Deson Development International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 262)

ANNUAL REPORT 2015

投資項目 Investment Project

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開封 ~ 2014-38號宗地“珠璣巷” Kaifeng ~ Lot No. 2014-38 “珠璣巷”

集團於二零一四年九月取得開封2014-38號宗地“珠璣巷”，該地位於開封文廟街、東臨解放大道，其淨用地面積9,388.3平方米 (14.1畝)，開發一個總建築面積約為13,000平方米的商業街項目，並在此修建客家人標誌性建築 - 珠璣巷、守望閣。

世界客屬第二十七屆懇親大會於二零一四年十月在該址隆重舉行，有來自十九個國家和地區，共2,000餘名客屬鄉親參與盛會，獲得空前成功。

On September 2014, the Group has successfully acquired the Land Lot No. 2014-38 “珠璣巷”in Kaifeng. The land is located in Kaifeng Confucian Temple Street, East of Liberation Avenue, covering a land area of 9,388.3 square meters (14.1 acreage), developed a commercial street project with a total gross floor area of approximately 13,000 square meters and intended for building the Hakka’s symbolic constructions, the 珠璣巷 and 守望閣.

On October 2014, the 27th World Hakkas Assembly was ceremoniously held on the site, with the presence of over 2,000 Hakka people and fellows from 19 countries and regions, the Assembly was held with great success and achievement.

開封“迪臣 • 世博廣場” Kaifeng “Deson • World Expo Plaza”

該地位於開封新區鄭開大道核心地段，其淨用地面積29,847平方米(44.82畝)，可發展樓面超於1,000,000平方呎，分別發展住宅及商業(比率約60：40)。

The land is located in the center of Zheng Kai Avenue, Kaifeng, Henan Province the PRC, covering a land area of 29,847 square meters (44.82 acreage) and the total GFA of 1,000,000 square feet, is a large scale development composed of residential and commercial complex in ratio of 60% and 40% respectively.

建築及裝修工程 Construction & Fitting Out Project

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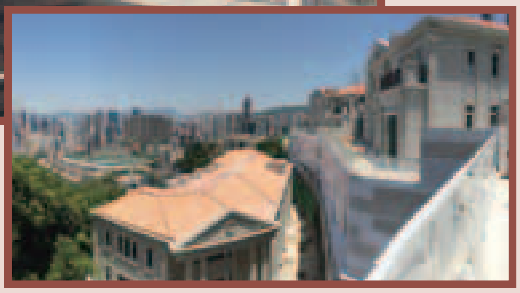
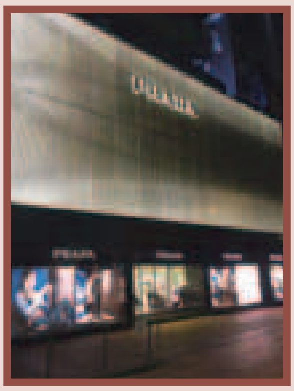


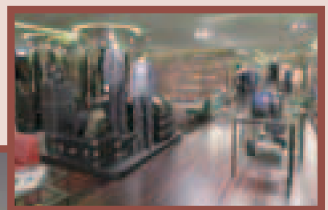
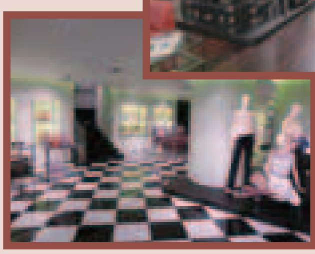
香港司徒拔道48號
總承包工程，四幢獨立住宅，包括地基、結構及機電工程

No.48 Stubbs Road, Hong Kong
Main contractor for four residential houses including foundation, superstructure and electrical and mechanical 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



香港銅鑼灣堅拿道東8號及羅素街2-4號2000廣場Prada
改建及精裝修工程

Prada, Plaza 2000, 2-4 Russell Street and 8 Canal Road East, Causeway Bay, Hong Kong
Alternation and addition and fitting-out works

機電工程 E&M Project

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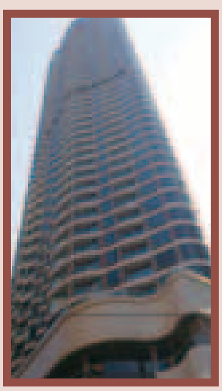
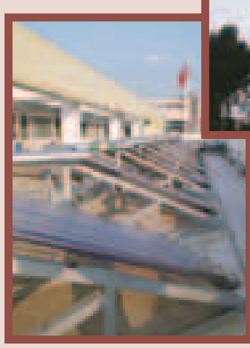


堅尼地城加多近山住宅項目
消防、機械通風及空調設備裝置工程

Cadogan, Kennedy Town
Fire Services Installation, (MVAC) Mechanical Ventilation and Air-conditioning Installation

上水救護站
電氣、機械通風及空調設備裝置工程

Sheung Shui Ambulance Depot
Electrical Installation, (MVAC) Mechanical Ventilation and Air-conditioning Installation

CONTENTS

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
(Appointed on 7 January 2015)
Dr. Ho Chung Tai, Raymond**
Mr. Siu Man Po**
Mr. Siu Kam Chau**

*(** Independent non-executive directors)*

COMPANY SECRETARY

Mr. Lam Wing Wai, Angus

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

Appleby Management (Bermuda) Ltd.
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

FOREWORDS

I have pleasure to present to the Shareholders the Group's annual report for the year ended 31 March 2015.

During the year, we spun-off our construction and engineering contracting business held through Deson Construction International Holdings Limited, which was separately listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The spin-off allowed two groups to create a more defined business focus, more efficient resource allocation and separate fund raising platforms to fund the respective business growth and expansion.

During the year under review, the Group face tough challenges in the property development and investment business segment. The poor sentiment for the real estate market resulted in a fall in both transaction volume and selling prices across China. In view of this environment, the Chinese Government had relaxed the tightening of housing policy at the end of 2014, such as relaxing its limits on home purchase and lowering the bank's lending interesting rate, resulting in more buyers being granted better mortgage terms. As a result, the real estate market becomes stabilised.

BUSINESS REVIEW

The Group's turnover for the year ended 31 March 2015 recorded at HK$850,198,000, which represented a decrease of 14% as compared with last year. The net profit attributable to equity holders of the Company amounted to approximately HK$94,476,000 representing a decrease of 35% as compared with last year. The decrease is mainly due to general slow down in the property market in the People's Republic of China (the "PRC"). Besides the decrease in the profit contribution from DCIHL and its subsidiaries due to the listing expenses of approximately HK$15.4 million incurred also contributed to the decrease of net profit attributable to equity holders of the Company. Earnings per share is approximately HK16.60 cents.

The Group's major business segment during the period comprises (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 current year, segment operating profit generated from the property development and investment business increased slightly by 0.1% as compared to the same period last year. This is mainly due to combined effect of the slow down of the PRC property market during the year and the increase in rental income and the increase in fair value gain of investment properties. Turnover generated from the sales of property decreased by 40% from HK$121,068,000 for the year ended 31 March 2014 to HK$72,728,000 for the year ended 31 March 2015. However, the Group's rental income received during the year increased by 23% from HK$42,254,000 for the year ended 31 March 2014 to HK$51,967,000 for the year ended 31 March 2015. On the other hand, the Group has reclassified its properties at Haikou, Haina Province from "properties held for sales" to "investment properties" during the year. As at 31 March 2015, revaluation gain recorded during the year for all of the investment properties held by the Group is HK$141,436,000 (2014: HK$122,554,000). The increase in rental income and the increase of fair value gain of investment properties totally offset the effect of drop of sales of properties.

During the year ended 31 March 2015, the Group completed or substantially completed projects such as main contractor for four residential houses including E&M works at Stubbs Road, Hong Kong, main contractor for alternation and addition works for a factory building at Tsun Yip Street, Kwun Tong, Hong Kong, alteration and additions work for residential house at South Bay, Hong Kong, biennial term contract for maintenance and repair of, alternations and additions to, fire services installations for health services buildings in Kowloon and New Territories East region, Hong Kong, fitting-out works for Citistore at Yuen Long, electrical, mechanical ventilation air conditioning and fire services for transformation of the former married quarters on Hollywood Road into a creative industries landmark at Central, new school campus in Sai Kung for Hong Kong Academy, Hong Kong, fitting-out works for Miu Miu shop and Prada shop at Hong Kong International Airport, Tianjin and Shanghai, the PRC.

SPIN-OFF AND SEPARATE LISTING OF DCIHL

This year marked an important milestone for the Group's development. On 8 January 2015, the Group has successfully spun off its business of construction and engineering contracting services through a separate listing of its subsidiary, DCIHL, on GEM. The spin off involved (i) among 350,000,000 ordinary share of the DCIHL in issue, 110,642,053 ordinary shares of the DCIHL in issue were distributed in species by the Company to its Qualifying Shareholders (as defined in the Prospectus) in proportion of one share of DCIHL for every five shares of the Company held by them; (ii) the placing of 50,000,000 shares of HK$0.05 each by DCIHL at an placing price HK$0.385 per share to certain placees, raised a total cash proceeds of approximately HK$16,600,000 (after deduction of any related expenses). Immediately following the completion of the DCIHL spin-off, the Group's equity interest in DCIHL was diluted from 100% to 51.18%.

The shares of DCIHL was listed under Stock Code 8268 on GEM on 8 January 2015.

FINANCIAL REVIEW

Turnover

For the year ended 31 March 2015, the Group's turnover amounted to HK$850 million, decreased by 14% as compared to last year. The decrease was mainly contributed (i) the decrease of the sales of properties at the PRC; (ii) the completion of certain substantial projects for the electrical and mechanical engineering works in last year while the new contracts granted during the year were at the beginning stage, and had not yet brought a lot of turnover to the Group for the year; and (iii) the slow down of the sales of luxury brand products in China also cause the drop of turnover from fitting our works of luxury brand shops. 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$75 million, HK$25 million, HK$750 million respectively, which represent a decrease by 38%, 32% and 9% respectively as compared to last year.

Gross profit margin

During the year ended 31 March 2015, the Group's gross profit margin was approximately 9.5%, down by 0.8% as compared to last year's 10.3%, this is mainly driven from the decrease in the percentage of turnover generated from the property development and investment segment over the total turnover, from last year's 12% to this year's 9%, where the gross profit margin of this segment generally have a much higher gross profit margin than the other main segment-construction contracting segment, as a result, the overall gross profit margin is lower than last year.

Liquidity and financial resources

As at 31 March 2015, the Group had total assets of HK$2,747,928,000, which was financed by total liabilities, shareholders' equity and non-controlling interests of HK$1,578,857,000, HK$1,152,734,000 and HK$16,337,000, respectively. The Group's current ratio at 31 March 2015 was 1.95 compared to 2.01 at 31 March 2014.

The gearing ratio for the Group is 38% (31 March 2014: 19%). It was calculated based on the non-current liabilities of HK$709,535,000 (31 March 2014: HK$230,355,000) and long term capital (equity and non-current liabilities) of HK$1,878,606,000 (31 March 2014: HK$1,213,041,000).

