and B Core Lot No. 2012-1 Zheng Kai Avenue Kaifeng City Henan Province PRC	100%	The properties are held for a term of 40 years, commencing on 3 June 2013 and expiring on 13 May 2053	Commercial	The total gross floor area is 15,000 sq. m.

The investment properties of the Group are as follows:

Location	Attributable interest of the Group	Tenure	Lease term	Current use	Gross floor area
12 Haixiu Avenue Meilan District Haikou Hainan Province PRC	100%	The properties are held for a term of 70 years, commencing on 15 September 2006 and expiring on 14 September 2076	Long	Commercial	The total gross floor area is 22,803 sq. m.
Shops at Park View Nos. 206,208,218,220,222, 228 & 238 Baise Road Xuhui District Shanghai PRC	100%	The properties are held for a term of 70 years, commencing on 18 February 1993 and expiring on 17 February 2063	Long	Commercial	The total gross floor area is 5,901 sq. m.

PARTICULARS OF PROPERTIES *(continued)*

Location	Attributable interest of the Group	Tenure	Lease term	Current use	Gross floor area
Unit 2-31 on Level 11 and Carpark Space no. B37 on Basement 2 Block D, Fu Hua Mansion 8 Beida Street Chaoyangmen Dongcheng District Beijing The PRC	30.71%	The properties are held for a term expiring on 14 January 2044	Long	Commercial	The total gross floor area is 268 sq. m.
Section A 1 Xi Da Jie Kaifeng City Henan Province PRC	100%	The properties are held for a term of 70 years, commencing on 15 June 2005 and expiring on 15 June 2075	Long	Commercial	The total gross floor area is 53,624sq. m.
Phase I to IV of Asian Villas City Square Southern Area Jinpen Industrial Development Zone Haikou Hainan Province PRC	100%	The properties are held for a term of 70 years, commencing on 13 May 1998 and expiring on 12 May 2068	Long	Commercial	The total gross floor area is 29,325 sq. m.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public throughout the year ended 31 March 2016.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code of Corporate Governance Practice ("**CG Code**") for the purpose of reviewing and providing supervision over the Group's internal controls, risk management and financial reporting matters including the review of the annual results for the year ended 31 March 2016, and adequacy of resources and qualifications of the Group's accounting staff. The audit committee comprises of three independent non-executive directors of the Company, namely Dr. Ho Chung Tai, Raymond, Ir Siu Man Po and Mr. Siu Kam Chau. Mr. Siu Kam Chau is the chairman of the committee.

The annual results of the Company for the year ended 31 March 2016 have been reviewed by the audit committee members who have provided advice and comment thereon.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting. There has been no change in the Company's auditors in any of the preceeding three years.

Tjia Boen Sien
Managing Director and Deputy Chairman

Hong Kong
21 June 2016

EXECUTIVE DIRECTORS

LU Quanzhang ("Mr. Lu"), aged 60, is an executive Director of the Company since 9 November 2011. He is also the Chairman of the Board. Mr. Lu has over 20 years of experience in legal practice in the PRC. Mr. Lu is a registered lawyer in the PRC and holds a master post graduate certificate of law from China University of Political Science and Law (Practicing). Mr. Lu was a founding partner of Jun Yan Law Firm in Guangdong where he has practiced since 2003. Currently, Mr. Lu is the senior partner of S D & Partners, a private leading in Shenzhen and South China. He is an arbitrator of the China International Economic and Trade Arbitration Commission, Shenzhen Court Of International Arbitration and Shanghai International Arbitration Centre.

TJIA Boen Sien ("Mr. Tjia"), aged 72, is one of the co-founders of the Group. He is the Managing Director and Deputy Chairman of the Company. Mr. Tjia is a member of remuneration committee and a member of nomination committee of the Board. Mr. Tjia is well respected and has established connections in the PRC construction industry through his extensive experience. He has over 33 years' experience in the construction industry in the PRC and Hong Kong. Mr. Tjia is responsible for the overall corporate strategy and the daily operations of the Group, including business development and overall management. He graduated from chemistry studies at the Huaqiao University (華僑大學) in the PRC in July 1966. He was admitted as a member of The Chartered Institute of Building in November 1996 and is a professional member of The Royal Institution of Chartered Surveyors since October 2002. Mr. Tjia previously served as the vice chairman and an honorable member of Zhan Tian You Civil Engineering Science and Technology Development Fund Management Committee (詹天佑土木工程科學技術發展基金管理委員會).

WANG Jing Ning ("Mr. Wang"), aged 60, is an executive Director of the Company and was appointed as a director of the Company in September 1993. He joined the Group in July 1989. He is also a director of various main operating subsidiaries of the Group, including among others, Deson Ventures (HK) Ltd., Winsome Properties Ltd., Honour Advance Ltd. and Yew Siam Ltd. Mr. Wang has over 36 years' experience in hotel management and construction engineering in Mainland China and Hong Kong. He is responsible for managing the Group's projects in Mainland China.

TJIA Wai Yip, William ("Mr. William Tjia"), aged 40, is an executive Director of the Company since January 2015. Mr. William Tjia joined the Group in February 2000. He is a director of Deson Innovative Limited since July 2005, one of the subsidiaries of the Company. He is responsible for intelligent building and security systems business of the Group, and has over 15 years' of experience in this field. He graduated from the City University of Hong Kong with a Bachelor of Arts with Honours Degree in Information Systems in 1998. He is the son of Mr. Tjia Boen Sien, the Managing Director and Deputy Chairman of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Raymond Ho Chung-Tai ("Dr. Ho"), SBS, MBE, S.B. St. J., JP, aged 77, is an independent non-executive Director of the Company and was appointed as a director of the Company in September 1993. Dr. Ho has over 50 years' experience in the fields of civil, structural, environmental and geotechnical engineering and direct project management of mega size engineering projects including 43 years in Hong Kong and 10 years in the United Kingdom, with direct responsibility in the $3.0 billion project of Electrification and Modernisation of Kowloon-Canon Railway from the mid-70's till early 80's, all the government-funded infrastructure works for Shatin New Town and Tseung Kwan O New Town from early 80's till the end of 1993, major projects of tunnels, bridges, flyovers, roads, dockyards, jetties, hospitals, hotels, incinerators, high-rise commercial/residential buildings, geotechnical work, environmental studies and projects. Dr. Ho holds a doctorate degree in civil engineering from the City University of London, United Kingdom, Honorary Doctor of Business Administration from the City University of Hong Kong, Honorary Doctor of Laws from University of Manchester, United Kingdom, a postgraduate diploma in geotechnical engineering from Manchester University, United Kingdom and a bachelor degree in civil engineering from the University of Hong Kong. Dr. Ho was formerly a partner and senior director of Maunsell Consultants Asia Limited from January 1976 to August 1993. Dr. Ho was formerly Hong Kong Deputy to the 10th & 11th National People's Congress of the PRC, member of the 1st, 2nd, 3rd & 4th terms of Legislative Council (Engineering Functional Constituency) (1998-2012), member of the Provisional Legislative Council (1996-1998), President of the Hong Kong Institution of Engineers (1987/1988), Founding Council Chairman of the City University of Hong Kong, Council Chairman of the former City Polytechnic of Hong Kong, Chairman of Hong Kong Technology Committee of the Industry & Technology Development Council (ITDC) and member of ITDC,, Chairman of the Transport Advisory Committee, Hong Kong Affairs Adviser, member of Consultative Committee on the New Airport and Related Projects, and member of the Gas Safety Advisory Committee. Currently, Dr. Ho is Chairman of Guangdong Daya Bay Nuclear Plant, LingAo Nuclear Plant Safety Consultative Committee, board member of the Hong Kong Airport Authority, member of the Court of the City University of Hong Kong and member of the Chinese Medicine Consultative Committee of the School of Chinese Medicine of Hong Kong Baptist University. Dr. Ho is an advisor to the Ombudsman, Hong Kong.

Ir SIU Man-po ("Ir Siu"), is an independent non-executive Director of the Company since September 2001. Ir Siu is the member of the audit committee, member of the remuneration committee and member of the nomination committee of the Board.

Ir Siu was awarded the MEDAL OF HONOUR (MH) by the Chief Executive of the Government of the Hong Kong Special Administrative Region (HKSAR) in July 2004 for his dedication and meritorious services to the development of engineering profession in Hong Kong.

Ir Siu, aged 78, obtained his Master of Science in Civil Engineering in 1963 from Auburn University in Auburn, Alabama, U.S.A.

Ir Siu has extensive experience in construction field including the construction of Tsing Yi Power Station in 1966-1977, MTR stations in 1977-1987, and Hong Kong Baptist University campus development in 1989-1999.

Ir Siu is a Fellow Member of the Hong Kong Institution of Engineers and the American Society of Civil Engineers.

Ir Siu is currently the Managing Director of Ho Wang Siu Mak Management Ltd.

SIU Kam Chau ("Mr. Siu"), aged 51, joined the Company in March 2014 as an independent non-executive Director. Mr. Siu is the Chairman of the Audit Committee, the Chairman of the Remuneration Committee and the Chairman of the Nomination Committee of the Board. Mr. Siu is graduated from the City University of Hong Kong with a Degree of Bachelor of Arts in Accountancy. He is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Public Accountant (practising) in Hong Kong. Mr. Siu has over 26 years of working experience in auditing, accounting, company secretarial and corporate finance. Mr. Siu is currently an independent non-executive director of Wang On Group Limited (stock code: 1222) of which is a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was an executive director of Jun Yang Financial Holdings Limited (stock code: 0397) from October 2011 to February 2016, an independent non-executive director of China New Economy Fund Limited (stock code: 0080) from July 2010 to October 2014 and China Demeter Investments Limited (stock code: 8120) from May 2013 to October 2014.

SENIOR MANAGEMENT

LAM Wing Wai, Angus ("Mr. Lam"), aged 40, joined the Group in September 2005. He is the Company Secretary and the Financial Controller of the Group. He is responsible for monitoring all the Group's accounting, finance, listing compliance and company secretarial functions. He holds a Bachelor Degree in Business Administration from the Hong Kong University of Science and Technology. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Before joining the Group, He has several years' experience with an international accounting firm. Mr. Lam is the company secretary and financial controller of Deson Construction International Holdings Limited (stock code: 8268), a company listed on the GEM.

DAI Xiaobo ("Mr. Dai"), aged 52, joined the Group in January 2006. He is the project manager of the Group and is responsible for the Group's construction projects in Mainland China. He has over 22 years' experience in the industry. Mr. Dai graduated from Changsha University in Mainland China in Civil Industrial and Civil Construction in July 1986 and obtained his Structural Engineer qualification in June 1994. Mr. Dai holds a Master Degree in Executive Master of Business from FuDan University in January 2008 and holds a First Level/Senior Technician of Occupation Qualification Certificate in Advanced Real Estate Strategist in May 2010, in the PRC.

KWOK Chun Fai ("Mr. Kwok"), aged 72, joined the Group in February 1991. He is the project manager of the Group and is responsible for the Group's construction projects in Mainland China. He has over 42 years' experience in the industry. He graduated from Fujian Overseas Chinese University in Mainland China in Civil Industrial and Civil Building. He obtained the International Engineering and Professional Manager Qualification Certificate and the Member of Architectural Society of Chinese.

CHOI Chi Ming ("Mr. Choi"), aged 72, joined the Group in August 1997. He is the director of Deson Metals Co., Ltd. He has over 42 years' experience in the industry of trading of construction materials.

The Company is committed to a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Company's corporate governance practices are based on the principles ("**Principles**") and the code provisions ("**Code Provisions**") as set out in the CG Code contained in Appendix 14 of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). The Company has complied with most of the Code Provisions save for the deviation from the Code Provision A.4.1, details of which are explained below. The Company regularly reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Summary of derivation of the CG Code:

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election.

The independent non-executive Directors are not appointed for a specific term. However, all non-executive Directors are subject to the retirement and rotation once every three years in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable with those in the Code.

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Company acknowledges the important role of its Board of Directors ("Board") in providing effective leadership and direction of the Company towards its objectives and ensuring transparency and accountability of all operations. The key corporate governance principles and practices of the Company are summarised as follows:

THE BOARD

Responsibilities

The Company has a division of functions reserved for the Board and delegated to the management. The Board provides leadership and approves strategic policies and plans with a view to enhance shareholders' interests while the day-to-day operations of the Company are delegated to the management with proper supervision from the Board. The Board reserves for its decisions on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, corporate governance, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Board is responsible for determining the policy for corporate governance of the Company and performing the corporate governance duties including:

(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 in compliance with legal and regulatory requirement;

(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.

The Company Secretary assists the Chairman in preparing the agenda for Board meetings. All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Managing Director and the management. The delegated functions and work tasks are periodically reviewed by the Board after being reported on by management. Approval has to be obtained from the Board prior to any significant decisions being made or significant transactions or commitments being entered into by the abovementioned officers, who cannot exceed any authority given to them by resolutions of the Board or the Company.

The Board has the full support of the Managing Director and the management to discharge its responsibilities.

The Company has arranged for appropriate insurance cover in respect of legal actions against the Board and to indemnify its directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Composition

The Company had adopted a Board diversity policy aims to set out the approach to achieve the diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board has in its composition a balance of skills, expertise, qualifications, experience and diversity of perspectives necessary for independent decision making and fulfilling its business needs. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members.