Capital expenditure

Total capital expenditure for the year ended 31 March 2015 was approximately HK$693,000, which are mainly used in the purchase of office equipments.

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$1,056,801,000 were pledged as security for the Group's banking facilities. Details of the charges on assets of Group are set out in note 32 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, PRC, the Group will take consideration on the Renminbi fund planning to adequately finance this project. Interest for the current bank borrowings were 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 currency of Renminbi, which are 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 has been 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 sq. metres. Up to now, gross floor area of 190,000 sq. metres had completed construction and the total sales contract sum achieved amounted to approximately RMB751 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 104,000 sq. metres. It is expected the construction will be completed by 2016.

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. meters. It was put in use in the 27th World Hakka Conference which was held in October 2014. Up to now, all the gross floor area had completed construction.

Although customer demand is affected by austerity measures posed by the Central Government and macro-economic uncertainties, property prices are not expected to decrease substantively. In anticipation of appreciation of Renminbi as well as enormous domestic demand, the Board remains optimistic to the property market in Mainland China and the Group will continue to place emphasis on strengthening the property development and investment business, and may acquire additional land bank to richen its land reserve, specifically in the second and third tier cities in PRC which the market trend 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 both the PRC and Hong Kong. To cope with the difficulties encountered in the construction and engineering industry, the Company 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", enables the Group to take an active part in the construction business development.

During the year, new projects such as fitting-out works for residential house at South Bay Road, Hong Kong, main contractor for development of a 12-storey residential building including construction of sub-structure, superstructure, building services and interior fitting-out works at Stubbs Road, Hong Kong, main contractor for development of eight residential house, clubhouses and associated external works including site formation, construction of sub-structure and superstructure works, building services and interior fitting-out work at Pik Sha Road, Sai Kung, Hong Kong, triennial term contract for the maintenance and repair of, alterations and additions to, fire service installations in General Engineering Services Division Venues in Hong Kong and Islands for the Government of the HKSAR, triennial term contract for the maintenance and repair of, alterations and additions to, fire services installations on Hong Kong and outlying islands for the Government of the HKSAR, triennial term contract for the maintenance and repair of, alterations and additions to, fire service installations in Venues of Hong Kong Police Force, Correctional Services Department and Independent Commission Against Corruption and Security Bureau in Kowloon and New Territories, building services installation for the construction of two 30-classroom primary schools at Kai Tak Development, Kowloon for the Government of the HKSAR, air-conditioning mechanical ventilation and electrical installation for the extension of PRC Ministry of Foreign Affairs Building at Borrett Road, Hong Kong for PRC Ministry of Foreign Affairs, alternation, addition and fitting-out works for Prada shop at Causeway Bay, Hong Kong, fitting-out works for Miu Miu shop and Prada shop at Beijing, the PRC, fitting-out works for bank at Beijing, the PRC were granted. As at the date of this report, the Group has contracts on hand with a total contract sum of over HK$1,557 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 diversifies 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 our established expertise.

In order to provide comprehensive services to our customers, we 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 our scope of services for building construction works to include site formation, we were approved as a Specialist Contractor (site formation works category) by the Buildings Department of Hong Kong in December 2014. The Directors believe our qualification in site formation will complement our 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 equipments, and our effort in trading of medical equipment should continue to pay off in terms of sales growth and market penetration in the PRC. In the coming year, we will expand our 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, we expect 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 the economy of the PRC will sustain a healthy growth, also, 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 maximize the best interests for the shareholders of the Group.

EVENT AFTER THE REPORTING PERIOD

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

HUMAN RESOURCES

As at 31 March 2015, the Group had 315 employees, 113 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the year under review amounted to HK$60 million as compared to HK$50 million in the last year, the increase was mainly due to the increment under the yearly review and provide more discretionary bonus in current 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 Company offers discretionary bonus and share options to staff based on the individual performance and the achievements of the Company's targets.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's internal controls, risk management and financial reporting matters and adequacy of resources and qualifications of the Company's accounting staff. The audit committee comprise of three independent non-executive Directors of the Company, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau. Mr. Siu Kam Chau is the Chairman of the committee.

The audited annual results of the Company for the year ended 31 March 2015 have been reviewed by the audit committee members who have provided advice and comment thereon.

SUMMARY

Looking ahead, the Group holds a cautiously optimistic view towards the coming year. On the external front, the global economic recovery continues but remains weak. The forecast for the Euro Zone are still fairly dim. In respect of domestic demand, China's economy 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 remain confident that our team's commitment and dedication will enable us to embrace the challenges ahead. We will continue strengthen the development of construction business (including E&M) and also focus on the property development and investment business in a prudent manner, and 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 on the back 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 our 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. We will carry on dedicating our efforts towards the Group's long-term development and hence deliver sustainable returns to Shareholders.

Tjia Boen Sien
Managing Director and Deputy Chairman

Hong Kong
22 June 2015

The Directors herein present their report and the audited financial statements of the Company and of the Group for the year ended 31 March 2015.

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 and decoration, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong and Mainland China.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 March 2015 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 35 to 122.

An interim dividend of HK1 cent per share was paid on 31 December 2014.

On 7 January 2015, among the 350,000,000 ordinary shares of Deson Construction International Holdings Limited ("DCIHL") in issue, 110,642,053 ordinary shares of DCIHL in issue were distributed in specie by the Company to its Qualifying Shareholders (as defined in the prospectus of DCIHL dated 24 December 2014) in proportion of one share of DCIHL for every five shares of the Company held by them.

The Directors recommend the payment of a final dividend of HK1 cent per share in respect of the year to Shareholders on the register of members on 19 August 2015. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years ended 31 March 2015, as extracted from the published audited financial statements is set out below.

REVENUE

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**850,198**	984,190	788,095	817,580	446,548
PROFIT FROM OPERATING ACTIVITIES AFTER FINANCE COSTS	**143,890**	199,351	87,486	100,201	290,582
Share of profits and losses of a joint venture	**–**	(16)	(16)	(9)	33
Share of profits and losses of associates	**577**	679	450	6,340	(82)
PROFIT BEFORE TAX	**144,467**	200,014	87,920	106,532	290,533
Income tax expense	**(52,076)**	(54,296)	(39,131)	(34,161)	(13,383)
PROFIT FOR THE YEAR	**92,391**	145,718	48,789	72,371	277,150
Attributable to:					
Owners of the Company	**94,476**	145,712	49,135	72,184	162,216
Non-controlling interests	**(2,085)**	6	(346)	187	114,934
	92,391	145,718	48,789	72,371	277,150

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**2,747,928**	1,927,390	1,683,797	1,471,073	1,463,540
Total liabilities	**(1,578,857)**	(944,704)	(835,290)	(700,975)	(772,347)
Non-controlling interests	**(16,337)**	(5,823)	(5,817)	(4,652)	(6,218)
	1,152,734	976,863	842,690	765,446	684,975

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 14 and 15 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 21.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options during the year are set out in notes 34 and 35 to the financial statements, respectively.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 36(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2015, 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$194,882,000 of which HK$6,517,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account and capital redemption reserve, in the aggregate amount of HK$188,085,000, 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.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 49% (2014: 46%) of the total sales for the year and sales to the largest customer included therein amounted to approximately 22% (2014: 13%). Purchases from the Group's five largest suppliers accounted for approximately 27% (2014: 26%) of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 6% (2014: 10%).

None of the Directors of the Company or any of their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) 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. KEUNG Kwok Cheung *(Resigned on 7 January 2015)*	
Mr. TJIA Wai Yip, William *(Appointed on 7 January 2015)*	

DIRECTORS *(continued)*

Non-executive Director

Mr. WONG Shing Kay, Oliver
(Deceased on 9 April 2015)

Independent non-executive Directors

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

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

Mr. Lu Quanzhang, Mr. Wang Jing Ning, Mr. Tjia Wai Yip, William and Dr. Ho Chung Tai, Raymond 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, Mr. 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 CONTRACTS

Save as disclosed in paragraph headed "Continuing Connected Transactions" and note 41 to the financial statements, no Director or controlling shareholder of the Company had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or 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 2015.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Director

LU Quanzhang (盧全章), aged 59, is an executive Director of the Company since 9 November 2011. He is also the Chairman of the Board. Mr. Lu has over 19 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. 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 (謝文盛), aged 71, is one of the co-founders of the Group. He is the Managing Director and Deputy Chairman of the Group. He is also a member of both the remuneration and nomination committees of the Board. Mr. Tjia is well respected and has established connections in the PRC construction industry through his extensive experience. He has over 32 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 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 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 (王京寧), aged 59, is an executive Director of the Company since January 1989. He is also a director of various main operating subsidiaries of the Group, among others, Deson Ventures (HK) Ltd., Winsome Properties Ltd., Honour Advance Ltd. and Yew Siang Ltd. Mr. Wang has over 35 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 (謝維業), aged 39, is an executive Director of the Company since January 2015. Mr 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 14 years' of experience in this field. He graduated from City University of Hong Kong with a Bachelor degree in Information Systems (Honours) in 1998. He is the son of Mr. Tjia Boen Sien, the Managing Director and Deputy Chairman of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Independent non-executive director

Dr. Raymond Ho Chung-Tai (何鍾泰), SBS, MBE, S.B. St. J., JP, aged 76, has over 50 years' experience, including 42 years in Hong Kong and 10 years in the United Kingdom, in the fields of civil, structural, environmental and geotechnical engineering and direct project management of mega size engineering projects with direct responsibility e.g. 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, 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, founding Chairman of Executive Committee of the former Hong Kong Council Academic Accreditation 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.

Ir SIU Man-po (蕭文波) 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 engineering profession and the community.

Mr. Siu, aged 77, obtained his Master of Science in Civil Engineering in 1963 from Auburn University in Auburn, Alabama, U.S.A.

Mr. 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.

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Independent non-executive director

SIU Kam Chau (蕭錦秋), aged 50, joined the Group in March 2014 as an independent non-executive director. Mr. Siu graduated from the City University of Hong Kong with a bachelor degree 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 25 years of working experience in auditing, accounting, company secretarial and corporate finance. Mr. Siu is currently an executive director of Jun Yang Solar Power Investments Limited (stock code: 397) and an independent non-executive director of Wang On Group Limited (stock code: 1222) both of which are companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was an independent non-executive director of China New Economy Fund Limited (stock code: 0080) from July 2010 to October 2014 and Oriental Unicorn Agricultural Group Limited (stock code: 8120) from May 2013 to October 2014.

Senior Management

LAM Wing Wai, Angus (林榮偉), aged 39, 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.

DAI Xiaobo (戴曉波), aged 51, 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 21 years' experience in the industry. He graduated from Changsha University in Mainland China in Civil Industrial and Civil Construction. He holds a First Level/ Senior Technician of Occupation Qualification Certificate in PRC.

KWOK Chun Fai (郭振輝), aged 71, 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 41 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 (蔡志明), aged 71, joined the Group in August 1997. He is the director of Deson Metals Co., Ltd. He has over 41 years' experience in this industry.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2015, 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 of Hong Kong Limited (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 Director	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of the Company's issued share capital**
Mr. Tjia Boen Sien*	45,774,400	233,290,000	279,064,400	42.81
Mr. Wang Jing Ning	14,839,600	–	14,839,600	2.28
Mr. Lu Quanzhang	100,000	–	100,000	0.02
Mr. Tjia Wai Yip, William	1,600,000	–	1,600,000	0.25
Dr. Raymond Ho, Chung Tai	485,000	–	485,000	0.07
Mr. Siu Man Po	300,000	–	300,000	0.05

Long positions in ordinary shares of Deson Construction International Holdings Limited ("DCIHL"):

	Number of shares held, capacity and nature of interest			
Name of Director	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of the DCIHL's issued share capital**
Mr. Tjia Boen Sien*	9,154,880	251,365,947	260,520,827	65.13
Mr. Lu Quanzhang	20,000	–	20,000	0.01
Mr. Siu Man Po	60,000	–	60,000	0.02

Long positions in ordinary shares of Sparta Assets Limited ("Sparta Assets"):

	Number of shares held, capacity and nature of interest			
Name of Director	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of the Sparta Assets's issued share capital**
Mr. Tjia Boen Sien*	233,290,000	–	233,290,000	100.00

* Sparta Assets Limited ("Sparta Assets"), a company incorporated in the British Virgin Islands and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 233,290,000 ordinary shares of the Company.

The interests of the Directors in the share options of the Company are separately disclosed in note 35 to the financial statements.

Save as disclosed above and note 35 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.

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 share option scheme disclosures in note 35 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, or were any such rights exercised by them; or 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

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. Further details of the scheme and the share options issued under the scheme are included in note 35 to the financial statements.

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

At 31 March 2015, 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	233,290,000	35.79
Mr. Tjia Boen Sien	Interests of controlled corporation	233,290,000	35.79
	Directly beneficially own	45,774,400	7.02
Granda Overseas Holding Co. Ltd. ("Granda") *(Note 2)*	Beneficial Owner	115,799,160	17.76
Mr. Chen Huofa	Interests of controlled corporation	115,799,160	17.76

Note:

1. Sparta Assets, a company incorporated in the British Virgin Islands and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 233,290,000 ordinary shares of the Company.

2. Granda, a company incorporated in the British Virgin Islands and wholly owned by Mr. Chen Huofa, is beneficially interested in 115,799,160 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 2015, 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 2015, 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 shareholder value and that it is in the best interest of the shareholders to return a substantial part of the surplus funds to them. The summary details of those transactions are as follows:

	Number of Shares repurchased	**Price per share**		**Total price paid**
		Highest	**Lowest**	
		HK$	***HK$***	***HK$'000***
March 2015	**1,370,000**	0.660	0.610	884
	1,370,000			884

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 repurchases shares and share repurchase expenses of HK$4,000 were charged against the share premium account.

The purchase of the Company's shares during the year ended 31 March 2015 was effected by the Directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting 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 2015.

CAPITAL STRUCTURE

On 2 February 2015, the Company allotted and issued 100,000,000 placing shares of HK$0.10 each in the share capital of the Company, at the placing price of HK$0.72 per placing share, pursuant to the placing agreement and the general mandate granted to the Directors at the annual general meeting of the Company held on 11 August 2014, details of which are disclosed in the announcement of the Company dated 21 January 2015. Total proceeds of approximately HK$70 million, net of issuance expense, were raised: (i) HK$50 million for property development project of the Group in Kaifeng City; and (ii) HK$20 million for general working capital for the Group.

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 2015 from this tenancy agreement was HK$306,000.

On 29 March 2014, the Group has entered into a tenancy agreements 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 at Shanghai. The tenancy agreement is contracted for three years commencing from 1 April 2014, and the annual rent payable is RMB100,000. The rental income earned during the year ended 31 March 2015 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 under development for sale of the Group are as follows:

Location	Attributable interest of the Group	Stage of completion	Expected completion date	Expected use	Gross floor area
1 Xi Da Jie Kaifeng City Henan Province PRC	100%	Removal stage	2016	Residential/ commercial complex	The total gross floor area is 20,336 sq. m.
Core Lot No. 2012-1 Zheng Kai Avenue Kaifeng City Henan Province PRC	100%	Construction stage	2015	Residential/ commercial complex	The total gross floor area is 107,000 sq. m

The completed 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.
Section A-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 190,215 sq. m.

PARTICULARS OF PROPERTIES *(continued)*

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.
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.
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 issued share capital was held by the public throughout the year ended 31 March 2015.

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 preceding three years.

Tjia Boen Sien
Managing Director and Deputy Chairman

Hong Kong
22 June 2015

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 Code on Corporate Governance Practices (''CG Code'') contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (''Stock Exchange'') (''Listing Rules''). 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 to the Board and delegated to the management. The Board provides leadership and approves strategic policies and plans with a view to enhance shareholder 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. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

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 recognizes 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, 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:

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 *(Appointed on 7 January 2015)*
Mr. Keung Kwok Cheung *(Resigned on 7 January 2015)*

Non-Executive Director

Mr. Wong Shing Kay, Oliver *(Deceased on 9 April 2015)*

Independent Non-Executive Directors

Dr. Ho Chung Tai, Raymond *(Member of Audit Committee, Remuneration Committee and Nomination Committee)*
Mr. 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 is 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 2015, the Board at all times met 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 have 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.

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

During the year ended 31 March 2015, the Company has arranged certain Directors to attend seminars conducted by qualified professions to ensure that they are fully aware of the responsibilities as directors under statute and common law, the Listing Rules, and other applicable legal or regulatory requirement. The Directors are also regularly updated and appraised of any new regulations and guideline, 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 2015, all Directors have individually attended seminars and training courses conducted by qualified professions on accounting, taxation and Listing Rules.

For the financial year ended 31 March 2015, 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, nine full board meetings were held. Details of the attendance of the Directors are as follows:

Executive Directors	**Directors' Attendance**
Mr. Lu Quanzhang *(Chairman)*	9/9
Mr. Tjia Boen Sien *(Managing Director and Deputy Chairman)*	9/9
Mr. Wang Jing Ning	9/9
Mr. Keung Kwok Cheung	9/9
Mr. Tjia Wai Yip, William	1/9
Non-Executive Director	
Mr. Wong Shing Kay, Oliver	9/9
Independent Non-Executive Directors	
Dr. Ho Chung Tai, Raymond	9/9
Mr. Siu Man Po	9/9
Mr. Siu Kam Chau	9/9

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 opportunities 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 primary 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 ensure 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 Company'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 Company'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, Mr. 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 Company'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 Company as well as market practice and conditions. The Remuneration Committee normally meets towards the end of each year for reviewing 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 Company'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 two times during the year ended 31 March 2015 and reviewed the remuneration policy and structure of the Company 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	2/2
Mr. Wang Jing Ning	2/2
Dr. Ho Chung Tai, Raymond	2/2
Mr. Siu Man Po	2/2
Mr. Siu Kam Chau	2/2

Nomination Committee

Mr. Tjia Boen Sien, Mr. Wang Jing Ning, Dr. Ho Chung Tai, Raymond, Mr. 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 make recommendation 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 two times during the year ended 31 March 2015 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	2/2
Mr. Wang Jing Ning	2/2
Dr. Ho Chung Tai, Raymond	2/2
Mr. Siu Man Po	2/2
Mr. Siu Kam Chau	2/2

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 Company's financial reporting system, and risk management system and associated procedures.

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

The Audit Committee held two meetings during the year ended 31 March 2015 to review the financial results and reports, financial reporting and compliance procedures, 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 version 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 is 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
Mr. Siu Man Po	2/2

AUDITORS' REMUNERATION

For the year ended 31 March 2015, 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 2015:

	HK$
Types of services:	
Audit for the Group	4,770,000
Non-audit services – taxation services	71,000
Total	4,841,000

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 of the Company and the Directors of the Company have confirmed that they have complied with the Model Code throughout the year ended 31 March 2015. 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 state of affairs of the Group and of the results 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 Company's accounts are prepared in accordance with the Listing Rules, the Companies Ordinance, all relevant statutory requirements and applicable accounting standards. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgements and estimates.

The Directors endeavor to ensure a balanced, clear and understandable assessment of the Company'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 financial statements of the Company for the year ended 31 March 2015. The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 33 to 34. Management of the Company 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 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 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.

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.

There was no significant change in the Company's Bye-Laws during the year ended 31 March 2015.

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.

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 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 (together, the "Group") set out on pages 35 to 122, which comprise the consolidated and company statements of financial position as at 31 March 2015, 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 of the Group as at 31 March 2015, and of the Group's 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

22 June 2015

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	5	**850,198**	984,190
Cost of sales		**(769,220)**	(882,208)
Gross profit		**80,978**	101,982
Other income and gains	5	**67,602**	53,845
Fair value gain on investment properties, net	15	**141,436**	122,554
Gain on disposal of a subsidiary	37	**–**	16,057
Administrative expenses		**(126,415)**	(93,522)
Other operating income/(expenses), net		**(1,931)**	371
Finance costs	7	**(17,780)**	(1,936)
Share of profits and losses of:			
A joint venture		**–**	(16)
Associates		**577**	679
PROFIT BEFORE TAX	6	**144,467**	200,014
Income tax expense	10	**(52,076)**	(54,296)
PROFIT FOR THE YEAR		**92,391**	145,718
Attributable to:			
Owners of the Company	11	**94,476**	145,712
Non-controlling interests		**(2,085)**	6
		92,391	145,718
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic and diluted		**HK16.60 cents**	HK26.25 cents

Details of the dividends paid and proposed for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	Notes	2015 *HK$'000*	2014 *HK$'000*
PROFIT FOR THE YEAR		**92,391**	145,718
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		**(2,539)**	2,567
Exchange differences on translation of foreign operations		**(6,010)**	(1,428)
Release of exchange fluctuation reserve upon disposal of a subsidiary	*37*	**–**	(5,438)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(8,549)**	(4,299)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Surplus on revaluation of leasehold land and buildings	*14*	**17,636**	11,805
Income tax effect	*33*	**(2,942)**	(2,021)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**14,694**	9,784
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**6,145**	5,485
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**98,536**	151,203
Attributable to:			
Owners of the Company		**100,388**	151,197
Non-controlling interests		**(1,852)**	6
		98,536	151,203