The Nomination Committee will follow a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon possible contribution that the selected candidates will bring to the Board.

The Board of the Company comprises the following Directors as at 31 March 2016:

Executive Directors

Mr. Lu Quanzhang *(Chairman)*
Mr. Tjia Boen Sien *(Managing Director and Deputy Chairman) (Member of Remuneration Committee and Nomination Committee)*
Mr. Wang Jing Ning *(Member of Remuneration Committee and Nomination Committee)*
Mr. Tjia Wai Yip, William

Independent Non-Executive Directors

Dr. Ho Chung Tai, Raymond *(Member of Audit Committee, Remuneration Committee and Nomination Committee)*
Ir Siu Man Po *(Member of Audit Committee, Remuneration Committee and Nomination Committee)*
Mr. Siu Kam Chau *(Chairman of Audit Committee, Remuneration Committee and Nomination Committee)*

Save for Mr. Tjia Boen Sien and Mr. Tjia Wai Yip, William, who are father and son, none of the members of the Board are related to one another or have any financial, business, family or other material or relevant relationships with each other.

During the year ended 31 March 2016, the Board at all times complied with the requirements 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 qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The independent non-executive Directors brings independent judgement on issues of strategies direction, policies, development, performance and risk management through their contribution at Board Meetings.

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive Directors will scrutinize the performance of the Company in achieving corporate goals and objectives and monitor performance reporting. By doing so, they are able to contribute positively to the Company's strategy and policies through independent, constructive and informed comments at Board and committee meetings.

The Board values the contribution of the independent non-executive Directors, and strives to ensure constructive relations between them and the executive Directors. All Directors are encouraged to contribute their views during Board meetings.

Appointment and Succession Planning of Directors

The Company has established formal, considered and transparent procedures for the appointment and succession planning of Directors. Directors to be appointed will receive a formal letter of appointment setting out the key terms and conditions of their appointment. Any Board member is entitled to recommend suitable candidate that meet the requirements of the Listing Rules for consideration by the Board.

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. In accordance with the Company's Bye-Laws, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Although the independent non-executive Directors do not have a specific term of appointment, all Directors of the Company retire by rotation once every three years. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable with those in the Code.

Training for Directors and Company Secretary

Each newly appointed director receives comprehensive, formal induction to ensure that he/she has appropriate understanding of the business and his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

During the year ended 31 March 2016, the Directors are regularly updated and appraised with any new regulations and guidelines, as well as any amendments thereto issued by the Stock Exchange, particularly the effects of such new or amended regulations and guidelines on directors specifically. On an ongoing basis, Directors are encouraged to keep up to date on all matters relevant to the Group and attend briefings and seminars as appropriate.

The Company is aware of the requirement to regularly review and agrees with each Director their training needs. The continuing professional training program of the Company for Directors will be reviewed on an ongoing basis by the Nomination Committee. During the year ended 31 March 2016, all Directors have individually attended seminars and training courses conducted by qualified professions on accounting, taxation and Listing Rules.

There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary.

For the financial year ended 31 March 2016, the Company Secretary of the Company has taken no less than 15 hours of relevant professional training.

Board Meetings

Code Provision A.1.1 stipulates that the Company should hold at least four regular Board meetings a year at approximately quarterly intervals with active participation of a majority of Directors, either in person or through other electronic means of communication.

Regular Board meetings were held during the year for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year under review, eight full board meetings were held. Details of the attendance of the Directors are as follows:

Executive Directors	**Directors' attendance**
Mr. Lu Quanzhang *(Chairman)*	8/8
Mr. Tjia Boen Sien *(Managing Director and Deputy Chairman)*	8/8
Mr. Wang Jing Ning	8/8
Mr. Tjia Wai Yip, William	8/8
Independent Non-Executive Directors	
Dr. Ho Chung Tai, Raymond	8/8
Ir Siu Man Po	8/8
Mr. Siu Kam Chau	8/8

Notices of regular Board meetings were served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Agenda and Board papers together with all appropriate information are sent to all Directors at least three days before each Board meeting or committee meeting so as to ensure that there is timely access to relevant information. All Directors can give notice to the Chairman of the Board or the Company Secretary if they intend to include matters in the agenda for Board meetings. The Board and the senior management are also obligated to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary in a timely manner.

The Company Secretary, who is an employee of the Company, is responsible to take and keep minutes of all Board meetings and Board committee meetings, which record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed. At Board meetings, all Directors have ample opportunity to express their respective views, voice any concerns and discuss the matters under consideration, and the results of voting at Board meetings fairly reflects the consensus of the Board. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection. Directors are entitled to have access to board papers and queries will be responded fully. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. Such Director must abstain from voting and will not be counted as quorum.

Directors' commitments

Each Director has confirmed that he can give sufficient time and attention to the Company's affairs, and has regularly provided information on the number and nature of offices held in public companies or organisations and other significant commitments, including the identity of such companies or organisations and an indication of the time involved.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the Chairman of the Board and the Managing Director, who performs similar role as Chief Executive Officer, to ensure a balance of power and authority. The respective responsibilities of the Chairman and the Managing Director are clearly defined and set out in writing. The Chairman provides leadership for the Board and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. The Chairman is primarily responsible for ensuring good corporate governance practices and procedures are established. He encourages all Directors to make full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company. He ensures that appropriate steps are taken to provide effective communication with shareholders and their views are communicated to the Board as a whole. With the support of the management, the Chairman is also responsible for ensuring that the Directors receive adequate information (whether from senior management or otherwise) in a timely manner, which is accurate, clear, complete and reliable, and appropriate briefing on issues arising at Board meetings as well as to ensure constructive relations between the executive and non-executive Directors.

The Managing Director focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Managing Director is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval, as well as developing policies and practices on corporate governance and compliance with legal and regulatory requirements. The position of the Chairman is held by Mr. Lu Quanzhang while the position of the Managing Director is held by Mr. Tjia Boen Sien.

The Chairman has held a meeting with the independent non-executive Directors without the executive Directors.

BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, Nomination Committee and Audit Committee, for overseeing particular aspects of the Group's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees have complied with the Code provisions and are available on the Stock Exchange website www.hkexnews.hk and the Company's website www.deson.com and are available to shareholders upon request. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Group's expenses. These Board committees will report back to the Board on their decisions or recommendations.

Remuneration Committee

Mr. Tjia Boen Sien, Mr. Wang Jing Ning, Dr. Ho Chung Tai, Raymond, Ir Siu Man Po and Mr. Siu Kam Chau are the members of the Remuneration Committee and Mr. Siu Kam Chau is the chairman of the committee. The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive Directors and the executives after consultation with the Chairman/Managing Director and accessed to professional advice, at the Group's expense, when necessary. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions. The Remuneration Committee normally meets towards the end of each year to review the remuneration policy and structure and determination of the annual remuneration packages of the executive Director, independent non-executive Directors and senior management and other related matters. The Group's remuneration policy is to maintain fair and competitive remuneration packages based on business needs and market practice. Factors such as market rate, an individual's qualification, experience, performance and time commitment are taken into account during the remuneration package determination process. The Remuneration Committee met one time during the year ended 31 March 2016 and reviewed the remuneration policy and structure of the Group and remuneration packages of the executive Directors, independent non-executive Directors and senior management for the year under review. Recommendations have been made to the Board.

Details of attendance record of members of the Remuneration Committee are set out below:

Name of member	Members' attendance
Mr. Tjia Boen Sien	1/1
Mr. Wang Jing Ning	1/1
Dr. Ho Chung Tai, Raymond	1/1
Ir Siu Man Po	1/1
Mr. Siu Kam Chau	1/1

Nomination Committee

Mr. Tjia Boen Sien, Mr. Wang Jing Ning, Dr. Ho Chung Tai, Raymond, Ir Siu Man Po and Mr. Siu Kam Chau are the members of the Nomination Committee and Mr. Siu Kam Chau is the chairman of the committee. The primary objectives of the Nomination Committee include reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant blend of skills, knowledge and experience. The Nomination Committee also assesses the independence of independent non-executive Directors and makes recommendations to the Board on the appointment and reappointment of Directors and succession planning for Directors. Candidates for appointment as Directors may be sourced internally or externally through various channels such as using the services of specialist executive search firms. The aim is to appoint individuals of the highest caliber in their area of expertise and experience. The Nomination Committee met one time during the year ended 31 March 2016 and reviewed the structure, size and composition of the Board for the year under review.

Details of attendance record of members of the Nomination Committee are set out below:

Name of member	Members' attendance
Mr. Tjia Boen Sien	1/1
Mr. Wang Jing Ning	1/1
Dr. Ho Chung Tai, Raymond	1/1
Ir Siu Man Po	1/1
Mr. Siu Kam Chau	1/1

Audit Committee

The Audit Committee comprises the three independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise) and Mr. Siu Kam Chau is the chairman of the committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

(a) to review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer (if any) or external auditors before submission to the Board;

(b) to review the relationship with the external auditors by reference to the work performed by the auditors, their fees, terms of engagement and independence, and make recommendation to the Board on the appointment, reappointment and removal of external auditors;

(c) to review the adequacy and effectiveness of the Group's financial reporting system, and risk management system, internal control system and associated procedures; and

(d) to review the adequacy of resources, qualifications and experience of the Group's accounting and financial reporting staff, their training programs, and budget.

The Audit Committee held two meetings during the year ended 31 March 2016 to review the financial results and reports, financial reporting and compliance procedures, and discussed matters concerning the effectiveness of internal control systems and the re-appointment of the external auditors. Minutes of Audit Committee meetings are kept by the Company Secretary of the Company. Draft and final versions of the minutes of meetings are sent to all committee members for comments within a reasonable time after the meeting. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Sufficient resources are provided by the Company for the Audit Committee to perform its duties.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

Details of the attendance record of the Audit Committee Meetings are as follows:

Name of Member	Members' attendance
Mr. Siu Kam Chau	2/2
Dr. Ho Chung Tai, Raymond	2/2
Ir Siu Man Po	2/2

AUDITORS' REMUNERATION

For the year ended 31 March 2016, the Group had engaged the Group's external auditors, Ernst & Young, to provide the following services and their respective fees charged are set out as below:

Fee charged for the year ended 31 March 2016:

	HK$
Types of services:	
Audit for the Group	2,460,000
Non-audit services – taxation services	73,000
Total	2,533,000

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2016. The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for overseeing the preparation of financial statements on a going concern basis, with supporting assumptions or qualifications as necessary, for each financial period with a view to ensuring that such financial statements give a true and fair view of the financial position of the Group and of the financial performance and cash flow for the financial year. Management of the Company has provided such explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before the Board for approval. The Group's consolidated financial statements are prepared in accordance with the Listing Rules, the disclosure requirements of the Hong Kong Companies Ordinance, all relevant statutory requirements and applicable accounting standards. The Group has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgements and estimates.

The Directors endeavour to ensure a balanced, clear and understandable assessment of the Group's position and prospect in the annual reports, interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 March 2016. The statement of the external auditors of the Group about their reporting responsibilities on the financial statements is set out in the "**Independent Auditors' Report**" on pages 42 to 43. Management of the Group is obligated to provide sufficient explanation and information to the Board so that it can make informed assessment of relevant matters.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. Internal control system policies and procedures are designed to identify and manage the risks that the Group may be exposed to, thereby providing reasonable assurance regarding the achievement of corporate objectives and the safeguarding of shareholder interests. Controls are monitored by periodic management review at least once every year. Internal financial systems also allow the Board to monitor the Group's overall financial position, to protect the Group's assets and to mitigate against material financial misstatement or loss. Through the Audit Committee of the Company, the Board has conducted reviews of the effectiveness of the internal control system of the Company and its subsidiaries during the Period under Review in accordance with the CG Code provisions on internal control, and considered that the system was sound and adequate and implemented effectively. The Board and audit committee assess the effectiveness of the internal control system and procedures based on information derived from discussions with the management of the Company and its external auditor. The reviews covered all material controls, including financial, operational and compliance controls, risk management functions, the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting and financial reporting functions.

The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of the business. The system can only provide reasonable but not absolute assurance against misstatements or losses. The Board has established a clearly defined scope of activities, responsibility and authority for each department and its management staff within the Group. The Group has a defined goal for each department to accomplish, these goals were discussed in the Board meeting and pass on to the management through the executive directors. These goals will be implemented and closely monitored by the executive directors who shall review the operational and financial results from time to time, and to take any necessary actions for the improvement of its business activities.

For the year ended 31 March 2016, the Board and the Audit Committee consider that the Company's internal control system was adequate and effective and that the Company complied with the CG Code with respect to its internal controls.

Inside Information/Price sensitive information disclosure policy

The Board has adopted an inside information/price sensitive information disclosure policy setting out the practices and procedures to (a) monitor business and corporate developments and events so that any potential inside information/price sensitive information is promptly identified and relayed to the Board to enable it to make timely decisions on disclosure, if necessary; and (b) take appropriate measures to preserve confidentiality of inside information/price sensitive information until proper dissemination of the inside information/price sensitive information via the electronic publication system operated by the Stock Exchange.