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**175,628**	164,181
Investment properties	15	**535,184**	305,000
Goodwill	16	**–**	–
Investment in a joint venture	18	**–**	–
Investments in associates	19	**1,035**	3,785
Available-for-sale investments	20	**21,641**	21,641
Deposits	28	**–**	244
Pledged deposits	29	**316,200**	–
Total non-current assets		**1,049,688**	494,851
CURRENT ASSETS			
Amounts due from associates	19	**4,824**	4,748
Amount due from an investee	21	**100**	100
Amount due from a related company	23	**479**	–
Properties held for sale under development and properties held for sale	24	**1,350,608**	1,054,613
Gross amount due from contract customers	25	**25,655**	7,563
Inventories	26	**11,768**	12,103
Accounts receivable	27	**58,849**	77,206
Prepayments, deposits and other receivables	28	**97,626**	94,935
Pledged deposits	29	**69,901**	51,797
Cash and cash equivalents	29	**78,430**	129,474
Total current assets		**1,698,240**	1,432,539
CURRENT LIABILITIES			
Gross amount due to contract customers	25	**88,455**	87,845
Accounts payable	30	**30,256**	59,191
Other payables and accruals	31	**140,313**	172,564
Amounts due to associates	19	**48**	48
Amounts due to non-controlling shareholders	22	**1,500**	1,500
Amount due to a related company	23	**–**	2,193
Tax payable		**87,137**	86,520
Interest-bearing bank and other borrowings	32	**521,613**	304,488
Total current liabilities		**869,322**	714,349
NET CURRENT ASSETS		**828,918**	718,190

	Notes	2015 HK$'000	2014 HK$'000
NET CURRENT ASSETS		**828,918**	718,190
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,878,606**	1,213,041
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*32*	**597,680**	157,041
Deferred tax liabilities	*33*	**111,855**	73,314
Total non-current liabilities		**709,535**	230,355
Net assets		**1,169,071**	982,686
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*34*	**65,184**	55,321
Reserves	*36(a)*	**1,081,033**	914,350
Proposed final dividend	*12*	**6,517**	7,192
		1,152,734	976,863
Non-controlling interests		**16,337**	5,823
Total equity		**1,169,071**	982,686

Tjia Boen Sien
Director

Wang Jing Ning
Director

		Attributable to owners of the Company												Non-controlling interests	Total equity
	Notes	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus 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	Proposed final dividend HK$'000	Total HK$'000	HK$'000	HK$'000
At 1 April 2013		56,077	118,408	15,262	120,059	(9,240)	13,514	58,365	3,764	3,260	456,526	6,695	842,690	5,817	848,507
Profit for the year		–	–	–	–	–	–	–	–	–	145,712	–	145,712	6	145,718
Other comprehensive income for the year:															
Surplus on revaluation of leasehold land and buildings, net of tax		–	–	–	9,784	–	–	–	–	–	–	–	9,784	–	9,784
Release of exchange fluctuation reserve upon disposal of a subsidiary	37	–	–	–	–	–	–	(5,438)	–	–	–	–	(5,438)	–	(5,438)
Share of other comprehensive income of associates		–	–	–	–	–	–	–	2,567	–	–	–	2,567	–	2,567
Exchange differences on translation of foreign operations		–	–	–	–	–	–	(1,428)	–	–	–	–	(1,428)	–	(1,428)
Total comprehensive income for the year		–	–	–	9,784	–	–	(6,866)	2,567	–	145,712	–	151,197	6	151,203
Release of revaluation reserve		–	–	–	(3,570)	–	–	–	–	–	3,570	–	–	–	–
Disposal of a subsidiary		–	–	–	(6,156)	–	–	–	–	–	6,156	–	–	–	–
Repurchase of shares	34(i)	(756)	(4,025)	–	–	–	756	–	–	–	(756)	–	(4,781)	–	(4,781)
Share repurchase expenses	34(i)	–	(45)	–	–	–	–	–	–	–	–	–	(45)	–	(45)
Final 2013 dividend declared		–	–	–	–	–	–	–	–	–	29	(6,695)	(6,666)	–	(6,666)
Interim 2014 dividend	12	–	–	–	–	–	–	–	–	–	(5,532)	–	(5,532)	–	(5,532)
Proposed final 2014 dividend	12	–	–	–	–	–	–	–	–	–	(7,192)	7,192	–	–	–
At 31 March 2014		55,321	114,338*	15,262*	120,117*	(9,240)*	14,270*	51,499*	6,331*	3,260*	598,513*	7,192	976,863	5,823	982,686

Year ended 31 March 2015

		Attributable to owners of the Company													Non-controlling interests	Total equity
	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$'000	Proposed final dividend HK$'000	Total HK$'000	HK$'000	HK$'000
At 1 April 2014		55,321	114,338	15,262	-	120,117	(9,240)	14,270	51,499	6,331	3,260	598,513	7,192	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 income 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 interests 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)	-	-	-	-
Issues of shares	34(iii)	10,000	62,000	-	-	-	-	-	-	-	-	-	-	72,000	-	72,000
Issued shares expenses	34(iii)	-	(1,909)	-	-	-	-	-	-	-	-	-	-	(1,909)	-	(1,909)
Repurchase of shares	34(ii)	(137)	(747)	-	-	-	-	137	-	-	-	(137)	-	(884)	-	(884)
Share repurchase expenses	34(ii)	-	(4)	-	-	-	-	-	-	-	-	-	-	(4)	-	(4)
Final 2014 dividend declared		-	-	-	-	-	-	-	-	-	-	-	(7,192)	(7,192)	-	(7,192)
Interim 2015 dividend	12	-	-	-	-	-	-	-	-	-	-	(5,532)	-	(5,532)	-	(5,532)
Dividends by way of distribution in specie	12	-	-	-	-	-	-	-	-	-	-	(7,006)	-	(7,006)	7,006	-
Reserves reallocation upon distribution in specie (deemed disposal of partial interests in a subsidiary without losing control)		-	-	-	(1,671)	(3,726)	-	-	(1,451)	-	(1,544)	8,392	-	-	-	-
Proposed final 2015 dividend	12	-	-	-	-	-	-	-	-	-	-	(6,517)	6,517	-	-	-
At 31 March 2015		65,184	173,678*	15,262*	23,061*	123,810*	(9,240)*	14,407*	43,105*	3,792*	4,529*	688,629*	6,517	1,152,734	16,337	1,169,071

* These reserve accounts comprise the consolidated reserves of HK$1,081,033,000 (2014: HK$914,350,000) 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.

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**144,467**	200,014
Adjustments for:			
Finance costs	7	**17,780**	1,936
Share of profits and losses of:			
A joint venture		**–**	16
Associates		**(577)**	(679)
Interest income	5	**(3,263)**	(1,216)
Fair value gain on investment properties, net	15	**(141,436)**	(122,554)
Dividend income	5	**(952)**	(799)
Gain on disposal of a subsidiary	37	**–**	(16,057)
Loss on disposal of items of property, plant and equipment	6	**313**	76
Depreciation	6	**6,551**	6,254
Provision for inventories	6	**1,743**	530
Impairment of other receivables	6	**2,420**	64
Reversal of impairment of accounts receivable	6	**(51)**	(18)
		26,995	67,567
Increase in properties held for sale under development and properties held for sale		**(348,870)**	(92,960)
Decrease/(increase) in gross amount due from contract customers		**(16,462)**	1,861
Increase in inventories		**(1,408)**	(5,104)
Decrease in accounts receivable		**18,365**	24,863
Increase in prepayments, deposits and other receivables		**(5,442)**	(60,055)
Increase in gross amount due to contract customers		**610**	29,623
Increase/(decrease) in accounts payable		**(28,845)**	15,166
Decrease in other payables and accruals		**(30,679)**	(10,013)
Cash used in operations		**(385,736)**	(29,052)
Interest paid		**(67,806)**	(37,838)
Hong Kong tax paid		**(1,678)**	–
Overseas taxes paid		**(13,289)**	(48,719)
Net cash flows used in operating activities – page 42		**(468,509)**	(115,609)

	Notes	2015 HK$'000	2014 HK$'000
Net cash flows used in operating activities – page 41		**(468,509)**	(115,609)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**3,263**	1,216
Dividend received		**952**	799
Dividends received from associates		**600**	400
Purchases of items of property, plant and equipment		**(693)**	(646)
Proceeds from disposal of items of property, plant and equipment		**–**	38
Proceeds from disposal of an associate		**188**	–
Disposal of a subsidiary	37	**–**	69,003
Advance to a joint venture		**–**	(16)
Advances to associates, net		**(76)**	(41)
Decrease/(increase) in pledged deposits		**(334,304)**	12,410
Net cash flows from/(used in) investing activities		**(330,070)**	83,163
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling interests		**31,370**	–
Placing of new shares	34	**72,000**	–
Share issue expenses	34	**(1,909)**	–
Repurchase of the Company's shares	34	**(884)**	(4,781)
Share repurchase expenses	34	**(4)**	(45)
New bank and other borrowings		**1,196,179**	323,115
Repayment of bank and other borrowings		**(550,601)**	(236,815)
Movement in balances with a related company, net		**(2,672)**	1,432
Dividends paid		**(12,724)**	(12,198)
Net cash flows from financing activities		**730,755**	70,708
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS – page 43		**(67,824)**	38,262

	Notes	2015 HK$'000	2014 HK$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS – page 42		**(67,824)**	38,262
Cash and cash equivalents at beginning of year		**129,464**	91,479
Effect of foreign exchange rate changes, net		**1,414**	(277)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**63,054**	129,464
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents stated in the statement of financial position	*29*	**78,430**	129,474
Bank overdrafts, secured	*32*	**(15,376)**	(10)
Cash and cash equivalents as stated in the statement of cash flows		**63,054**	129,464

STATEMENT OF FINANCIAL POSITION

31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	17	**515,860**	470,223
CURRENT ASSETS			
Amount due from an associate	19	**42**	–
Prepayments	28	**53**	46
Cash and cash equivalents	29	**123**	61
Total current assets		**218**	107
CURRENT LIABILITIES			
Accruals	31	**1,222**	1,448
Amounts due to subsidiaries	17	**64,595**	64,595
Amount due to a related company	23	**2,110**	3,080
Total current liabilities		**67,927**	69,123
NET CURRENT LIABILITIES		**(67,709)**	(69,016)
Net assets		**448,151**	401,207
EQUITY			
Issued capital	34	**65,184**	55,321
Reserves	36(b)	**376,450**	338,694
Proposed final dividend	12	**6,517**	7,192
Total equity		**448,151**	401,207

Tjia Boen Sien
Director

Wang Jing Ning
Director

1. CORPORATE 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 and decoration, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong and Mainland China;
- 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.

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, which because the Company has not early adopted the revised Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, and investment properties, 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 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

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

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

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

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

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* [4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception* [2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations* [2]
HKFRS 14	*Regulatory Deferral Accounts* [5]
HKFRS 15	*Revenue from Contracts with Customers* [3]
Amendments to HKAS 1	*Disclosure Initiative* [2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants* [2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions* [1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements* [2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs [1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs [1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs [2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 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

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 March 2016. The Group is in the process of making an assessment of the impact of these changes.

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 expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

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

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.

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 that will apply to 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. The Group expects to adopt HKFRS 15 on 1 April 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1 April 2016.

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 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.

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

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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 results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Investments in associates and joint ventures

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.

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

The Group's investments in associates and a joint venture 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

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 and a joint venture 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 or joint venture, 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 or joint venture are eliminated to the extent of the Group's investments in the associates or joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or a joint venture is included as part of the Group's investments in associates or a joint venture.

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 or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control 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.

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 that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combination and goodwill *(continued)*

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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 and investment properties, goodwill and a disposal group classified as held for sale), 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

(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); and

(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).

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.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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:

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments (continued)

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

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Available-for-sale financial investments (continued)

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.

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, accruals, amounts due to associates, amounts due to non-controlling shareholders and interest-bearing bank 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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.

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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Construction contracts *(continued)*

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Revenue from cost plus construction contracts is recognised on 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.

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 using the Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not 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 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.

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 8.6% (2014: 9.0%) has been applied to the expenditure on the individual assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Dividends

Final dividends proposed by the directors are 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. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

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

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

The functional currencies of certain overseas subsidiaries 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 the presentation currency of the Company 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.

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.

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

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.

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.

The subsidiaries of the Group engaging 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.

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 2015 was HK$535,184,000 (2014: HK$305,000,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 15 to the financial statements.

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

Estimation uncertainty *(continued)*

Estimates regarding the realisability of deferred tax assets

Estimating the amount for deferred tax assets arising from tax losses requires a process that involves determining appropriate provisions for taxation, forecasting future years' taxable income and assessing the ability to utilise tax benefits through future taxable profits. 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. Further details of the unrecognised tax losses of the Group are set out in note 33 to the financial statements.

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 and 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, provision of related installation and maintenance services as well as 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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, dividend income, gain on disposal of a subsidiary, finance costs, share of profits and losses of a joint venture and associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in a joint venture, 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.

During the year, the Group's operating segments changed as a result of the change in the Group's internal business reporting structure for more efficient use of the managerial resources. The corresponding information for the year ended 31 March 2014 has been re-presented accordingly.

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
Revenue	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 loss of a joint venture				–
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 of 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.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 March 2014

	Construction business *HK$'000*	Property development and investment business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	825,379	121,068	37,743	984,190
Other income and gains	6,451	43,831	1,048	51,330
Revenue	831,830	164,899	38,791	1,035,520
Segment results				
Operating profit	14,612	168,597	9,153	192,362
Reconciliation:				
Interest income and unallocated gain				1,716
Dividend income				799
Unallocated expenses				(9,647)
Gain on disposal of a subsidiary				16,057
Finance costs				(1,936)
Share of loss of a joint venture				(16)
Share of profits and losses of associates				679
Profit before tax				200,014
Segment assets	248,594	1,444,177	27,107	1,719,878
Reconciliation:				
Investments in associates				3,785
Corporate and other unallocated assets				203,727
Total assets				1,927,390

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 March 2014 *(continued)*

	Construction business *HK$'000*	Property development and investment business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	160,463	542,839	14,318	717,620
Reconciliation:				
Corporate and other unallocated liabilities				227,084
Total liabilities				944,704
Other segment information:				
Fair value gain of investment properties	(635)	(121,919)	–	(122,554)
Loss on disposal of items of property, plant and equipment	39	25	12	76
Impairment of other receivables	64	–	–	64
Reversal of impairment of accounts receivable	–	–	(18)	(18)
Provision for inventories	–	–	530	530
Depreciation	5,022	1,146	86	6,254
Capital expenditure	259	274	113	646*

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

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**510,863**	600,240
Mainland China	**339,335**	383,950
	850,198	984,190

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

(b) Non-current assets

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**158,514**	144,245
Mainland China	**868,498**	325,180
	1,027,012	469,425

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

Information about a major customer

During the year, revenue of approximately HK$191,203,000 (2014: HK$123,717,000) 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 with that customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue from construction contracts, income from property development and investment business, the net invoiced value of goods sold after allowance for returns and trade discounts, and provision of related installation and maintenance services.

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
Revenue		
Income from construction contracting and related business	**750,075**	825,379
Income from property development and investment business (Note)	**74,488**	121,068
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	**25,635**	37,743
	850,198	984,190

Note: Sales of properties recorded in the unaudited condensed financial statements for the six months ended 30 September 2014 included certain sales of commercial units to a customer amounting to HK$126,000,000. These sales have been terminated subsequent to the date of the interim report due to the default in payment of balance of the purchase consideration by the purchaser. Consequently, the revenue and related cost of these properties of HK$126,000,000 and HK$92,000,000, respectively, have not been recognised in these financial statements for the year ended 31 March 2015. Particulars of the termination of sales are detailed in the Company's announcement on 17 March 2015.

	Group	
	2015	2014
	HK$'000	*HK$'000*
Other income and gains		
Bank interest income	**3,263**	1,216
Dividend income	**952**	799
Gross rental income	**50,207**	42,254
Others	**13,180**	9,576
	67,602	53,845

6. PROFIT BEFORE TAX

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

	Notes	Group 2015 HK$'000	Group 2014 HK$'000
Cost of properties sold		**42,879**	76,986
Cost of construction contracting		**706,174**	786,833
Cost of inventories sold and services provided		**20,167**	18,389
Auditors' remuneration		**4,770**	1,980
Depreciation	*14*	**6,551**	6,254
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**854**	883
Minimum lease payments under operating leases on land and buildings		**1,819**	1,826
Rental income on investment properties less direct operating expenses of HK$854,000 (2014: HK$883,000)		**(5,262)**	(3,275)
Gain on disposal of a subsidiary	*37*	**–**	16,057
Loss on disposal of items of property, plant and equipment^		**313**	76
Employee benefit expense (including directors' and chief executive's remuneration – note 8):			
Wages and salaries		**59,014**	49,124
Pension schemes contributions*		**1,245**	1,160
Less: Amount capitalised		**(13,638)**	(10,203)
		46,621	40,081
Foreign exchange differences, net^		**(751)**	(493)
Provision for inventories, included in cost of inventories sold		**1,743**	530
Reversal of impairment of accounts receivable^	*27*	**(51)**	(18)
Impairment of other receivables^	*28*	**2,420**	64

* At 31 March 2015, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2014: Nil).

^ These amounts are included in "Other operating income/(expenses), net" on the face of the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years and total interest expense on financial liabilities not at fair value through profit or loss	**67,806**	37,837
Less: Interest capitalised	**(50,026)**	(35,901)
	17,780	1,936

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Fees	**456**	318
Other emoluments:		
Salaries, bonuses and allowances	**6,775**	7,510
Pension schemes contributions	**72**	75
	6,847	7,585
	7,303	7,903

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

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

	Fees *HK$'000*	Total remuneration *HK$'000*
2015		
Independent non-executive directors:		
Dr. Ho Chung Tai, Raymond	**120**	**120**
Mr. 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**
2014		
Independent non-executive directors:		
Dr. Ho Chung Tai, Raymond	120	120
Mr. Siu Man Po	96	96
Mr. Wong Shing Kay, Oliver (Redesignated as non-executive director on 14 March 2014)	92	92
Mr. Siu Kam Chau (Appointed on 14 March 2014)	6	6
	314	314
Non-executive director:		
Mr. Wong Shing Kay, Oliver (Appointed on 14 March 2014)	4	4
	318	318

There were no other emoluments payable to the non-executive director and independent non-executive directors during the year (2014: 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*	Total remuneration *HK$'000*
2015			
Executive directors:			
Mr. Lu Quanzhang	**300**	**–**	**300**
Mr. Tjia Boen Sien ("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**
2014			
Executive directors:			
Mr. Lu Quanzhang	300	–	300
Mr. Tjia Boen Sien	4,800	–	4,800
Mr. Wang Jing Ning	853	15	868
Mr. Keung Kwok Cheung	1,557	60	1,617
	7,510	75	7,585

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2014: 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$2,110,000 (2014: HK$3,080,000) which is determined with reference to profit for the year of the Group.

9. FIVE HIGHEST PAID EMPLOYEES AND SENIOR MANAGEMENT

The five highest paid employees during the year included two (2014: two) directors and 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 (2014: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Salaries and allowances	**3,144**	2,948
Pension schemes contributions	**75**	89
	3,219	3,037

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	
	2015	2014
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**3**	2
	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:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Salaries and allowances	**2,122**	2,134
Pension schemes contributions	**32**	43
	2,154	2,177

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year (2014: 16.5%), unless the Group's subsidiaries did not generate any assessable profit amount in Hong Kong during the year or the Group's subsidiaries had available tax losses brought forward in prior 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.

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.

10. INCOME TAX *(continued)*

	Group 2015 HK$'000	2014 HK$'000
Current – Hong Kong		
Charge for the year	**2,101**	506
Overprovision in prior years	**(38)**	(5)
Current – Elsewhere		
Charge for the year	**12,132**	14,685
Underprovision in prior years	**–**	5
Deferred (note 33)	**35,856**	32,546
LAT in Mainland China	**2,025**	6,559
Total tax charge for the year	**52,076**	54,296

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:

	Group 2015 HK$'000	2014 HK$'000
Profit before tax	**144,467**	200,014
Tax at the statutory tax rate of 16.5% (2014: 16.5%)	**23,837**	33,002
Effect of different rates for companies operating in other jurisdictions	**14,185**	11,599
Adjustments in respect of current tax of previous periods	**38**	–
Profits and losses attributable to a joint venture	**–**	3
Profits and losses attributable to associates	**(95)**	(112)
Income not subject to tax	**(839)**	(1,127)
Expenses not deductible for tax	**5,437**	1,960
Effect of withholding tax at 10% or 5% on the distributable profits of the Group's PRC subsidiaries	**1,130**	1,908
Tax losses utilised from previous periods	**(492)**	(1,557)
Tax losses and temporary differences not recognised	**5,991**	2,213
LAT	**2,025**	6,559
Others	**859**	(152)
Tax charge at the Group's effective rate of 36.0% (2014: 27.1%)	**52,076**	54,296

The share of tax credit attributable to associates amounting to HK$222,000 (2014: HK$68,000) is included in "Share of profits and losses of associates" on the face of the consolidated statement of profit or loss. There was no share of tax attributable to a joint venture during the current and prior years.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 March 2015 includes a loss of HK$9,535,000 (2014: HK$9,018,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Interim – HK1 cent (2014: HK1 cent) per ordinary share	**5,532**	5,532
Special interim dividend by way of distribution in specie *(Note)*	**7,006**	–
Proposed final – HK1 cent (2014: HK1.3 cents) per ordinary share	**6,517**	7,192
	19,055	12,724

Note: 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 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 Board 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 Shares 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 Dividend 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 represents the net assets attributable to the distribution in specie of an aggregate of 110,642,053 DCIHL Shares.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 569,062,212 (2014: 555,104,267) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2015 and 2014 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during these years.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	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 31 March 2014 and 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
Analysis of cost or valuation:							
At cost	–	3,720	2,806	5,712	2,745	4,329	19,312
At valuation	170,912	–	–	–	–	–	170,912
	170,912	3,720	2,806	5,712	2,745	4,329	190,224

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

Group

	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 2014							
At 1 April 2013:							
Cost or valuation	151,675	4,220	2,622	7,437	3,254	7,988	177,196
Accumulated depreciation	–	(2,597)	(2,114)	(5,977)	(2,980)	(5,445)	(19,113)
Net carrying amount	151,675	1,623	508	1,460	274	2,543	158,083
At 1 April 2013, net of accumulated depreciation	151,675	1,623	508	1,460	274	2,543	158,083
Additions	–	9	7	582	20	28	646
Disposals	–	–	–	(46)	–	(68)	(114)
Surplus on revaluation	11,805	–	–	–	–	–	11,805
Depreciation provided during the year	(4,830)	(257)	(90)	(441)	(29)	(607)	(6,254)
Exchange realignment	–	4	1	4	–	6	15
At 31 March 2014	158,650	1,379	426	1,559	265	1,902	164,181
At 31 March 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
Analysis of cost or valuation:							
At cost	–	4,229	2,629	7,753	3,274	7,554	25,439
At valuation	158,650	–	–	–	–	–	158,650
	158,650	4,229	2,629	7,753	3,274	7,554	184,089

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$170,912,000 (2014: HK$158,650,000) based on their existing use.