INVESTOR RELATIONS

The Company is committed to maintaining an open and effective investor relations policy and to updating investors on relevant information/developments in a timely manner, subject to relevant regulatory requirements. Briefings and meetings with institutional investors and analysts are conducted from time to time. The Company also replied to any enquiries from shareholders in a timely manner. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries. The corporate website of the Company at www.deson.com provides a communication platform via which the public and investor community can access up-to-date information regarding the Group.

Shareholders may also send any enquiries, suggestions or concerns to the Board at any time through the Company Secretary, whose contact details are as follows:

Address	:	The Company Secretary Deson Development International Holdings Limited 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong
Email	:	deson@deson.com
Telephone no.	:	(852) 2570 1118
Fax no.	:	(852) 3184 3402

The Company Secretary will forward such communications to the Board, the relevant Board committees and/or the Chief Executive Officer, as appropriate.

SHAREHOLDER RIGHTS

To ensure compliance with the CG Code, the notice of the meeting, the annual report and the circular containing information on the proposed resolutions will be sent to shareholders at least twenty clear business days before the annual general meeting. Voting at the forthcoming annual general meeting will be by way of a poll. An explanation of the detailed procedures of conducting a poll will be provided to shareholders at the commencement of the annual general meeting to ensure that shareholders are familiar with such procedures.

Poll results will be counted by Hong Kong Branch Share Registrar, Tricor Tengis Limited and will be posted on the websites of the Company and of the Stock Exchange on the day the shareholders' meeting held. The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Remuneration Committee, Nomination Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings. The Company will also arrange for the external auditors to attend the annual general meetings to answer relevant questions if necessary.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors.

In addition to regular Board meetings, the Board, on the requisition of shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company, may convene a special general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the Company Secretary, at the Company's head office at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The requisition must state the purposes of the meeting, and must be signed by the requisitionist(s). Shareholders may also use this same method to put forward proposals for the next general meeting.

There was no significant change in the Company's constitutional documents during the year ended 31 March 2016.

SHAREHOLDERS COMMUNICATION POLICY

The Company has established a Shareholders Communication Policy to set out the Company's procedures in providing the shareholders and the investment community with ready, equal and timely access to balanced and understandable information about the Company, in order to enable the shareholders to exercise their rights in an informed manner and to allow the shareholders and the investment community to engage actively with the Company.

EY 安永

To the shareholders of Deson Development International Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Deson Development International Holdings Limited (the "Company") and its subsidiaries set out on pages 44 to 128, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

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

Ernst & Young
Certified Public Accountants

22/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

21 June 2016

Consolidated Statement of Profit or Loss
Year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
REVENUE	5	**904,421**	850,198
Cost of sales		**(822,324)**	(769,220)
Gross profit		**82,097**	80,978
Other income and gains	5	**51,491**	67,602
Fair value gain on investment properties, net	14	**261,921**	141,436
Administrative expenses		**(101,332)**	(126,415)
Other operating expenses, net		**(41,057)**	(1,931)
Finance costs	7	**(33,486)**	(17,780)
Share of profits and losses of associates		**483**	577
PROFIT BEFORE TAX	6	**220,117**	144,467
Income tax expense	10	**(72,331)**	(52,076)
PROFIT FOR THE YEAR		**147,786**	92,391
Attributable to:			
Owners of the Company		**140,998**	94,476
Non-controlling interests		**6,788**	(2,085)
		147,786	92,391
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		(Restated)
Basic		**HK17.68 cents**	HK14.65 cents
Diluted		**HK17.68 cents**	HK14.65 cents

	Notes	2016 HK$'000	2015 HK$'000
PROFIT FOR THE YEAR		**147,786**	92,391
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of associates		**(991)**	(2,539)
Exchange differences on translation of foreign operations		**(31,638)**	(6,010)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(32,629)**	(8,549)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Surplus/(deficit) on revaluation of leasehold land and buildings	*13*	**(3,002)**	17,636
Income tax effect	*31*	**655**	(2,942)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		**(2,347)**	14,694
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(34,976)**	6,145
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**112,810**	98,536
Attributable to:			
Owners of the Company		**107,394**	100,388
Non-controlling interests		**5,416**	(1,852)
		112,810	98,536

Consolidated Statement of Financial Position

31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**221,282**	175,628
Investment properties	14	**1,056,900**	535,184
Goodwill	15	**–**	–
Investments in associates	16	**127**	1,035
Available-for-sale investments	17	**21,641**	21,641
Pledged deposits	26	**462,000**	316,200
Total non-current assets		**1,761,950**	1,049,688
CURRENT ASSETS			
Amounts due from associates	16	**4,964**	4,824
Amount due from an investee	18	**100**	100
Amounts due from related companies	19	**1,347**	479
Properties held for sale under development and properties held for sale	20	**1,075,959**	1,350,608
Gross amount due from contract customers	21	**31,929**	25,655
Inventories	22	**14,456**	11,768
Accounts receivable	23	**110,635**	58,849
Prepayments, deposits and other receivables	24	**80,896**	97,626
Equity investments at fair value through profit or loss	25	**8,124**	–
Tax recoverable		**2,490**	–
Pledged deposits	26	**152,127**	69,901
Cash and cash equivalents	26	**57,689**	78,430
Total current assets		**1,540,716**	1,698,240
CURRENT LIABILITIES			
Gross amount due to contract customers	21	**114,914**	88,455
Accounts payable	27	**47,353**	30,256
Other payables and accruals	28	**288,821**	140,313
Amounts due to associates	16	**48**	48
Amount due to a non-controlling shareholder	29	**1,500**	1,500
Tax payable		**82,301**	87,137
Interest-bearing bank and other borrowings	30	**653,841**	521,613
Total current liabilities		**1,188,778**	869,322
NET CURRENT ASSETS		**351,938**	828,918

	Notes	**2016**	2015
		HK$'000	*HK$'000*
NET CURRENT ASSETS		**351,938**	828,918
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,113,888**	1,878,606
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*30*	**560,040**	597,680
Deferred tax liabilities	*31*	**172,599**	111,855
Total non-current liabilities		**732,639**	709,535
Net assets		**1,381,249**	1,169,071
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*32*	**97,788**	65,184
Reserves	*34*	**1,262,478**	1,087,550
		1,360,266	1,152,734
Non-controlling interests		**20,983**	16,337
Total equity		**1,381,249**	1,169,071

Tjia Boen Sien
Director

Wang Jing Ning
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2016

		Attributable to owners of the Company													
	Notes	Issued capital *HK$'000*	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Other reserve *HK$'000*	Property revaluation reserve *HK$'000*	Capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Reserve funds *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2014		55,321	114,338	15,262	–	120,117	(9,240)	14,270	51,499	6,331	3,260	605,705	976,863	5,823	982,686
Profit for the year		–	–	–	–	–	–	–	–	–	–	94,476	94,476	(2,085)	92,391
Other comprehensive income for the year:															
Surplus on revaluation of leasehold land and buildings, net of tax		–	–	–	–	14,284	–	–	–	–	–	–	14,284	410	14,694
Share of other comprehensive loss of associates		–	–	–	–	–	–	–	–	(2,539)	–	–	(2,539)	–	(2,539)
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	(5,833)	–	–	–	(5,833)	(177)	(6,010)
Total comprehensive income for the year		–	–	–	–	14,284	–	–	(5,833)	(2,539)	–	94,476	100,388	(1,852)	98,536
Release of revaluation reserve		–	–	–	–	(4,015)	–	–	–	–	–	4,015	–	–	–
Deemed disposal of partial interest in a subsidiary without losing control upon shares issued by a subsidiary to non-controlling interests		–	–	–	24,732	(2,850)	–	–	(1,110)	–	(1,181)	6,419	26,010	5,360	31,370
Transfer to reserve		–	–	–	–	–	–	–	–	–	3,994	(3,994)	–	–	–
Issue of shares	*32(ii)*	10,000	62,000	–	–	–	–	–	–	–	–	–	72,000	–	72,000
Shares issue expenses	*32(ii)*	–	(1,909)	–	–	–	–	–	–	–	–	–	(1,909)	–	(1,909)
Shares repurchased	*32(i)*	(137)	(747)	–	–	–	–	137	–	–	–	(137)	(884)	–	(884)
Shares repurchase expenses	*32(i)*	–	(4)	–	–	–	–	–	–	–	–	–	(4)	–	(4)
Final 2014 dividend declared		–	–	–	–	–	–	–	–	–	–	(7,192)	(7,192)	–	(7,192)
Interim 2015 dividend	*11*	–	–	–	–	–	–	–	–	–	–	(5,532)	(5,532)	–	(5,532)
Dividends by way of distribution in specie	*11*	–	–	–	–	–	–	–	–	–	–	(7,006)	(7,006)	7,006	–
Reserves reallocation upon distribution in specie (deemed disposal of partial interest in a subsidiary without losing control)		–	–	–	(1,671)	(3,726)	–	–	(1,451)	–	(1,544)	8,392	–	–	–
At 31 March 2015		65,184	173,678*	15,262*	23,061*	123,810*	(9,240)*	14,407*	43,105*	3,792*	4,529*	695,146*#	1,152,734	16,337	1,169,071

\# Retained profits have been adjusted for the proposed final 2015 dividend in accordance with the current year's presentation, which is described in note 2.4 to the financial statements.

		Attributable to owners of the Company														
	Notes	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Other reserve HK$'000	Property revaluation reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Exchange fluctuation reserve HK$'000	Investment revaluation reserve HK$'000	Reserve funds HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2015		65,184	173,678	15,262	23,061	123,810	(9,240)	14,407	-	43,105	3,792	4,529	695,146	1,152,734	16,337	1,169,071
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	140,998	140,998	6,788	147,786
Other comprehensive income for the year:																
Deficit on revaluation of leasehold land and buildings, net of tax		-	-	-	-	(1,688)	-	-	-	-	-	-	-	(1,688)	(659)	(2,347)
Share of other comprehensive loss of associates		-	-	-	-	-	-	-	-	-	(991)	-	-	(991)	-	(991)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	(30,925)	-	-	-	(30,925)	(713)	(31,638)
Total comprehensive income for the year		-	-	-	-	(1,688)	-	-	-	(30,925)	(991)	-	140,998	107,394	5,416	112,810
Release of revaluation reserve		-	-	-	-	(5,242)	-	-	-	-	-	-	5,242	-	-	-
Equity-settled share option arrangement	33	-	-	-	-	-	-	-	4,771	-	-	-	-	4,771	1,183	5,954
Shares repurchased	32(iii)	(50)	(272)	-	-	-	-	50	-	-	-	-	(50)	(322)	-	(322)
Shares repurchase expenses	32(iii)	-	(7)	-	-	-	-	-	-	-	-	-	-	(7)	-	(7)
Share options exercised	32(iv)	58	436	-	-	-	-	-	(82)	-	-	-	-	412	-	412
Issue of shares	32(v)	32,596	71,711	-	-	-	-	-	-	-	-	-	-	104,307	-	104,307
Shares issue expenses	32(iv)(v)	-	(2,506)	-	-	-	-	-	-	-	-	-	-	(2,506)	-	(2,506)
Final 2015 dividend paid	11	-	-	-	-	-	-	-	-	-	-	-	(6,517)	(6,517)	-	(6,517)
Dividend paid to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	(1,953)	(1,953)
At 31 March 2016		97,788	243,040*	15,262*	23,061*	116,880*	(9,240) *	14,457*	4,689*	12,180*	2,801*	4,529*	834,819*#	1,360,266	20,983	1,381,249

* These reserve accounts comprise the consolidated reserves of HK$1,262,478,000 (2015: HK$1,087,550,000) in the consolidated statement of financial position.

The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange thereof, pursuant to the Group reorganisation on 21 May 1997.

The reserve funds of the Group include statutory reserves required to be appropriated from the profit after tax of the Company's subsidiaries in Mainland China under the laws and regulations of the People's Republic of China ("PRC"). The amount of the appropriation is at the discretion of these subsidiaries' boards of directors.