A revaluation surplus of HK$17,636,000 (2014: HK$11,805,000) resulting from the revaluation has been credited to other comprehensive income.

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

Details of the leasehold land and buildings are as follows:

	Group 2015 HK$'000	2014 HK$'000
Long term lease:		
Hong Kong	**17,200**	13,000
Medium term leases:		
Hong Kong	**136,600**	128,400
Mainland China	**17,112**	17,250
	170,912	158,650

As at 31 March 2015, certain leasehold land and buildings of the Group with an aggregate carrying amount of HK$153,800,000 (2014: HK$141,400,000) were pledged to secure certain banking facilities granted to the Group (note 32).

The Group appointed external valuer to be responsible for the external valuations of the Group's properties and have discussions with the valuer 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 2015 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Recurring fair value measurement for:	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Properties held for own use	**–**	**–**	**170,912**	**170,912**

	Fair value measurement as at 31 March 2014 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Properties held for own use	–	–	158,650	158,650

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. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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 2014	**158,650**
Depreciation	**(5,374)**
Surplus on revaluation recognised in other comprehensive income	**17,636**
Carrying amount at 31 March 2015	**170,912**

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)** **2015**	2014
Properties held for own use	Direct comparison approach	Market unit sale price (per square feet)	**HK$3,450 to HK$6,460**	HK$2,615 to HK$6,070

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 characteristic of the investment properties, which included the location, size, shape, view, floor level, year of completion and others factors collectively, to arrive at the market price.

The key input was the market price, which 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.

15. INVESTMENT PROPERTIES

	Group 2015 HK$'000	2014 HK$'000
Carrying amount at 1 April	**305,000**	169,375
Net gain from fair value adjustment	**141,436**	122,554
Transferred from completed properties held for sale	**91,239**	14,923
Exchange realignment	**(2,491)**	(1,852)
Carrying amount at 31 March	**535,184**	305,000

The Group's investment properties are situated in Mainland China and are held under long term lease.

The Group's investment properties were revalued on 31 March 2015 based on valuations performed by Peak Vision Appraisals Limited, independent professionally qualified valuer, at HK$535,184,000.

As at 31 March 2014, certain investment properties of the Group with an aggregate carrying amount HK$294,125,000 were pledged to secure certain banking facilities granted to the Group (note 32).

As at 31 March 2015, investment properties of the Group with a carrying amount of HK$535,184,000 (2014: HK$305,000,000) were leased to independent third parties.

The Group appointed external valuer to be responsible for the external valuations of the Group's properties and have discussions with the valuer 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 page 21.

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 2015 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
Recurring fair value measurement for:				
Hotel properties	–	–	307,768	307,768
Commercial properties	–	–	227,416	227,416
	–	–	535,184	535,184

15. INVESTMENT PROPERTIES *(continued)*

	Fair value measurement as at 31 March 2014 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	–	–	294,125	294,125
Commercial properties	–	–	10,875	10,875
	–	–	305,000	305,000

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:

	Hotel properties	**Commercial properties**
	HK$'000	***HK$'000***
Carrying amount at 1 April 2014	294,125	10,875
Net gain from a fair value adjustment recognised in profit or loss	16,040	125,396
Transferred from completed properties held for sale	–	91,239
Exchange realignment	(2,397)	(94)
Carrying amount at 31 March 2015	307,768	227,416

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)**	
			2015	2014
Hotel properties and commercial properties	Investment method	Estimated rental value (per square metre and per month)	**RMB37 to RMB195**	RMB35 to RMB189
		Term yield	**2% to 6.25%**	2% to 6.25%
		Reversionary yield	**5.75% to 7%**	5.75% to 6.75%
Car park spaces	Direct comparison approach	Market unit selling price	**RMB350,000**	RMB300,000

15. 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 characteristic of the investment properties, which included the location, size, shape, view, floor level, year of completion and others factors collectively, to arrive at the market price.

The key input was the market price, which a significant increase (decrease) in the market price would result in a significant increase (decrease) in the fair value of the investment properties.

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 characteristic 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, which a significant increase (decrease) in these inputs would result in a significantly increase (decrease) in the fair value of the investment properties.

16. GOODWILL

	Group *HK$'000*
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015:	
Cost	606
Accumulated impairment	(606)
Net carrying amount	–

17. INVESTMENTS IN SUBSIDIARIES

	Company 2015 HK$'000	2014 HK$'000
Unlisted shares, at cost	**156,031**	156,031
Due from subsidiaries	**359,829**	314,192
	515,860	470,223
Market value of listed shares of an indirectly-owned subsidiary in Hong Kong	**169,908**	–

The amounts due to subsidiaries included in the Company's current liabilities of HK$64,595,000 (2014: HK$64,595,000) are unsecured, interest-free and repayable on demand.

The amounts advanced to the subsidiaries included in investments in subsidiaries above are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these advances are considered as quasi-equity loans to the subsidiaries.

Details of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued share/ registered capital	Class of shares held	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Chang De Architectural & Decoration Co., Ltd.(a)*	PRC/ Mainland China	RMB16,000,000	(iii)	–	30.7 (v) (2014: 60)	Decoration engineering
Deson Development Holdings Limited*	British Virgin Islands/ Hong Kong	US$200	Ordinary	100	–	Investment holding
DCIHL(i)	The Cayman Islands/ Hong Kong	HK$20,000,000	Ordinary	–	51.18 (2014: Nil)	Investment holding
Deson Development Limited	Hong Kong	HK$20,000,100	Class A	–	51.18 (2014: 100)	Construction contracting and investment holding
		HK$20,000,000	Class B (ii)	–	51.18 (2014: 100)	
Deson Industries Limited*	British Virgin Islands ("BVI")/ Hong Kong	US$1	Ordinary	–	51.18 (2014: 100)	Investment holding
Deson Property Development (Kaifeng) Co., Ltd.(b)*	PRC/ Mainland China	HK$281,000,000 (2014: HK$250,000,000)	(iii)	–	100	Property development
Deson Ventures Limited*	British Virgin Islands/ Hong Kong	US$1	Ordinary	–	100	Investment holding

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

Details of the principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Nominal value of issued share/ registered capital	Class of shares held	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Deson Ventures (Hong Kong) Limited*	Hong Kong	HK$1	Ordinary	–	100	Investment holding
Fortune On Engineering Limited*	Hong Kong	HK$10	Ordinary	–	100	Property development
Hua Sheng International Real Estate Development (Shanghai) Co., Ltd.(b)*	PRC/ Mainland China	US$6,400,000	(iii)	–	100	Property development
Kenworth Engineering Limited	Hong Kong	HK$54,374,140	Ordinary	–	51.18 (2014: 100)	Provision of electrical and mechanical engineering services
		HK$20,000,000	Preference (iv)	–	51.18 (2014: 100)	
Latest Ventures Limited*	BVI/ Hong Kong	US$1,000	Ordinary		100 (2014: Nil)	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
Super Sight Investments Inc.*	British Virgin Islands/ Mainland China	US$1	Ordinary	–	100	Property development
上海迪申建築装潢有限公司(b)*	PRC/ Mainland China	US$800,000	(iii)	–	51.18 (2014: 100)	Decoration engineering
Wonderful Hope Limited*	British Virgin Islands/ 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	(iii)	–	100	Property investment

(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.

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

Notes:

(i) DCIHL is an exempted company with limited liability incorporated in the Cayman Islands with its share listed on the GEM of Stock Exchange on 8 January 2015.

(ii) The holders of these 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.

(iii) The issued or paid-up capital of these subsidiaries is not classified.

(iv) 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.

(v) The Group holds controlling indirect interests in this company through a non-wholly subsidiary. Thus the Group has control over this company and it is therefore 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.

Details of the Group's subsidiary that has material non-controlling interest are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interests:		
DCIHL	**48.82%**	–

	2015	2014
	HK$'000	*HK$'000*
Loss for the year allocated to non-controlling interests:		
DCIHL	**2,085**	–
Dividends paid to non-controlling interests of DCIHL	**–**	–
Accumulated balances of non-controlling interests at the reporting dates:		
DCIHL	**16,337**	–

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

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

	2015	2014
	HK$'000	*HK$'000*
Revenue	**750,075**	–
Total expenses	**(754,858)**	–
Loss for the year	**(4,783)**	–
Total comprehensive income for the year	**2,790**	–
Current assets	**160,107**	–
Non-current assets	**30,815**	–
Current liabilities	**(157,629)**	–
Non-current liabilities	**(5,035)**	–
Net cash flows used in operating activities	**(28,167)**	–
Net cash flows used in investing activities	**(1,794)**	–
Net cash flows used in financing activities	**(12,132)**	–
Net decrease in cash and cash equivalents	**(42,093)**	–

18. INVESTMENT IN A JOINT VENTURE

	Group	
	2015	2014
	HK$'000	*HK$'000*
Share of net liabilities	**–**	(14,122)
Due from a joint venture	**–**	22,915
Impairment	**–**	(8,793)
	–	14,122
	–	–

In the prior year, the amount due from the joint venture is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the directors, this balance is considered as a quasi-equity loan to the joint venture.

In the prior year, an impairment was recognised for an amount due from a joint venture with a carrying amount of HK$22,915,000 (before deducting the impairment loss) because the amount is unlikely to be recovered in the foreseeable future.

18. INVESTMENT IN A JOINT VENTURE *(continued)*

During the year, the Group disposed of the investment in this joint venture of a consideration of HK$1.

Particulars of the joint venture are as follows:

Name	Place of registration and business	Issued capital	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Kenworth-Watfield Joint Venture Limited	Hong Kong	HK$1,000,000	50	50	50	Provision of electrical and mechanical engineering services

The investment in a joint venture is held through a subsidiary of the Company.

The following table illustrates the summarised financial information of Kenworth-Watfield Joint Venture Limited that is not individually material:

	2015 **HK$'000**	2014 HK$'000
Share of the joint venture's loss for the year	**–**	(16)
Share of the joint venture's total comprehensive loss	**–**	(16)
Aggregate carrying amount of the Group's investment in the joint venture	**–**	–

19. INVESTMENTS IN ASSOCIATES

	Group **2015** **HK$'000**	Group 2014 HK$'000	Company **2015** **HK$'000**	Company 2014 HK$'000
Share of net assets	**1,035**	3,785	**–**	–
Due from associates	**4,824**	4,748	**42**	–
Due to associates	**(48)**	(48)	**–**	–

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

19. INVESTMENTS IN ASSOCIATES *(continued)*

Particulars of the principal associates are as follows:

Name	Particulars of issued capital held/ paid-up	Place of incorporation/ registration and business	Percentage of ownership attributable to the Group 2015	2014	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 above table lists the associates of the Group 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 associates would, in the opinion of the directors, result in particulars of excessive length.

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$93,000 (2014: profit of HK$67,000) and HK$1,671,000 (2014: HK$1,578,000), respectively.

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

	2015	2014
	HK$'000	*HK$'000*
Share of the associates' profit for the year	**577**	679
Share of the associates' other comprehensive income	**(2,539)**	2,567
Share of the associates' total comprehensive income	**(1,962)**	3,246
Aggregate carrying amount of the Group's investments in the associates	**1,035**	3,785

20. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2015	2014
	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.

21. 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.

22. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

The amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand.

23. BALANCE WITH A RELATED COMPANY

Particulars of an amount from/(due) to a related company are as follows:

	Group		
Name	31 March 2015	Maximum amount outstanding during the year	1 April 2014
	HK$'000	*HK$'000*	*HK$'000*
Excel Win Ltd ("Excel Win")	479	1,449	(2,193)

Mr. Tjia is a director of and has beneficial interests in the Company and Excel Win.

The balance with a related company is unsecured, interest-free and repayable on demand.

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
Completed properties held for sale	**797,687**	571,097
Properties held for sale under development	**552,921**	483,516
	1,350,608	1,054,613
Properties held for sale under development		
– expected to be recovered:		
Within one year	**1,350,608**	240,933
After one year	**–**	64,888
– pending for construction expected to be recovered after one year	**–**	177,695
	1,350,608	483,516

As at 31 March 2015, certain completed properties held for sale of the Group with an aggregate carrying amount of HK$516,900,000 (2014: HK$345,149,000) were pledged to secure certain banking facilities granted to the Group (note 32).

Particulars of the Group's properties held for sale under development and properties held for sale are included on page 20.

25. CONSTRUCTION CONTRACTS

	Group 2015 HK$'000	Group 2014 HK$'000
Gross amount due from contract customers	**25,655**	7,563
Gross amount due to contract customers	**(88,455)**	(87,845)
	(62,800)	(80,282)
Contract costs incurred plus recognised profits less recognised losses and provision for foreseeable losses to date	**3,103,527**	2,544,766
Less: Progress billings	**(3,166,327)**	(2,625,048)
	(62,800)	(80,282)

26. INVENTORIES

	Group 2015 HK$'000	Group 2014 HK$'000
Trading goods	**11,768**	12,103

27. ACCOUNTS RECEIVABLE

	Group 2015 HK$'000	Group 2014 HK$'000
Accounts receivable	**49,404**	68,525
Impairment	**(4,811)**	(4,821)
	44,593	63,704
Retention monies receivable	**14,256**	13,502
	58,849	77,206

27. ACCOUNTS RECEIVABLE *(continued)*

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 completed 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 held any collateral or other credit enhancements over its trade 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:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Current to 90 days	**39,616**	61,298
91 to 180 days	**2,237**	1,285
181 to 360 days	**1,328**	64
Over 360 days	**1,412**	1,057
	44,593	63,704
Retention monies receivable	**14,256**	13,502
Total	**58,849**	77,206

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
At 1 April	**4,821**	4,866
Amount written off as uncollectible	**–**	(27)
Impairment losses reversed (note 6)	**(51)**	(18)
Exchange realignment	**41**	–
At 31 March	**4,811**	4,821

Included in the above provision for impairment of accounts receivable is a provision for individually impaired accounts receivable of HK$4,811,000 (2014: HK$4,821,000) with a carrying amount before provision of HK$4,811,000 (2014: HK$4,821,000). The individually impaired accounts receivable relate to customers that were in financial difficulties or the customers that were in default in repayments and the receivables were not expected to be recovered.

27. ACCOUNTS RECEIVABLE *(continued)*

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**39,962**	61,713
Less than 3 months past due	**3,407**	1,348
3 to 6 months past due	**157**	–
More than 6 months past due	**1,067**	643
	44,593	63,704

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.

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**52,163**	40,448	**53**	46
Deposits	**1,716**	3,940	**–**	–
	53,879	44,388	**53**	46
Other receivables	**53,336**	57,993	**–**	–
Impairment	**(9,589)**	(7,202)	**–**	–
	43,747	50,791	**–**	–
Less: non-current portion	**–**	(244)	**–**	–
Current portion	**97,626**	94,935	**53**	46

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:

	Group	
	2015	2014
	HK$'000	*HK$'000*
At 1 April	**7,202**	7,138
Impairment losses (note 6)	**2,420**	64
Exchange realignment	**(33)**	–
At 31 March	**9,589**	7,202

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.

29. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

		Group		Company	
		2015	2014	**2015**	2014
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances		**89,030**	129,474	**123**	61
Time deposits		**375,501**	51,797	**–**	–
		464,531	181,271	**123**	61
Less: Pledged deposits for banking facilities					
– Current	*32*	**(69,901)**	(51,797)	**–**	–
– Non-current	*32*	**(316,200)**	–	**–**	–
Cash and cash equivalents		**78,430**	129,474	**123**	61

At the end of the reporting period, the aggregate cash and bank balances and deposits of the Group denominated in Renminbi ("RMB") amounted to HK$362,100,000 (2014: HK$93,768,000). 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.

30. 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:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Current to 90 days	**14,820**	49,594
91 to 180 days	**2,781**	14
181 to 360 days	**511**	2,807
Over 360 days	**12,144**	6,776
	30,256	59,191

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

31. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deposits received	**5,943**	54,960	**–**	–
Other payables	**105,145**	86,744	**10**	–
Accruals	**29,225**	30,860	**1,212**	1,448
	140,313	172,564	**1,222**	1,448

Other payables are non-interest-bearing and repayable on demand.

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
Group	**Contractual interest rate (%)**	**Maturity**	**HK$'000**	Contractual interest rate (%)	Maturity	HK$'000
Current						
Bank loans-secured	**3.75 to 14.4**	**2016**	**337,965**	3.75 to 11.2	2015	276,363
Bank overdrafts-secured	**Prime rate + 0.75**	**–**	**15,376**	Prime rate + 0.75	–	10
Trust receipt loans-secured	**Prime rate + 0.875**	**2016**	**16,992**	Prime rate + 0.875	2015	28,115
Other borrowings	**12**	**2015**	**151,280**	–	–	–
			521,613			304,488
Non-current						
Bank loans-secured	**6.0 to 8.2**	**2016 to 2023**	**597,680**	3.75 to 11.685	2015 to 2022	157,041
			1,119,293			461,529

	Group	
	2015	2014
	HK$'000	*HK$'000*
Analysed into:		
Bank loans, overdrafts and trust receipt loans repayable:		
Within one year or on demand	**521,613**	304,488
In the second year	**337,280**	157,041
In the third to fifth years	**248,000**	–
Beyond five years	**12,400**	–
	1,119,293	461,529

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

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

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$153,800,000 (2014: HK$141,400,000) (note 14);

(ii) the pledge of certain of the Group's investment properties situated in Mainland China of nil (2014: HK$294,125,000) (note 15);

(iii) the pledge of certain of the Group's properties held for sale and properties held for sale under development situated in Mainland China of HK$516,900,000 (2014: HK$345,149,000) (note 24); and

(iv) the pledge of the Group's deposits of HK$386,101,000 (2014: HK$51,797,000) (note 29).

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. As further explained in note 44 to the financial statements, the Group's interest-bearing bank borrowings in the amount of nil (2014: HK$114,418,000) containing on-demand clauses in the prior year.

33. DEFERRED TAX

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

Group

	2015			
	Accelerated tax depreciation *HK$'000*	**Revaluation of properties** *HK$'000*	**Withholding taxes** *HK$'000*	**Total** *HK$'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

33. DEFERRED TAX *(continued)*

Group

	2014			
	Accelerated tax depreciation *HK$'000*	Revaluation of properties *HK$'000*	Withholding taxes *HK$'000*	Total *HK$'000*
At 1 April 2013	239	28,186	10,673	39,098
Deferred tax charged to the statement of profit or loss during the year (note 10)	–	30,638	1,908	32,546
Deferred tax charged to the statement of other comprehensive income during the year	–	2,021	–	2,021
Exchange realignment	–	(351)	–	(351)
Deferred tax liabilities at 31 March 2014	239	60,494	12,581	73,314

The Group has estimated tax losses arising in Hong Kong of HK$598,845,000 (2014: HK$591,642,000) 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$3,401,000 (2014: HK$841,000) 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.

34. SHARE CAPITAL

Shares

	2015	2014
	HK$'000	*HK$'000*
Authorised:		
1,500,000,000 (2014: 1,500,000,000) ordinary shares of HK$0.10 each	**150,000**	150,000
Issued and fully paid:		
651,840,267 (2014: 553,210,267) ordinary shares of HK$0.10 each	**65,184**	55,321

A summary of the transactions during the current and prior years with reference to the movements in the Company's issued ordinary 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 2013		560,765,267	56,077	118,408	174,485
Repurchase of shares	*(i)*	(7,555,000)	(756)	(4,025)	(4,781)
Share repurchase expenses	*(i)*	–	–	(45)	(45)
At 31 March 2014 and 1 April 2014		**553,210,267**	**55,321**	**114,338**	**169,659**
Repurchase of shares	*(ii)*	**(1,370,000)**	**(137)**	**(747)**	**(884)**
Share repurchase expenses	*(ii)*	**–**	**–**	**(4)**	**(4)**
Issue of new shares	*(iii)*	**100,000,000**	**10,000**	**62,000**	**72,000**
Issue shares expenses	*(iii)*	**–**	**–**	**(1,909)**	**(1,909)**
At 31 March 2015		**651,840,267**	**65,184**	**173,678**	**238,862**

Notes:

(i) In the prior year, the Company repurchased a total of 7,555,000 of its own shares on the Stock Exchange at a price ranging from HK$0.59 to HK$0.65 per share at a total consideration, before expenses, of HK$4,781,000. The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK$756,000 was transferred from retained profits to the capital redemption reserve. The premium of HK$4,025,000 paid on the repurchased shares and share repurchase expenses of HK$45,000 were charged against the share premium account.

34. SHARE CAPITAL *(continued)*

Notes: *(continued)*

(ii) During the 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.

(iii) 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 of proceeds HK$62,000,000 (before share issue expenses of HK$1,909,000), which were credited to the Company's share premium account.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 35 to the financial statements.

35. 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 the same day to comply with the requirements of Chapter 17 of the Listing Rules regarding share option schemes of a company.

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.

35. SHARE OPTION SCHEME *(continued)*

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

No share option was granted during the year ended 31 March 2015.

Subsequent to the end of the reporting period, on 17 April 2015, a total of 40,000,000 share options were granted to certain of the executive directors and employees of the Group under the Scheme in respect of their services to the Group in the forthcoming year. These share options have an have an exercise price of HK$0.71 per share and an exercise period ranging from 17 April 2015 to 16 April 2018. The price of the Company's share at the date of grant was HK$0.71 per share. Further details of share options granted are set out in note 45 to the financial statements.