Consolidated Statement of Cash Flows
Year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**220,117**	144,467
Adjustments for:			
Finance costs	7	**33,486**	17,780
Share of profits and losses of associates		**(483)**	(577)
Interest income	5	**(16,874)**	(3,263)
Gain on disposal of equity investments at fair value through profit or loss	5	**(70)**	–
Fair value gain on investment properties, net	14	**(261,921)**	(141,436)
Dividend income	5	**(764)**	(952)
Loss on disposal of items of property, plant and equipment	6	**43**	313
Depreciation	6	**6,849**	6,551
Impairment of properties held for sale		**35,574**	–
Provision for inventories	6	**1,980**	1,743
Impairment of other receivables	6	**2,112**	2,420
Fair value gain on equity investments at fair value through profit or loss	5	**(724)**	–
Impairment/(reversal of impairment) of accounts receivable	6	**3,903**	(51)
Equity-settled share option expense	6	**5,954**	–
		29,182	26,995
Increase in properties held for sale under development and properties held for sale		**(85,058)**	(348,870)
Increase in gross amount due from contract customers		**(5,374)**	(16,462)
Increase in inventories		**(4,668)**	(1,408)
Decrease/(increase) in accounts receivable		**(55,754)**	18,365
Decrease/(increase) in prepayments, deposits and other receivables		**12,322**	(5,442)
Increase in gross amount due to contract customers		**26,459**	610
Increase/(decrease) in accounts payable		**17,485**	(28,845)
Increase/(decrease) in other payables and accruals		**152,471**	(30,679)
Cash generated from/(used in) operations		**87,065**	(385,736)
Interest paid		**(83,512)**	(67,806)
Hong Kong taxes paid		**(4,434)**	(1,678)
Overseas taxes paid		**(10,663)**	(13,289)
Net cash flows used in operating activities		**(11,544)**	(468,509)

	Notes	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**16,874**	3,263
Dividend received		**764**	952
Dividend received from an associate		**400**	600
Purchases of items of property, plant and equipment		**(970)**	(693)
Purchase of equity investments at fair value through profit or loss		**(9,818)**	–
Proceeds from disposal of equity investments at fair value through profit or loss		**2,488**	–
Proceeds from disposal of items of property, plant and equipment		**10**	–
Proceeds from disposal of an associate		**–**	188
Advances to associates, net		**(140)**	(76)
Increase in pledged deposits		**(239,005)**	(334,304)
Net cash flows used in investing activities		**(229,397)**	(330,070)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling interests		**–**	31,370
Issue of shares		**104,719**	72,000
Shares issue expenses	32	**(2,506)**	(1,909)
Repurchase of the Company's shares	32	**(322)**	(884)
Shares repurchase expenses	32	**(7)**	(4)
New bank and other borrowings		**483,275**	1,196,179
Repayment of bank and other borrowings		**(367,729)**	(550,601)
Increase in amounts due from related companies		**(868)**	(2,672)
Dividends paid		**(8,470)**	(12,724)
Net cash flows from financing activities		**208,092**	730,755
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(32,849)**	(67,824)
Cash and cash equivalents at beginning of year		**63,054**	129,464
Effect of foreign exchange rate changes, net		**(702)**	1,414
CASH AND CASH EQUIVALENTS AT END OF YEAR		**29,503**	63,054
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	26	**57,689**	78,430
Bank overdrafts, secured	30	**(28,186)**	(15,376)
Cash and cash equivalents as stated in the statement of cash flows		**29,503**	63,054

1. CORPORATE AND GROUP INFORMATION

Deson Development International Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

During the year, the Group was involved in the following activities:

- the construction business, as a main contractor, decoration, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, Mainland China and Macau;
- property development and investment; and
- trading of medical equipment and home security and automation products, and provision of related installation and maintenance services, as well as trading of various granite and marble products, stone slabs and products for construction market.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Class of shares held	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Beijing Chang-de Architectural & Decoration Co., Ltd. (a)*	PRC/ Mainland China	Renminbi ("RMB") 16,000,000	N/A	–	30.7 (iii)	Decoration engineering
Deson Development Holdings Limited*	British Virgin Islands ("BVI")/ Hong Kong	US$200	Ordinary	100	–	Investment holding
Deson Construction International Holdings Limited ("DCIHL")	The Cayman Islands/ Hong Kong	HK$25,000,000 (2015: HK$20,000,000)	Ordinary	–	51.18	Investment holding
Deson Development Limited	Hong Kong	HK$20,000,100	Class A (i)	–	51.18	Construction contracting and investment holding
		HK$20,000,000	Class B (i)	–	51.18	
Deson Industries Limited*	BVI/ Hong Kong	US$1	Ordinary	–	51.18	Investment holding

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Class of shares held	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Deson Property Development (Kaifeng) Co., Ltd. (b)*	PRC/ Mainland China	HK$311,880,000 (2015: HK$281,000,000)	N/A	–	100	Property development
Deson Ventures Limited*	BVI/ Hong Kong	US$1	Ordinary	–	100	Investment holding
Deson Ventures (Hong Kong) Limited*	Hong Kong	HK$1	Ordinary	–	100	Investment holding
Hua Sheng International Real Estate Development (Shanghai) Co., Ltd. (b)*	PRC/ Mainland China	US$6,400,000	N/A	–	100	Property development
Kenworth Engineering Limited	Hong Kong	HK$54,374,140 HK$20,000,000	Ordinary Preference (ii)	– –	51.18 51.18	Provision of electrical and mechanical engineering services
Latest Ventures Limited*	BVI/ Hong Kong	US$1,000	Ordinary		51.18	Investment holding
Medical Technologies Limited	Hong Kong	HK$10,000	Ordinary	–	100	Trading of medical equipment
Deson Innovative Limited*	Hong Kong	HK$1,000,000	Ordinary	–	100	Selling, distribution and marketing of home security and automation products

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Class of shares held	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Super Sight Investments Inc.*	BVI/ Mainland China	US$1	Ordinary	–	100	Property development
上海迪申建築裝潢有限公司 (b)*	PRC/ Mainland China	US$900,000	N/A	–	51.18	Decoration engineering
Wonderful Hope Limited*	BVI/ Mainland China	US$1	Ordinary	–	100	Property development
海南亞豪置業有限公司 (b)*	PRC/ Mainland China	RMB10,000,000	N/A	–	100	Property investment
迪臣跨境商貿（開封）有限公司 (b)*	PRC/ Mainland China	RMB30,000,000	N/A	–	100 (2015: Nil)	E-commence

(a) Registered as a Sino-foreign investment enterprise under PRC law.

(b) Registered as wholly-foreign-owned enterprises under PRC law.

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

Notes:

(i) The holders of class A shares have voting rights and are entitled to dividend distributions. Upon the winding up of this company, the class A shareholders are entitled to return of assets. The holders of non-voting class B shares are not entitled to dividend distributions. Moreover, upon the winding-up of this company, the class B shareholders are not entitled to any return of assets if the assets of the company are less than HK$100 trillion.

(ii) The holders of the preference shares have a cumulative preferential right to the company's profits at 10% of the nominal amount of its share capital, but are not entitled to receive notice of or attend or vote at any meeting of members or any meeting of directors.

(iii) The Group holds indirect controlling interests in this company through a non-wholly owned subsidiary. The Group has control over this company and it is accounted for as a subsidiary.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, investment properties and equity investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

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

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group did not acquire any investment property during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial period. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments* [2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception* [1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations* [1]
HKFRS 14	*Regulatory Deferral Accounts* [3]
HKFRS 15	*Revenue from Contracts with Customers* [2]
HKFRS 16	*Leases* [5]
Amendments to HKAS 1	*Disclosure Initiative* [1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants* [1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements* [1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs [1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date yet determined but is available for adoption
5 Effective for annual periods beginning on or after 1 January 2019

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

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

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 April 2016.

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

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is yet to assess the full impact of the standard on its financial position and results of operations. The standard is mandatorily effective for annual periods beginning on or after 1 January 2019.

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

(i) the materiality requirements in HKAS 1;

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

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

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

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and other comprehensive income. The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combination and goodwill

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combination and goodwill *(continued)*

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

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

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

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

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

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

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

Fair value measurement

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a party, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

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

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

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the property revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the property revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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

Leasehold land and buildings	Over the remaining lease terms
Leasehold improvements	Over the remaining lease terms
Furniture and fixtures	15% on the reducing balance basis
Office equipment	15% on the reducing balance basis
Tools and equipment	15% on the reducing balance basis
Motor vehicles	15% on the reducing balance basis

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

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

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Operating leases

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the leasehold land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Initial recognition and measurement (continued)

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

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

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

Loans and receivables

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

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments (continued)

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

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

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

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets *(continued)*

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

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost (continued)

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

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include accounts payable, other payables, certain accruals, amounts due to associates and a non-controlling shareholder, and interest-bearing bank and other borrowings.

Subsequent measurement

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

Loans and borrowings

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

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

Derecognition of financial liabilities

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Offsetting of financial instruments

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

Inventories

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

Properties held for sale under development and properties held for sale

Properties under development which are intended for sale are included in properties held for sale under development and properties held for sale and are stated at the lower of cost and net realisable value, which is estimated by the directors based on the prevailing market conditions. Costs include all costs directly incurred in the properties under development, including development expenditure, borrowing costs and other direct costs.

Completed properties for sale are stated at the lower of cost and net realisable value. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to the prevailing market prices on an individual property basis.

Cash and cash equivalents

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

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

Income tax

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

(a) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(b) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(c) from the rendering of services, when the services are rendered or on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below;

(d) from the sale of property interests, when all the conditions of sale have been met and the risks and rewards of ownership have been transferred to the buyer;

(e) rental income, on a time proportion basis over the lease terms;

(f) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset; and

(g) dividend income, when the shareholders' right to receive payment has been established.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised using the percentage of completion method, measured either by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract or to the percentage of certified work performed to date to the estimated total sum of the relevant contracts.

Revenue from cost plus construction contracts is recognised using the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Trinomial Option Pricing Model, further details of which are given in note 33 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

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

The Group also operates a defined contribution retirement benefit scheme (the "**ORSO Scheme**") under the Occupational Retirement Schemes Ordinance, for those employees who were eligible to participate. The ORSO Scheme operated in a similar way to the MPF Scheme, except that when an employee left the ORSO Scheme before his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group were reduced by the relevant amount of the forfeited contributions. With effect from 1 December 2000, the Group has operated both schemes and those employees who are not eligible to participate in the ORSO Scheme are eligible to participate in the MPF Scheme.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 6.3% (2015: 8.6%) has been applied to the expenditure on the individual assets.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into leases for certain of its properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Classification between investment properties and owner-occupied properties (continued)

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 March 2016 was HK$1,056,900,000 (2015: HK$535,184,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

Land appreciation tax

Under the Provisional Regulations on land appreciation tax (''LAT'') implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from the transfer of real estate properties in Mainland China with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Land appreciation tax (continued)

The subsidiaries of the Group engaged in the property development business in Mainland China are subject to land appreciation taxes, which have been included in income tax. However, the implementation of these taxes varies amongst various Mainland China cities and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and provisions of land appreciation taxes in the period in which such determination is made.

Estimates regarding the realisability of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Useful lives and impairment of property, plant and equipment

The Group determines the useful lives and related depreciation charges for its property, plant and equipment based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The estimated useful lives could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles.

Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned. Actual economic lives of property, plant and equipment may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation in the future periods.

Impairment of accounts receivable

Impairment of accounts receivable is made based on assessment of the recoverability of receivables due from customers. The identification of impairment requires management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact on the carrying value of the receivables and impairment losses/reversal of impairment losses in the period in which such estimate has been changed.

4. OPERATING SEGMENT INFORMATION

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

(a) the construction business segment is engaged in construction contract works, as a main contractor, decoration, as well as the provision of electrical and mechanical engineering services;

(b) the property development and investment business segment is engaged in property development of residential and commercial properties and holding of investment properties; and

(c) the "others" segment comprises, principally, trading of medical equipment and home security and automation products, and provision of related installation and maintenance services, trading of various granite and marble products, stone slabs and products for construction market.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax except that interest income, dividend income, fair value gain on equity investments at fair value through profit or loss, gain on disposal of equity investments at fair value through profit or loss, finance costs, share of profits and losses of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities, including certain interest-bearing bank and other borrowings, tax payable and deferred tax liabilities, as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 March 2016

	Construction business HK$'000	Property development and investment business HK$'000	Others HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	812,954	59,546	31,921	904,421
Other income and gains	899	30,649	1,511	33,059
	813,853	90,195	33,432	937,480
Segment results				
Operating profit	17,206	230,638	4,064	251,908
Reconciliation:				
Interest income				16,874
Dividend income				764
Fair value gain on equity investments at fair value through profit or loss				724
Gain on disposal of equity investments at fair value through profit or loss				70
Unallocated expenses				(17,220)
Finance costs				(33,486)
Share of profits and losses of associates				483
Profit before tax				220,117
Segment assets	227,687	2,344,982	29,193	2,601,862
Reconciliation:				
Investments in associates				127
Corporate and other unallocated assets				700,677
Total assets				3,302,666

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 March 2016 *(continued)*

	Construction business *HK$'000*	Property development and investment business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	**195,108**	**1,335,017**	**11,776**	**1,541,901**
Reconciliation:				
Corporate and other unallocated liabilities				**379,516**
Total liabilities				**1,921,417**
Other segment information:				
Fair value loss/(gain) on investment properties	**420**	**(262,341)**	**–**	**(261,921)**
Loss on disposal of items of property, plant and equipment	**21**	**19**	**3**	**43**
Impairment of other receivables	**–**	**2,112**	**–**	**2,112**
Impairment of accounts receivable	**3,903**	**–**	**–**	**3,903**
Provision for inventories	**–**	**–**	**1,980**	**1,980**
Impairment of properties held for sale	**–**	**35,574**	**–**	**35,574**
Depreciation	**830**	**5,940**	**79**	**6,849**
Capital expenditure*	**98**	**669**	**203**	**970**

* Capital expenditure represents additions to property, plant and equipment.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 March 2015

	Construction business HK$'000	Property development and investment business HK$'000	Others HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	750,075	74,488	25,635	850,198
Other income and gains	4,598	57,907	882	63,387
	754,673	132,395	26,517	913,585
Segment results				
Operating profit	13,903	168,737	734	183,374
Reconciliation:				
Interest income				3,263
Dividend income				952
Unallocated expenses				(25,919)
Finance costs				(17,780)
Share of profits and losses of associates				577
Profit before tax				144,467
Segment assets	128,697	2,106,047	24,119	2,258,863
Reconciliation:				
Investments in associates				1,035
Corporate and other unallocated assets				488,030
Total assets				2,747,928

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 March 2015 *(continued)*

	Construction business *HK$'000*	Property development and investment business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	132,691	1,116,931	10,063	1,259,685
Reconciliation:				
Corporate and other unallocated liabilities				319,172
Total liabilities				1,578,857
Other segment information:				
Fair value gain on investment properties	(875)	(140,561)	–	(141,436)
Loss on disposal of items of property, plant and equipment	309	–	4	313
Impairment/(reversal of impairment) of other receivables	(625)	3,045	–	2,420
Reversal of impairment of accounts receivable	–	–	(51)	(51)
Provision for inventories	–	–	1,743	1,743
Depreciation	2,675	3,797	79	6,551
Capital expenditure*	282	381	30	693

* Capital expenditure represents additions to property, plant and equipment.

Geographical information

(a) *Revenue from external customers*

	2016 ***HK$'000***	2015 *HK$'000*
Hong Kong	**508,935**	510,863
Mainland China	**395,486**	339,335
	904,421	850,198

The revenue information above is based on the locations of the customers.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

(b) Non-current assets

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**154,762**	158,514
Mainland China	**1,585,420**	868,498
	1,740,182	1,027,012

The non-current assets information above is based on the locations of the assets and excludes investments in associates and available-for-sale investments.

Information about a major customer

During the year, revenue of approximately HK$125,000,000 (2015: HK$191,203,000) was derived from sales by construction segment to a single customer, including sales to a group of entities which are known to be under common control of that customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents an appropriate proportion of contract revenue from construction contracts; income from property development and investment; the net invoiced value of goods sold, after allowances for returns and trade discounts; and provision of related installation and maintenance services.

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Income from construction contracting and related business	**812,954**	750,075
Income from property development and investment business	**59,546**	74,488
Income from trading of medical equipment and home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products for construction market	**31,921**	25,635
	904,421	850,198
Other income and gains		
Bank interest income	**16,874**	3,263
Dividend income	**764**	952
Gross rental income	**28,270**	50,207
Fair value gain on equity investments at fair value through profit or loss	**724**	–
Gain on disposal of equity investments at fair value through profit or loss	**70**	–
Others	**4,789**	13,180
	51,491	67,602

6. PROFIT BEFORE TAX

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

	2016	2015
	HK$'000	*HK$'000*
Cost of properties sold	**34,041**	42,879
Cost of construction contracting	**765,653**	706,174
Cost of inventories sold and services provided	**22,630**	20,167
Auditors' remuneration	**2,460**	4,770
Depreciation (note 13)	**6,849**	6,551
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**3,969**	854
Minimum lease payments under operating leases on land and buildings	**1,394**	1,819
Rental income on investment properties less direct operating expenses of HK$3,969,000 (2015: HK$854,000)	**(32,730)**	(5,262)
Loss on disposal of items of property, plant and equipment^	**43**	313
Employee benefit expense (including directors' and chief executive's remuneration – note 8):		
Wages and salaries	**55,557**	59,014
Equity-settled share option expense	**5,954**	–
Pension schemes contributions*	**1,206**	1,245
Less: Amount capitalised	**(15,480)**	(13,638)
	47,237	46,621
Provision for inventories, included in cost of inventories sold and services provided above	**1,980**	1,743
Impairment/(reversal of impairment) of accounts receivable (note 23)^	**3,903**	(51)
Impairment of other receivables (note 24)^	**2,112**	2,420
Impairment of properties held for sale^	**35,574**	–
Foreign exchange differences, net^	**(575)**	(751)

* At 31 March 2016, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2015: Nil).

^ These amounts are included in "Other operating expenses, net" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2016	2015
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**83,513**	67,806
Less: Interest capitalised	**(50,027)**	(50,026)
	33,486	17,780

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2016	2015
	HK$'000	*HK$'000*
Fees	**360**	456
Other emoluments:		
Salaries, bonuses and allowances*	**6,809**	6,775
Equity-settled share option expense	**1,600**	–
Pension schemes contributions	**45**	72
	8,454	6,847
	8,814	7,303

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 33 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(a) Non-executive director and independent non-executive directors

	Fees *HK$'000*	Equity-settled share option expense *HK$'000*	Total remuneration *HK$'000*
2016			
Independent non-executive directors:			
Dr. Ho Chung Tai, Raymond	**120**	**61**	**181**
Ir Siu Man Po	**120**	**61**	**181**
Mr. Siu Kam Chau	**120**	**61**	**181**
	360	**183**	**543**
2015			
Independent non-executive directors:			
Dr. Ho Chung Tai, Raymond	120	–	120
Ir Siu Man Po	120	–	120
Mr. Siu Kam Chau	120	–	120
	360	–	360
Non-executive director:			
Mr. Wong Shing Kay, Oliver (Deceased on 9 April 2015)	96	–	96
	456	–	456

There were no other emoluments payable to the non-executive director and independent non-executive directors during the year (2015: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors and chief executive

	Salaries, bonuses and allowances HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2016				
Mr. Lu Quanzhang	**300**	**–**	**182**	**482**
Mr. Tjia Boen Sien ("Mr. Tjia")*#	**4,755**	**–**	**61**	**4,816**
Mr. Wang Jing Ning	**1,070**	**18**	**587**	**1,675**
Mr. Tjia Wai Yip, William	**684**	**27**	**587**	**1,298**
	6,809	**45**	**1,417**	**8,271**
2015				
Mr. Lu Quanzhang	300	–	–	300
Mr. Tjia*#	4,084	–	–	4,084
Mr. Wang Jing Ning	937	18	–	955
Mr. Keung Kwok Cheung (Resigned on 7 January 2015)	1,282	48	–	1,330
Mr. Tjia Wai Yip, William (Appointed on 7 January 2015)	172	6	–	178
	6,775	72	–	6,847

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

* Mr. Tjia is also the chief executive of the Group as defined in the Listing Rules.

\# This executive director of the Company is entitled to performance related bonus payment of HK$2,909,000 (2015: HK$2,110,000) which is determined with reference to the profit after tax of the Group.

9. FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT

The five highest paid employees during the year included two (2015: two) directors (including the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2015: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2016	2015
	HK$'000	*HK$'000*
Salaries and allowances	**3,806**	3,822
Pension schemes contributions	**132**	123
Equity-settled share option expense	**1,027**	–
	4,965	3,945

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

	Number of employees	
	2016	2015
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**3**	3
	3	3

Other than the directors' remuneration and five highest paid employees disclosed above, the amounts paid to the senior management as disclosed in the "**Biographical Details of Directors and Senior Management**" section were as follows:

	2016	2015
	HK$'000	*HK$'000*
Salaries and allowances	**2,327**	2,122
Pension schemes contributions	**33**	32
Equity-settled share option expense	**868**	–
	3,228	2,154

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, unless the Group's subsidiaries did not generate any assessable profits arising in Hong Kong during the year or the Group's subsidiaries had available tax losses brought forward from previous year to offset the assessable profits generated during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

10. INCOME TAX *(continued)*

LAT in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

	2016	2015
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**–**	2,101
Under/(over)provision in prior years	**369**	(38)
Current – Elsewhere		
Charge for the year	**7,615**	12,132
Deferred (note 31)	**62,427**	35,856
LAT in Mainland China	**1,920**	2,025
Total tax charge for the year	**72,331**	52,076

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	2016	2015
	HK$'000	*HK$'000*
Profit before tax	**220,117**	144,467
Tax at the applicable statutory tax rates	**56,471**	38,022
Adjustment in respect of current tax of previous period	**369**	(38)
Profits and losses attributable to associates	**(80)**	(95)
Income not subject to tax	**(629)**	(839)
Expenses not deductible for tax	**8,004**	5,437
Effect of withholding tax at 10% or 5% on the distributable profits of the Group's PRC subsidiaries	**(768)**	1,130
Tax losses utilised from previous periods	**(2,556)**	(492)
Tax losses and temporary differences not recognised	**9,613**	5,991
LAT	**1,920**	2,025
Others	**(13)**	935
Tax charge at the Group's effective rate of 32.9% (2015: 36.0%)	**72,331**	52,076

The share of tax credit attributable to associates amounting to HK$479,000 (2015: HK$222,000) is included in "Share of profits and losses of associates" on the face of the consolidated statement of profit or loss.

11. DIVIDENDS

	2016	2015
	HK\$'000	*HK\$'000*
Interim – Nil (2015: HK1 cent per ordinary share)	–	5,532
Special interim dividends by way of distribution in specie (note)	–	7,006
Proposed final – Nil (2015: HK1 cent per ordinary share)	–	6,517
	–	19,055

Note: In the prior year, in August 2014, the Company submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules in relation to the proposed spin-off of DCIHL by way of a separate listing of the ordinary shares of HK\$0.05 each of DCIHL ("DCIHL Shares") on the Growth Enterprise Market (the "**GEM**") of the Stock Exchange.

On 10 September 2014, DCIHL submitted a listing application form (Form 5A) to the Stock Exchange in order to apply for the listing of, and permission to deal in, the DCIHL Shares on the GEM of the Stock Exchange. The listing of the DCIHL Shares would be by way of placing achieved by (a) a distribution in specie by the Company of 27.66% of the DCIHL Shares and (b) placing of 12.5% of the DCIHL Shares.

On 19 December 2014, the Board declared conditional special interim dividends (the "Conditional Dividends") for the year ended 31 March 2015 of one DCIHL Share for every five shares held in the Company to shareholders on the register of members as at the close of business on 24 December 2014. Fractional entitlements were disregarded and will be retained by the Company for sale in the market and the Company will keep the net proceeds of sale, after deduction of the related expenses. The Conditional Dividends became unconditional upon the listing of the DCIHL Shares under stock code 8268 on the GEM of the Stock Exchange.

The dividend amount of HK\$7,006,000 represented the net assets attributable to the distribution in specie of an aggregate of 110,642,053 DCIHL Shares.

No interim dividend was paid during the year (2015: HK1 cent per share) and the board of directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: HK1 cent per share).

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$140,998,000 (2015: HK\$94,476,000) and the weighted average number of ordinary shares in issue of 797,696,205 (2015 (restated): 645,081,973) during the year, as adjusted to reflect the open offer during the year.

No adjustment was made to the basic earnings per share amount presented for the year ended 31 March 2016 as the impact of share options had an anti-dilutive effect on the basic earnings per share amount on 31 March 2016. No adjustment has been made to the basic earnings per share amount presented for the year ended 31 March 2015 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during that year.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improve-ments HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Tools and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2016							
At 31 March 2015 and at 1 April 2015:							
Cost or valuation	170,912	3,720	2,806	5,712	2,745	4,329	190,224
Accumulated depreciation	–	(2,435)	(2,197)	(4,425)	(2,514)	(3,025)	(14,596)
Net carrying amount	170,912	1,285	609	1,287	231	1,304	175,628
At 1 April 2015, net of accumulated depreciation	170,912	1,285	609	1,287	231	1,304	175,628
Additions	–	–	346	555	38	31	970
Transfer from properties held for sale (note 20)	54,674	–	–	–	–	–	54,674
Disposals	–	–	–	(22)	–	(31)	(53)
Deficit on revaluation	(3,002)	–	–	–	–	–	(3,002)
Depreciation provided during the year	(5,803)	(158)	(171)	(528)	(30)	(159)	(6,849)
Exchange realignment	(1)	(41)	(10)	(18)	(6)	(10)	(86)
At 31 March 2016	216,780	1,086	774	1,274	233	1,135	221,282
At 31 March 2016:							
Cost or valuation	216,780	3,600	3,131	5,948	2,746	4,255	236,460
Accumulated depreciation	–	(2,514)	(2,357)	(4,674)	(2,513)	(3,120)	(15,178)
Net carrying amount	216,780	1,086	774	1,274	233	1,135	221,282

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Leasehold land and buildings HK$'000	Leasehold improve-ments HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Tools and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2015							
At 1 April 2014:							
Cost or valuation	158,650	4,229	2,629	7,753	3,274	7,554	184,089
Accumulated depreciation	–	(2,850)	(2,203)	(6,194)	(3,009)	(5,652)	(19,908)
Net carrying amount	158,650	1,379	426	1,559	265	1,902	164,181
At 1 April 2014, net of accumulated depreciation	158,650	1,379	426	1,559	265	1,902	164,181
Additions	–	105	288	256	2	42	693
Disposals	–	–	(3)	(78)	(4)	(229)	(314)
Surplus on revaluation	17,636	–	–	–	–	–	17,636
Depreciation provided during the year	(5,374)	(189)	(102)	(447)	(31)	(408)	(6,551)
Exchange realignment	–	(10)	–	(3)	(1)	(3)	(17)
At 31 March 2015	170,912	1,285	609	1,287	231	1,304	175,628
At 31 March 2015:							
Cost or valuation	170,912	3,720	2,806	5,712	2,745	4,329	190,224
Accumulated depreciation	–	(2,435)	(2,197)	(4,425)	(2,514)	(3,025)	(14,596)
Net carrying amount	170,912	1,285	609	1,287	231	1,304	175,628

The Group's leasehold land and buildings were revalued individually at the end of the reporting period by Peak Vision Appraisals Limited, independent professionally qualified valuers, at an aggregate open market value of HK$216,780,000 (2015: HK$170,912,000) based on their existing use.

A revaluation deficit of HK$3,002,000 (2015: surplus of HK$17,636,000) resulting from the revaluation has been charged (2015: credited) to other comprehensive income.