At the date of approval of these financial statements, the Company had 39,600,000 share options outstanding under the Scheme, which represented approximately 6.1% of the Company's share in issue as at that date.

36. RESERVES

(a) Group

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.

(b) Company

	Notes	Share premium account HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total equity HK$'000
At 1 April 2013		118,408	155,531	13,514	77,024	6,695	371,172
Loss for the year and total comprehensive loss for the year	11	–	–	–	(9,018)	–	(9,018)
Repurchase of shares	34(i)	(4,025)	–	756	(756)	–	(4,025)
Share repurchase expenses	34(i)	(45)	–	–	–	–	(45)
Final 2013 dividend declared		–	–	–	29	(6,695)	(6,666)
Interim 2014 dividend	12	–	–	–	(5,532)	–	(5,532)
Final 2014 dividend	12	–	–	–	(7,192)	7,192	–
At 31 March 2014 and 1 April 2014		**114,338***	**155,531***	**14,270***	**54,555***	**7,192**	**345,886**
Loss for the year and total comprehensive loss for the year	11	**–**	**–**	**–**	**(4,003)**	**–**	**(4,003)**
Repurchase of shares	34(ii)	**(747)**	**–**	**137**	**(137)**	**–**	**(747)**
Share repurchase expenses	34(ii)	**(4)**	**–**	**–**	**–**	**–**	**(4)**
Issue of new shares	34(iii)	**62,000**	**–**	**–**	**–**	**–**	**62,000**
Issue share expenses	34(iii)	**(1,909)**	**–**	**–**	**–**	**–**	**(1,909)**
Final 2014 dividend declared		**–**	**–**	**–**	**–**	**(7,192)**	**(7,192)**
Special interim dividend	12	**–**	**–**	**–**	**(7,006)**	**–**	**(7,006)**
Release upon the distribution of DCIHL shares		**–**	**–**	**–**	**1,474**	**–**	**1,474**
Interim 2015 dividend	12	**–**	**–**	**–**	**(5,532)**	**–**	**(5,532)**
Proposed final 2015 dividend	12	**–**	**–**	**–**	**(6,517)**	**6,517**	**–**
At 31 March 2015		**173,678***	**155,531***	**14,407***	**32,834***	**6,517**	**382,967**

* These reserve accounts comprise the reserves of HK$376,450,000 (2014: HK$338,694,000) in the statement of financial position.

36. RESERVES *(continued)*

(b) Company *(continued)*

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group 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.

37. DISPOSAL OF A SUBSIDIARY

On 1 February 2013, Yew Siang Limited ("Yew Siang"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with an independent third party to dispose of its entire interest in 美格菲(成都)康體發展有限公司, a wholly-owned subsidiary of Yew Siang, together with the shareholder's loan for a total consideration of RMB56,453,000 (equivalent to HK$70,531,000). The disposal was completed in the prior year on 29 May 2013.

	Notes	**2015**	2014
		HK$'000	HK$'000
Net assets disposed of:			
Property, plant and equipment		–	4,066
Investment properties		–	67,691
Prepayments, deposits and other receivables		–	3
Other payables and accruals		–	(6,302)
Deferred tax liabilities		–	(7,074)
		–	58,384
Release of exchange fluctuation reserve		–	(5,438)
Legal and professional fee and transaction costs directly attributable to disposal		–	1,528
Gain on disposal of a subsidiary	6	–	16,057
		–	70,531
Satisfied by:			
Cash		–	70,531

37. DISPOSAL OF A SUBSIDIARY

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2015	2014
	HK$'000	*HK$'000*
Cash consideration	–	70,531
Less: Legal and professional fee and transaction costs paid	–	(1,528)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	–	69,003

38. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		**Company**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in connection with banking facilities granted to subsidiaries	–	–	**328,000**	582,300

In respect of the guarantees granted to subsidiaries, banking facilities in the amount of HK$250,124,000 (2014: HK$367,587,000) were utilised by the subsidiaries as at 31 March 2015.

39. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessor

The Group leases 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 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015	2014
	HK\$'000	*HK\$'000*
Within one year	**44,209**	40,324
In the second to fifth years, inclusive	**145,711**	147,629
After five years	**280,289**	312,237
	470,209	500,190

No contingent rental receivable was recognised by the Group during the year (2014: Nil).

(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 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015	2014
	HK\$'000	*HK\$'000*
Within one year	**1,274**	1,021
In the second to fifth years, inclusive	**3,677**	1,343
After five years	**984**	1,344
	5,935	3,708

The Company had no operating lease arrangements as at 31 March 2015 (2014: Nil).

40. COMMITMENTS

At the end of the reporting period, neither the Group nor the Company had any significant capital commitments.

41. 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:

	Notes	2015 HK$'000	2014 HK$'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)	**431**	306

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 上海美格菲健身中心有限公司 ("SH Megafit") at HK$26,000 and RMB8,333 per month, respectively. 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 its joint venture and associates as at the end of the reporting period are included in notes 18 and 19 to the financial statements, respectively;

(ii) Details of the Company's balances with its subsidiaries as at the end of the reporting period are included in note 17 to the financial statements;

(iii) Details of the Group's balances with its non-controlling shareholders as at the end of the reporting period are included in note 22 to the financial statements; and

(iv) Details of the Group's balances with its related company as at the end of the reporting period are included in note 23 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 constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

42. FINANCIAL INSTRUMENTS BY CATEGORY

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

2015 **Group**

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
Amount due from a related company	479	–	479
Accounts receivable	58,849	–	58,849
Financial assets included in prepayments, deposits and other receivables (note 28)	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
Amounts due to non-controlling shareholders	1,500
Interest-bearing bank and other borrowings	1,119,293
	1,281,656

42. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

2014 **Group**

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	4,748	–	4,748
Amount due from an investee	100	–	100
Accounts receivable	77,206	–	77,206
Financial assets included in prepayments, deposits and other receivables (note 28)	54,731	–	54,731
Pledged deposits	51,797	–	51,797
Cash and cash equivalents	129,474	–	129,474
	318,056	21,641	339,697

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Accounts payable	59,191
Financial liabilities included in other payables and accruals	114,884
Amounts due to associates	48
Amount due to a related company	2,193
Amounts due to non-controlling shareholders	1,500
Interest-bearing bank borrowings	461,529
	639,345

42. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Company

Financial assets

	Loans and receivables	
	2015	2014
	HK$'000	*HK$'000*
Amount due from an associate	**42**	–
Cash and cash equivalents	**123**	61
	165	61

Financial liabilities

	Financial liabilities at amortised cost	
	2015	2014
	HK$'000	*HK$'000*
Financial liabilities included in accruals and other payables	**1,222**	607
Amount due to a related company	**2,110**	3,080
Amounts due to subsidiaries	**64,595**	64,595
	67,927	68,282

43. 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:

Group

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial liabilities				
Interest-bearing and other bank borrowings	**634,880**	187,779	**634,880**	187,779

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from/to subsidiaries, a joint venture, associates, a non-controlling shareholder, an investee, current interest-bearing bank and other borrowings and a related company approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The 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 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.

As at 31 March 2015, the Group did not have any financial assets measured at fair value.

Fair value hierarchy

The Group did not have any financial liabilities measured at fair value as at 31 March 2015 and 31 March 2014. As at 31 March 2015, 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$634,880,000 (2014: HK$433,404,000). 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 (2014: Nil).

The Company did not have any financial assets and liabilities measured at fair value as at 31 March 2015 and 31 March 2014.

44. 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, non-controlling shareholders and a related company, 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 accounts receivable, accounts payable, deposits and other receivables, and other payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

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.

44. 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 32 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, cash and bank balances, 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).

Group

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *HK$'000*	Increase/ (decrease) in equity* *HK$'000*
2015			
Hong Kong dollar	**5**	**(6,345)**	**–**
Hong Kong dollar	**(5)**	**6,345**	**–**
2014			
Hong Kong dollar	100	(4,173)	–
Hong Kong dollar	(100)	4,173	–

* Excluding retained profits

44. 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
2015			
If Hong Kong dollar weakens against RMB	**5**	**(37,301)**	**–**
If Hong Kong dollar strengthens against RMB	**(5)**	**37,301**	**–**
2014			
If Hong Kong dollar weakens against RMB	5	(18,722)	–
If Hong Kong dollar strengthens against RMB	(5)	18,722	–

* 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, an amount due from a related company, available-for-sale investments, other receivables, 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.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable and other receivables are disclosed in notes 27 and 28 to the financial statements, respectively.

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

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:

Group

	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**
Amounts due to non-controlling shareholders	**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**

	2014			
	On demand	Less than 12 months	1 to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accounts payable	–	59,191	–	59,191
Financial liabilities included in other payables and accruals	114,884	–	–	114,884
Amounts due to associates	48	–	–	48
Amount due to a related company	2,193	–	–	2,193
Amounts due to non-controlling shareholders	1,500	–	–	1,500
Interest-bearing bank borrowings	–	330,632	161,745	492,377
	118,625	389,823	161,745	670,193

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

Liquidity risk *(continued)*

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

Company

	On demand	
	2015	2014
	HK$'000	*HK$'000*
Financial liabilities included in accruals	**1,222**	607
Amounts due to subsidiaries	**64,595**	64,595
Amount due to a related company	**2,110**	3,080
Guarantees given to banks in connection with banking facilities granted to subsidiaries	**328,000**	367,587
	395,927	435,869

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 2015 and 31 March 2014.

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

Capital management *(continued)*

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, non-controlling shareholders and a related company, and interest-bearing bank and other borrowings, less 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:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Accounts payable	**30,256**	59,191
Other payables and accruals	**140,313**	172,564
Amounts due to associates	**48**	48
Amounts due to non-controlling shareholders	**1,500**	1,500
Amount due to a related company	**–**	2,193
Interest-bearing bank and other borrowings	**1,119,293**	461,529
Less: Cash and cash equivalents	**(78,430)**	(129,474)
Net debt	**1,212,980**	567,551
Total capital	**1,152,734**	976,863
Total capital and net debt	**2,365,714**	1,544,414
Gearing ratio	**51%**	37%

45. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, on 17 April 2015, the board of directors of the Company announced that 40,000,000 share options to subscribe for a total of 40,000,000 ordinary shares of HK$0.10 each of the Company are granted, subject to acceptance of the grantees, under the Company's share options scheme adopted on 15 August 2012. The exercise price of the share options granted is HK$0.71 per share. 10,000,000 of the share options will be exercisable during the period from 17 April 2015 to 16 April 2016 (both dates inclusive); 15,260,000 of the share options will be exercisable at any time commencing from 17 April 2016 to 16 April 2017 (both dates inclusive); and 14,740,000 of the share options will be exercisable at any time commencing from 17 April 2017 to 16 April 2018 (both dates inclusive). Details are disclosed in the announcement of the Company dated 17 April 2015.

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 June 2015.