As at 31 March 2016, certain leasehold land and buildings of the Group with an aggregate carrying amount of HK$145,500,000 (2015: HK$153,800,000) were pledged to secure certain banking facilities granted to the Group (note 30).

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Each year, the Group appoints external valuers to be responsible for the external valuations of the Group's properties and has discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed for annual financial reporting.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's properties held for own use:

	Fair value measurement as at 31 March 2016 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement for:				
Properties held for own use	**–**	**–**	**216,780**	**216,780**

	Fair value measurement as at 31 March 2015 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Properties held for own use	–	–	170,912	170,912

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Properties held for own use
	HK$'000
Carrying amount at 1 April 2015	**170,912**
Transfer from properties held for sale (note 20)	**54,674**
Deficit on revaluation recognised in other comprehensive income	**(3,002)**
Depreciation	**(5,803)**
Exchange realignment	**(1)**
Carrying amount at 31 March 2016	**216,780**

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of properties held for own use:

	Valuation techniques	Significant unobservable inputs	Range (weighted average) **2016**	2015
Properties held for own use	Direct comparison approach	Market unit sale price (per square foot)	**HK$3,220 to HK$6,120**	HK$3,450 to HK$6,460

The direct comparison approach

Under the market approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by making reference to comparable sales transactions as available in the market.

The valuation takes into account the characteristics of the properties held for own use, which included the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price per square foot.

The key input was the market price per square foot, and a significant increase/(decrease) in the market price would result in a significant increase/(decrease) in the fair value of the properties held for own use.

14. INVESTMENT PROPERTIES

	2016	2015
	HK$'000	*HK$'000*
Carrying amount at 1 April	**535,184**	305,000
Net gain from fair value adjustment recognised in statement of profit or loss	**261,921**	141,436
Transfer from properties held for sale (note 20)	**277,059**	91,239
Exchange realignment	**(17,264)**	(2,491)
Carrying amount at 31 March	**1,056,900**	535,184

The Group's investment properties were revalued on 31 March 2016 based on valuations performed by Peak Vision Appraisals Limited, independent professionally qualified valuers, at HK$1,056,900,000 (2015: HK$535,184,000).

As at 31 March 2016, certain investment properties of the Group with aggregate carrying amount of HK$541,200,000 (2015: Nil) were pledged to secure certain banking facilities granted to the Group (note 30).

As at 31 March 2016, investment properties of the Group with a carrying amount of HK$1,046,040,000 (2015: HK$535,184,000) were leased to independent third parties.

14. INVESTMENT PROPERTIES *(continued)*

The directors of the Company have determined that the investment properties are hotel and commercial properties, based on nature, characteristics and work of each property. Each year, the Group appoints external valuers to be responsible for the external valuations of the Group's investment properties and has discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed for annual financial reporting.

Particulars of the Group's investment properties are included on pages 26 and 27.

Fair value hierarchy

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

	Fair value measurement as at 31 March 2016 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement for:				
Hotel properties	**–**	**–**	**288,000**	**288,000**
Commercial properties	**–**	**–**	**768,900**	**768,900**
	–	**–**	**1,056,900**	**1,056,900**

	Fair value measurement as at 31 March 2015 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Hotel properties	–	–	307,768	307,768
Commercial properties	–	–	227,416	227,416
	–	–	535,184	535,184

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Hotel properties *HK$'000*	Commercial properties *HK$'000*
Carrying amount at 1 April 2015	307,768	227,416
Net gain/(loss) from fair value adjustment recognised in the statement of profit or loss	(9,840)	271,761
Transfer from properties held for sale (note 20)	–	277,059
Exchange realignment	(9,928)	(7,336)
Carrying amount at 31 March 2016	288,000	768,900

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range (weighted average) 2016	2015
Hotel properties and commercial properties	Investment method	Estimated rental value (per square metre and per month)	**RMB51 to RMB123**	RMB37 to RMB195
		Term yield	**2.00% to 6.50%**	2.00% to 6.25%
		Reversionary yield	**6.50% to 7.50%**	5.75% to 7.00%
Commercial properties	Direct comparison approach	Market unit sale price (per square foot)	**HK$34,600**	N/A
Car park spaces	Direct comparison approach	Market unit selling price	**RMB350,000**	RMB350,000

The investment method

Under the investment method, fair value is estimated on the basis of capitalisation of existing rent receivable from the existing tenancies and the potential reversionary market rent of the properties.

The valuation takes into account the characteristics of the investment properties, which included the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the estimated rental value and reversionary yield, while it takes into account the rental value generated from the existing lease term to arrive at the term yield.

The key input was the estimated rental value, term yield and reversionary yield, and a significant increase/(decrease) in these inputs would result in a significant increase/(decrease) in the fair value of the investment properties.

14. INVESTMENT PROPERTIES *(continued)*

The direct comparison approach

Under the market approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by making reference to comparable sales transactions as available in the market.

The valuation takes into account the characteristics of the investment properties, which included the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price per square foot.

The key input was the market price per square foot, and a significant increase/(decrease) in the market price would result in a significant increase/(decrease) in the fair value of the investment properties.

15. GOODWILL

	HK$'000
At 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016:	
Cost	606
Accumulated impairment	(606)
Net carrying amount	–

16. INVESTMENTS IN ASSOCIATES

	2016	2015
	HK$'000	*HK$'000*
Share of net assets	**127**	1,035
Amounts due from associates	**4,964**	4,824
Amounts due to associates	**(48)**	(48)

The balances with associates are unsecured, interest-free and repayable on demand.

16. INVESTMENTS IN ASSOCIATES *(continued)*

Particulars of the principal associates are as follows:

Name	Particulars of issued share held	Place of incorporation and business	Percentage of ownership attributable to the Group 2016	2015	Principal activities
Asia Construction Holdings Limited	HK$980,000	Hong Kong	**49**	49	Investment holding
Deson Metals Company Limited*	HK$2,000,000	Hong Kong/ Mainland China	**40**	40	Trading of construction materials

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The Group's shareholdings in the associates are held through subsidiaries of the Company.

The Group has discontinued the recognition of its share of losses of certain associates because it exceeded the Group's interests in these associates and the Group has no obligation to take up further losses. The Group's aggregate unrecognised share of losses for the current year and share of accumulated losses of these associates amounted to HK$45,000 (2015: HK$93,000) and HK$1,716,000 (2015: HK$1,671,000), respectively.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2016 *HK$'000*	2015 *HK$'000*
Share of the associates' profit for the year	**483**	577
Share of the associates' other comprehensive loss	**(991)**	(2,539)
Share of the associates' total comprehensive loss	**(508)**	(1,962)
Aggregate carrying amount of the Group's investments in the associates	**127**	1,035

17. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	HK$'000	*HK$'000*
Unlisted equity investments, at cost	**11,550**	11,550
Advance to an investee	**16,521**	16,521
Impairment	**(6,430)**	(6,430)
	10,091	10,091
	21,641	21,641

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

The unlisted available-for-sale investments were stated at cost less impairment because the range of reasonable fair value estimates was so significant that the directors are of the opinion that their fair values could not be measured reliably.

The advance to an investee above is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the directors, this advance is considered as a quasi-equity loan to the investee.

18. AMOUNT DUE FROM AN INVESTEE

The amount due from an investee of the Group's available-for-sale investments is unsecured, interest-free and repayable on demand.

19. AMOUNTS DUE FROM RELATED COMPANIES

The amounts due from related companies are unsecured, interest-free and repayable on demand.

The particulars of amounts due from related companies, namely Excel Win Limited ("**Excel Win**") and 上海美格菲健身中心有限公司 ("**SH Megafit**"), are as follows:

Name	31 March 2016	Maximum amount outstanding during the year	31 March 2015
	HK$'000	*HK$'000*	*HK$'000*
Excel Win	**1,159**	1,778	337
SH Megafit	**111**	142	142
	1,270		479

Mr. Tjia is a director of and has beneficial interests in the Company and the above two related companies.

20. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND PROPERTIES HELD FOR SALE

	2016	2015
	HK$'000	*HK$'000*
Completed properties held for sale	**733,223**	797,687
Properties held for sale under development	**342,736**	552,921
	1,075,959	1,350,608
Properties held for sale under development		
– expected to be recovered:		
Within one year	**1,075,959**	1,350,608

During the year ended 31 March 2016, certain items of the Group's properties held for sale with an aggregate carrying value of HK$277,059,000 (2015: HK$91,239,000) were transferred to investment properties (note 14). Certain items of the Group's properties held for sale with a carrying value of HK$54,674,000 (2015: Nil) were also transferred to property, plant and equipment (note 13).

As at 31 March 2016, certain properties held for sale under development and properties held for sale of the Group with an aggregate carrying amount of HK$234,403,000 (2015: HK$516,900,000) were pledged to secure certain banking facilities granted to the Group (note 30).

Particulars of the Group's properties held for sale under development and properties held for sale are included on pages 25 and 26.

21. CONSTRUCTION CONTRACTS

	2016	2015
	HK$'000	*HK$'000*
Gross amount due from contract customers	**31,929**	25,655
Gross amount due to contract customers	**(114,914)**	(88,455)
	(82,985)	(62,800)
Contract costs incurred plus recognised profits less recognised losses and provision for foreseeable losses to date	**3,290,327**	3,103,527
Less: Progress billings	**(3,373,312)**	(3,166,327)
	(82,985)	(62,800)

22. INVENTORIES

	2016 HK$'000	2015 HK$'000
Trading goods	**14,456**	11,768

23. ACCOUNTS RECEIVABLE

	2016 HK$'000	2015 HK$'000
Accounts receivable	**76,699**	49,404
Impairment	**(8,714)**	(4,811)
	67,985	44,593
Retention monies receivable	**42,650**	14,256
	110,635	58,849

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 days for the sale of trading goods and up to 180 days for the sale of properties held for sale. For retention monies receivable in respect of construction work carried out by the Group, the due dates are usually one year after the completion of the construction work. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An aged analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2016 HK$'000	2015 HK$'000
Current to 90 days	**59,312**	39,616
91 to 180 days	**6,177**	2,237
181 to 360 days	**848**	1,328
Over 360 days	**1,648**	1,412
	67,985	44,593
Retention monies receivable	**42,650**	14,256
Total	**110,635**	58,849

23. ACCOUNTS RECEIVABLE *(continued)*

The movements in the provision for impairment of accounts receivable are as follows:

	2016	2015
	HK$'000	*HK$'000*
At 1 April	**4,811**	4,821
Provision for/(reversal of) impairment losses (note 6)	**3,903**	(51)
Exchange realignment	**–**	41
At 31 March	**8,714**	4,811

Included in the above provision for impairment of accounts receivable is a provision for individually impaired accounts receivable of HK$8,714,000 (2015: HK$4,811,000) with a carrying amount before provision of HK$8,714,000 (2015: HK$4,811,000). The individually impaired accounts receivable relate to customers that were in financial difficulties or customers that were in default in repayments and the receivables were not expected to be recovered.

The aged analysis of the accounts receivable that are neither individually nor collectively considered to be impaired is as follows:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**59,312**	39,962
Less than 3 months past due	**6,997**	3,407
3 to 6 months past due	**5**	157
More than 6 months past due	**1,671**	1,067
	67,985	44,593

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

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

None of the retention monies receivable is either past due or impaired.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Prepayments	**34,035**	52,163
Deposits	**1,830**	1,716
	35,865	53,879
Other receivables	**56,531**	53,336
Impairment	**(11,500)**	(9,589)
	45,031	43,747
	80,896	97,626

Except for other receivables against which impairment has been made, the remaining assets are neither past due nor impaired. The financial assets included in the above net balances relate to receivables for which there was no recent history of default.

The movements in the provision for impairment of other receivables are as follows:

	2016	2015
	HK$'000	*HK$'000*
At 1 April	**9,589**	7,202
Impairment losses recognised (note 6)	**2,112**	2,420
Exchange realignment	**(201)**	(33)
At 31 March	**11,500**	9,589

Included in the above provision for impairment of other receivables is a provision for individual other receivables that defaulted in repayments and these receivables were not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

25. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	HK$'000	*HK$'000*
Listed equity investments, at market value	**8,124**	–

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

26. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2016 HK$'000	2015 HK$'000
Cash and bank balances	**68,289**	89,030
Time deposits	**603,527**	375,501
	671,816	464,531
Less: Pledged deposits for banking facilities (note 30)		
– Current	**(152,127)**	(69,901)
– Non-current	**(462,000)**	(316,200)
	(614,127)	(386,101)
Cash and cash equivalents	**57,689**	78,430

At the end of the reporting period, the aggregate cash and bank balances and deposits of the Group denominated in RMB amounted to HK$572,866,000 (2015: HK$362,100,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

27. ACCOUNTS PAYABLE

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

	2016 HK$'000	2015 HK$'000
Current to 90 days	**33,577**	14,820
91 to 180 days	**3,677**	2,781
181 to 360 days	**–**	511
Over 360 days	**10,099**	12,144
	47,353	30,256

Accounts payable are non-interest-bearing and are normally settled on 30-day terms.

28. OTHER PAYABLES AND ACCRUALS

	2016 HK$'000	2015 HK$'000
Deposits received	**4,951**	5,943
Other payables	**251,926**	105,145
Accruals	**31,944**	29,225
	288,821	140,313

Other payables are non-interest-bearing and repayable on demand or within one year.

29. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER

The amount due to a non-controlling shareholder is unsecured, interest-free and repayable on demand.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2016			2015		
	Contractual interest rate (%) per annum	**Maturity**	**HK$'000**	Contractual interest rate (%) per annum	Maturity	HK$'000
Current						
Bank loans – secured	**3.821 to 8.20**	**2017**	**480,360**	3.75 to 14.4	2016	337,965
Bank overdrafts – secured	**Prime rate (note) + 0.75**	**–**	**28,186**	Prime rate (note) + 0.75	–	15,376
Trust receipt loans – secured	**Prime rate (note) + 0.875**	**2017**	**13,475**	Prime rate (note) + 0.875	2016	16,992
Other borrowings	**12**	**2017**	**131,820**	12	2015	151,280
			653,841			521,613
Non-current						
Bank loans – secured	**6.1 to 8.2**	**2017 to 2023**	**560,040**	6.0 to 8.2	2016 to 2023	597,680
			1,213,881			1,119,293

30. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	2016	2015
	HK$'000	*HK$'000*
Analysed into:		
Bank loans, overdrafts and trust receipt loans repayable:		
Within one year or on demand	**522,021**	370,333
In the second year	**410,040**	337,280
In the third to fifth years	**90,000**	248,000
Beyond five years	**60,000**	12,400
	1,082,061	968,013
Other borrowings repayable:		
Within one year	**131,820**	151,280
	1,213,881	1,119,293

Note: The rate represents the prevailing prime lending rates used by the respective banks in Hong Kong.

Except for secured bank loans of HK$1,010,400,000 (2015: HK$895,528,000) and unsecured other borrowings of HK$131,820,000 (2015: HK$151,280,000) which are denominated in RMB, all remaining borrowings are in Hong Kong dollars.

The carrying amounts of these bank and other borrowings approximate to their fair values as at the end of the reporting period. The fair value of bank borrowings has been calculated by discounting the expected future cash flows at the prevailing interest rates.

The Group's banking facilities are secured by:

(i) the pledge of certain of the Group's leasehold land and buildings situated in Hong Kong of HK$145,500,000 (2015: HK$153,800,000) (note 13);

(ii) the pledge of certain of the Group's investment properties situated in Mainland China, which had an aggregate carrying value at the end of the reporting period of HK$541,200,000 (2015: Nil) (note 14);

(iii) the pledge of certain of the Group's properties held for sale under development and properties held for sale situated in Mainland China of HK$234,403,000 (2015: HK$516,900,000) (note 20); and

(iv) the pledge of the Group's deposits of HK$614,127,000 (2015: HK$386,101,000) (note 26).

In addition, certain banking facilities are secured by corporate guarantees executed by the Company and guarantees from a director of the Company and a director of a subsidiary.

31. DEFERRED TAX

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

	2016			
	Accelerated/ (decelerated) tax depreciation	**Revaluation of properties**	**Withholding taxes**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1 April 2015	**239**	**98,789**	**12,827**	**111,855**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	**(2,014)**	**65,209**	**(768)**	**62,427**
Deferred tax credited to the statement of other comprehensive income during the year	**–**	**(655)**	**–**	**(655)**
Exchange realignment	**–**	**(1,028)**	**–**	**(1,028)**
Deferred tax liabilities/(assets) at 31 March 2016	**(1,775)**	**162,315**	**12,059**	**172,599**

	2015			
	Accelerated tax depreciation	Revaluation of properties	Withholding taxes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2014	239	60,494	12,581	73,314
Deferred tax charged to the statement of profit or loss during the year (note 10)	–	35,610	246	35,856
Deferred tax charged to the statement of other comprehensive income during the year	–	2,942	–	2,942
Exchange realignment	–	(257)	–	(257)
Deferred tax liabilities at 31 March 2015	239	98,789	12,827	111,855

The Group has estimated tax losses arising in Hong Kong of HK$604,062,000 (2015: HK$598,845,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK$2,694,000 (2015: HK$3,401,000) that will expire in one to five years for offsetting against future taxable profit. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries with uncertain future operating profit streams.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

32. SHARE CAPITAL

Shares

	2016	2015
	HK$'000	*HK$'000*
Authorised:		
1,500,000,000 (2015: 1,500,000,000) ordinary shares of HK$0.10 each	**150,000**	150,000
Issued and fully paid:		
977,880,400 (2015: 651,840,267) ordinary shares of HK$0.10 each	**97,788**	65,184

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

	Notes	**Number of shares in issue**	**Issued capital** *HK$'000*	**Share premium account** *HK$'000*	**Total** *HK$'000*
At 1 April 2014		553,210,267	55,321	114,338	169,659
Shares repurchased	*(i)*	(1,370,000)	(137)	(747)	(884)
Shares repurchase expenses	*(i)*	–	–	(4)	(4)
Issue of shares	*(ii)*	100,000,000	10,000	62,000	72,000
Shares issue expenses	*(ii)*	–	–	(1,909)	(1,909)
At 31 March 2015 and 1 April 2015		**651,840,267**	**65,184**	**173,678**	**238,862**
Shares repurchased	*(iii)*	**(500,000)**	**(50)**	**(272)**	**(322)**
Shares repurchase expenses	*(iii)*	**–**	**–**	**(7)**	**(7)**
Share options exercised	*(iv)*	**580,000**	**58**	**436**	**494**
Issue of shares	*(v)*	**325,960,133**	**32,596**	**71,711**	**104,307**
Shares issue expenses	*(iv), (v)*	**–**	**–**	**(2,506)**	**(2,506)**
At 31 March 2016		**977,880,400**	**97,788**	**243,040**	**340,828**

32. SHARE CAPITAL *(continued)*

Shares *(continued)*

Notes:

(i) In the prior year, the Company repurchased a total of 1,370,000 of its own shares on the Stock Exchange at a price ranging from HK$0.61 to HK$0.66 per share at a total consideration, before expenses, of HK$884,000. The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK$137,000 was transferred from retained profits to the capital redemption reserve. The premium of HK$747,000 paid on the repurchased shares and share repurchase expenses of HK$4,000 were charged against the share premium account.

(ii) In the prior year, on 2 February 2015, the Company issued 100,000,000 new shares at a price of HK$0.72 per share through a private placing. The proceeds from the private placing received by the Company were HK$72,000,000 (before share issue expenses of HK$1,909,000), representing the par value of the shares of the Company of HK$10,000,000 which were credited to the Company's share capital and the remaining proceeds of HK$62,000,000 (before share issue expenses of HK$1,909,000) which were credited to the Company's share premium account.

(iii) During the year, the Company repurchased a total of 500,000 of its own shares on the Stock Exchange at a price ranging from HK$0.64 to HK$0.65 per share at a total consideration, before expenses, of HK$322,000. The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK$50,000 was transferred from retained profits to the capital redemption reserve. The premium of HK$272,000 paid on the repurchased shares and share repurchase expenses of HK$7,000 were charged against the share premium account.

(iv) During the year, the subscription rights attaching to 580,000 share options were exercised at the subscription price of HK$0.71 per share (note 33), resulting in the issue of 580,000 shares for a total cash consideration, before expenses, of HK$412,000, which was credited to the share premium account. The corresponding share option reserve of HK$82,000 was released, of which HK$58,000 was credited to share capital and the remaining HK$24,000 was credited to the share premium account. The related shares issue expenses of HK$10,000 were charged against the share premium account.

(v) During the year, on 27 November 2015, the Company entered into an underwriting agreement for an open offer of shares with an underwriter, pursuant to which the Company agreed to issue not less than 325,960,133 shares and not more than 330,670,133 shares of the Company through the underwriter at HK$0.32 each. On 13 January 2016, 325,960,133 ordinary shares of the Company of HK$0.10 each were issued for cash of HK$0.32 per share for a total cash consideration, before related expenses, of HK$104,307,000. The premium of HK$71,711,000 received on the issue of shares and the related expenses of HK$2,496,000 were credited to and charged against the share premium account, respectively.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 33 to the financial statements.

33. SHARE OPTION SCHEMES

The Company's share option scheme

On 13 August 2012, the share option scheme of the Company adopted on 14 August 2002 ceased to operate and a new share option scheme (the "Scheme") was adopted on 15 August 2012 to comply with the requirements of Chapter 17 of the Listing Rules regarding share option schemes of a company. There was no outstanding share option under the old scheme upon its cessation.

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, the Company's shareholders and other employees of the Group. The Scheme became effective on 15 August 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Group at the adoption date of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. An option may be exercised under the Scheme at any time during a period not exceeding 10 years after the date when the option is granted and will expire on the last date of such period.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of an ordinary share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

33. SHARE OPTION SCHEMES *(continued)*

The Company's share option scheme *(continued)*

The following share options were outstanding under the Scheme during the year:

	2016	
	Weighted exercise price ***HK$*** **per share**	**Number of options** ***'000***
At 1 April	–	–
Granted during the year	**0.71**	**40,000**
Exercised during the year	**0.71**	**(580)**
At 31 March	**0.71**	**39,420**

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.81 per share (2015: No share options were exercised).

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2016

Number of options '000	**Exercise price * HK$**	**Exercise period**
9,420	0.71	17 April 2015 to 16 April 2016
15,260	0.71	17 April 2016 to 16 April 2017
14,740	0.71	17 April 2017 to 16 April 2018
39,420		

No share options were outstanding under the Scheme as at 31 March 2015.

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

33. SHARE OPTION SCHEMES *(continued)*

The Company's share option scheme *(continued)*

The fair value of the share options granted during the year was HK$6,124,000 (HK$0.15 each) (2015: Nil), of which the Group recognised a share option expense of HK$4,771,000 (2015: Nil) during the year ended 31 March 2016.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a Trinomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2016
Dividend yield (%)	**3.24**
Expected volatility (%)	**39.94 to 54.51**
Historical volatility (%)	**39.94 to 54.51**
Risk-free interest rate (%)	**0.12 to 0.63**
Expected life of options (year)	**1 to 3**
Weighted average share price (HK$ per share)	**0.1415-0.1627**

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The 580,000 share options exercised during the year resulted in the issue of 580,000 ordinary shares of the Company and new share capital of HK$58,000 and share premium of HK$436,000 (before shares issue expenses), as further detailed in note 32(iv) to the financial statements.

At the end of the reporting period, the Company had 39,420,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 39,420,000 additional ordinary shares of the Company and additional share capital of HK$3,942,000 and share premium of HK$24,046,000 (before shares issue expenses).

At the date of approval of these financial statements, the Company had 39,420,000 share options outstanding under the Scheme, which represented approximately 4% of the Company's shares in issue as at that date.

DCIHL share option scheme

DCIHL operates a share option scheme (the "DCIHL Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of DCIHL and its subsidiaries (collectively referred to as the "DCIHL Group"). Eligible participants of the DCIHL Share Option Scheme include any full-time or part-time employees, executives, officers of directors (including independent non-executive directors) of any member of the DCIHL Group. The DCIHL Share Option Scheme became effective on 10 August 2015 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

33. SHARE OPTION SCHEMES *(continued)*

DCIHL share option scheme *(continued)*

The maximum number of unexercised share options currently permitted to be granted under the DCIHL Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of DCIHL in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the DCIHL Share Option Scheme within any 12-month period is limited to 1% of the shares of DCIHL in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of DCIHL, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of DCIHL, or to any of their associates, in excess of 0.1% of the shares of DCIHL in issue at any time or with an aggregate value (based on the price of DCIHL's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. An option may be exercised under the DCIHL Share Option Scheme at any time during a period not exceeding 10 years after the date when the option is granted and will expire on the last date of such period.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of DCIHL's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of DCIHL shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the DCIHL Share Option Scheme during the year:

		2016		
	Weighted average exercise price *HK$*	**Number of options** *'000*	**Exercise price*** **HK$**	**Exercise period**
At 1 April	–	–		
Granted during the year	**0.18**	**18,000**		
At 31 March		**18,000**	**0.28**	**3 February 2016 to 2 February 2019**

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the DCIHL's share capital.

No share options were exercised for both years.

No share options were outstanding under the DCIHL Share Option Scheme as at 31 March 2015.

The fair value of the share options granted during the year was HK$1,183,000 (HK$0.0657 each) (2015: Nil), of which DCIHL recognised a share option expense of HK$1,183,000 (2015: Nil) during the year ended 31 March 2016.

33. SHARE OPTION SCHEMES *(continued)*

DCIHL share option scheme *(continued)*

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a Trinomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2016
Dividend yield (%)	**0.784**
Expected volatility (%)	**43.458**
Historical volatility (%)	**N/A**
Risk-free interest rate (%)	**0.969**
Expected life of options (year)	**3**
Weighted average share price (HK$ per share)	**0.0657**

The expected life of the options is based on the historical data over the past three years/since incorporation and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the date of approval of these financial statements, DCIHL had 18,000,000 share options outstanding under the DCIHL Share Option Scheme, which represented approximately 1.8% of DCIHL's shares in issue as at that date.

34. RESERVES

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

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

The DCIHL Group was considered as subsidiaries of the Group that have material non-controlling interests, details are set out below:

	2016	2015
	HK$'000	*HK$'000*
Percentage of equity interest held by non-controlling interests:	**48.82%**	48.82%
Profit/(loss) for the year allocated to non-controlling interests:	**6,788**	(2,085)
Accumulated balances of non-controlling interests at the reporting dates	**20,983**	16,337

35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

The following tables illustrate the summarised financial information of the DCIHL Group. The amounts disclosed are before any inter-company eliminations:

	2016	2015
	HK$'000	*HK$'000*
Revenue	**812,470**	750,075
Total expenses	**(800,125)**	(754,858)
Profit/(loss) for the year	**12,345**	(4,783)
Total comprehensive income for the year	**10,465**	2,790
Current assets	**239,414**	160,107
Non-current assets	**28,494**	30,815
Current liabilities	**(229,235)**	(157,629)
Non-current liabilities	**(2,767)**	(5,035)
Net cash flows from/(used in) operating activities	**8,862**	(28,062)
Net cash flows used in investing activities	**(6,914)**	(2,875)
Net cash flows used in financing activities	**(7,649)**	(11,051)
Net decrease in cash and cash equivalents	**(5,701)**	(41,988)

36. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessor

The Group leased certain of its properties under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2016	2015
	HK$'000	*HK$'000*
Within one year	**44,010**	44,209
In the second to fifth years, inclusive	**142,213**	145,711
After five years	**255,433**	280,289
	441,656	470,209

No contingent rental receivable was recognised by the Group during the year (2015: Nil).

36. OPERATING LEASE ARRANGEMENTS *(continued)*

(b) The Group as lessee

The Group leases certain of its office properties under operating lease arrangements, with leases negotiated for terms ranging from one to fifteen years.

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

	2016	2015
	HK$'000	*HK$'000*
Within one year	**810**	1,274
In the second to fifth years, inclusive	**2,690**	3,677
After five years	**606**	984
	4,106	5,935

37. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		2016	2015
	Notes	***HK$'000***	*HK$'000*
Management fees received from associates	*(i)*	**792**	792
Management fees received from a related company	*(i)*	**55**	55
Rental income from related companies	*(ii)*	**426**	431

Notes:

(i) The management fees were charged by reference to actual costs incurred for the services provided by the Group.

(ii) During the year, rental income was charged to Fitness Concept Limited ("FCL") and SH Megafit at HK$26,000 and RMB8,333 per month. Mr. Tjia is a director of and has beneficial interests in the Company, FCL and SH Megafit while Mr. Keung Kwok Cheung is a director of the Company and FCL.

(b) Outstanding balances with related parties:

(i) Details of the Group's balances with associates as at the end of the reporting period are included in note 16 to the financial statements;

(ii) Details of the Group's balance with a non-controlling shareholder as at the end of the reporting period are included in note 29 to the financial statements; and

(iii) Details of the Group's balances with related companies as at the end of the reporting period are included in note 19 to the financial statements.

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

The key management personnel of the Group are the directors and chief executive of the Company. Details of their remuneration are disclosed in note 8 to the financial statements.

The related party transactions in respect of item (a)(ii) above also constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

2016

Financial assets

	Financial assets at fair value through profit or loss	
	2016	2015
	HK$'000	*HK$'000*
Equity investments at fair value through profit or loss (note 25)	**8,124**	–

	Loans and receivables	Available-for-sale investments	Total
	HK$'000	***HK$'000***	***HK$'000***
Available-for-sale investments	**–**	**21,641**	**21,641**
Amounts due from associates	**4,964**	**–**	**4,964**
Amount due from an investee	**100**	**–**	**100**
Amounts due from related companies	**1,347**	**–**	**1,347**
Accounts receivable	**110,635**	**–**	**110,635**
Financial assets included in prepayments, deposits and other receivables (note 24)	**46,861**	**–**	**46,861**
Pledged deposits	**614,127**	**–**	**614,127**
Cash and cash equivalents	**57,689**	**–**	**57,689**
	835,723	**21,641**	**857,364**

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Accounts payable	**47,353**
Financial liabilities included in other payables and accruals	**279,615**
Amounts due to associates	**48**
Amount due to a non-controlling shareholder	**1,500**
Interest-bearing bank and other borrowings	**1,213,881**
	1,542,397

38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

2015

Financial assets

	Loans and receivables *HK$'000*	Available-for-sale investments *HK$'000*	Total *HK$'000*
Available-for-sale investments	–	21,641	21,641
Amounts due from associates	4,824	–	4,824
Amount due from an investee	100	–	100
Amounts due from related companies	479	–	479
Accounts receivable	58,849	–	58,849
Financial assets included in prepayments, deposits and other receivables (note 24)	45,463	–	45,463
Pledged deposits	386,101	–	386,101
Cash and cash equivalents	78,430	–	78,430
	574,246	21,641	595,887

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Accounts payable	30,256
Financial liabilities included in other payables and accruals	130,559
Amounts due to associates	48
Amount due to a non-controlling shareholder	1,500
Interest-bearing bank and other borrowings	1,119,293
	1,281,656

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial asset				
Equity investments at fair value through profit or loss	**8,124**	–	**8,124**	–
Financial liabilities				
Interest-bearing bank and other borrowings	**618,240**	634,880	**618,240**	634,880

Management has assessed that the fair values of cash and cash equivalents, equity investments at fair value through profit or loss, pledged deposits, accounts receivable, accounts payable, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from/to associates, a non-controlling shareholder, an investee and related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

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

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

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

Assets measured at fair value:

As at 31 March 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Equity investments at fair value through profit or loss	**8,124**	**–**	**–**	**8,124**

As at 31 March 2016, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank and other borrowings of HK$618,240,000 (2015: HK$634,880,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are unobservable (Level 3).

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

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, available-for-sale investments, balances with associates, an investee, a non-controlling shareholder and related companies, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as equity investments at fair value through profit or loss, accounts receivable, accounts payable, deposits and other receivables, and other payables and certain accruals, which arise directly from its operations.

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

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates in Hong Kong and the PRC.

The interest rates and terms of repayment of interest-bearing bank and other borrowings are disclosed in note 30 to the financial statements. Other financial assets and liabilities of the Group do not have material interest rate risk. Interest-bearing bank loans and overdrafts, other interest-bearing loans, cash and cash equivalents, and short term deposits are stated at cost and are not revalued on a periodic basis. Floating-rate interest income and expense are charged to the consolidated statement of profit or loss as incurred.

The nominal interest rates of the financial instruments approximate to their respective effective interest rates.

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

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** *HK$'000*	**Increase/ (decrease) in equity*** *HK$'000*
2016			
Hong Kong dollar	**100**	**(12,032)**	**–**
Hong Kong dollar	**(100)**	**12,032**	**–**
2015			
Hong Kong dollar	100	(6,345)	–
Hong Kong dollar	(100)	6,345	–

* Excluding retained profits

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The monetary assets and transactions of several subsidiaries of the Group are principally denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently has no particular hedging vehicles to hedge its exposure to foreign exchange risk. It is the Group's policy to monitor foreign exchange exposure and to make use of appropriate hedging measures when required.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
	%	*HK$'000*	*HK$'000*
2016			
If Hong Kong dollar weakens against RMB	**5**	**(34,205)**	**–**
If Hong Kong dollar strengthens against RMB	**(5)**	**34,205**	**–**
2015			
If Hong Kong dollar weakens against RMB	5	(37,301)	–
If Hong Kong dollar strengthens against RMB	(5)	37,301	–

* Excluding retained profits

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise amounts due from associates, an amount due from an investee, amounts due from related companies, available-for-sale investments, deposits and other receivables, equity investments at fair value through profit or loss, cash and cash equivalents and pledged deposits, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's accounts receivable are widely dispersed in different sectors and industries.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable, deposits and other receivables are disclosed in notes 23 and 24 to the financial statements, respectively.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., accounts receivable) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and other interest-bearing borrowings. The Group's policy is to ensure the matching of maturity of its financial liabilities against that of its financial assets, and the maintenance of a current ratio, defined as current assets over current liabilities, at above one so as to enhance a stable liquidity.

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

	2016			
	On demand	**Less than 12 months**	**1 to 5 years**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Accounts payable	**–**	**47,353**	**–**	**47,353**
Financial liabilities included in other payables and accruals	**193,215**	**86,400**	**–**	**279,615**
Amounts due to associates	**48**	**–**	**–**	**48**
Amount due to a non-controlling shareholder	**1,500**	**–**	**–**	**1,500**
Interest-bearing bank and other borrowings	**28,186**	**693,767**	**616,925**	**1,338,878**
	222,949	**827,520**	**616,925**	**1,667,394**

	2015			
	On demand	Less than 12 months	1 to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accounts payable	–	30,256	–	30,256
Financial liabilities included in other payables and accruals	130,559	–	–	130,559
Amounts due to associates	48	–	–	48
Amount due to a non-controlling shareholder	1,500	–	–	1,500
Interest-bearing bank and other borrowings	15,376	570,963	702,694	1,289,033
	147,483	601,219	702,694	1,451,396

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2016 and 31 March 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes accounts payable, other payables and accruals, amounts due to associates and a non-controlling shareholder, and interest-bearing bank and other borrowings, less pledged deposits, and cash and cash equivalents. Capital represents equity attributable to owners of the Company.

The gearing ratios as at the end of the reporting periods were as follows:

	2016	2015
	HK$'000	*HK$'000*
Accounts payable	**47,353**	30,256
Other payables and accruals	**288,821**	140,313
Amounts due to associates	**48**	48
Amount due to a non-controlling shareholder	**1,500**	1,500
Interest-bearing bank and other borrowings	**1,213,881**	1,119,293
Less: Pledged deposits	**(614,127)**	(386,101)
Less: Cash and cash equivalents	**(57,689)**	(78,430)
Net debt	**879,787**	826,879
Total capital	**1,360,266**	1,152,734
Total capital and net debt	**2,240,053**	1,979,613
Gearing ratio	**39%**	42%

41. EVENT AFTER THE REPORTING PERIOD

On 29 March 2016, DCIHL entered into a placing agreement with Koala Securities Limited (the "Placing Agent") pursuant to which DCIHL conditionally agreed to place, through the Placing Agent, certain convertible bonds (the "Convertible Bonds") with principal amounts aggregating up to HK$30,900,000 to not less than six placees at an initial conversion price of HK$0.30 per conversion share (the "Placing").

Subsequent to the end of the reporting period, on 18 April 2016, the Convertible Bonds in the aggregate principal amount of HK$30,900,000 were successfully placed and on the net proceeds from the Placing are approximately HK$29,720,000. The Placing has had no financial impact on the Group in the current year.

42. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been reclassified to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2016	2015
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Investments in subsidiaries	**606,289**	515,860
CURRENT ASSETS		
Amount due from a related company	**42**	42
Prepayments	**89**	53
Cash and cash equivalents	**90**	123
Total current assets	**221**	218
CURRENT LIABILITIES		
Accruals	**1,427**	1,222
Amounts due to subsidiaries	**64,595**	64,595
Amount due to a related company	**5,019**	2,110
Total current liabilities	**71,041**	67,927
NET CURRENT LIABILITIES	**(70,820)**	(67,709)
Net assets	**535,469**	448,151
EQUITY		
Issued capital	**97,788**	65,184
Reserves (note)	**437,681**	382,967
Total equity	**535,469**	448,151

Tjia Boen Sien
Director

Wang Jing Ning
Director

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

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

	Share premium account HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 April 2014	114,338	155,531	14,270	–	61,747	345,886
Loss for the year and total comprehensive loss for the year	–	–	–	–	(4,003)	(4,003)
Shares repurchased	(747)	–	137	–	(137)	(747)
Shares repurchase expenses	(4)	–	–	–	–	(4)
Issue of shares	62,000	–	–	–	–	62,000
Shares issue expenses	(1,909)	–	–	–	–	(1,909)
Final 2014 dividend	–	–	–	–	(7,192)	(7,192)
Interim 2015 dividend	–	–	–	–	(5,532)	(5,532)
Special interim dividends	–	–	–	–	(7,006)	(7,006)
Release upon the distribution of DCIHL shares	–	–	–	–	1,474	1,474
At 31 March 2015 and 1 April 2015	**173,678**	**155,531**	**14,407**	**–**	**39,351**	**382,967**
Loss for the year and total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(12,820)**	**(12,820)**
Equity-settled share option arrangement	**–**	**–**	**–**	**4,689**	**–**	**4,689**
Shares repurchased	**(272)**	**–**	**50**	**–**	**(50)**	**(272)**
Shares repurchase expenses	**(7)**	**–**	**–**	**–**	**–**	**(7)**
Share options exercised	**436**	**–**	**–**	**–**	**–**	**436**
Issue of shares	**71,711**	**–**	**–**	**–**	**–**	**71,711**
Shares issue expenses	**(2,506)**	**–**	**–**	**–**	**–**	**(2,506)**
Final 2015 dividend paid	**–**	**–**	**–**	**–**	**(6,517)**	**(6,517)**
At 31 March 2016	**243,040**	**155,531**	**14,457**	**4,689**	**19,964**	**437,681**

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation on 21 May 1997 over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), a distribution may be made out of the contributed surplus provided that the Company will be able to pay its liabilities as they fall due and subsequent to the distribution, the aggregate amount of its total liabilities, issued share capital and share premium is less than the realisable value of its assets.

The share option reserve comprises the fair value of share options granted by the Company under the Share Option Scheme which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 21 June 2016.