EXCEL DEVELOPMENT (HOLDINGS) LIMITED
怡益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1372)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

The board (the "Board") of directors (the "Directors") of Excel Development (Holdings) Limited (the "Company") hereby announces the consolidated financial results and financial position of the Company and its subsidiaries (collectively refer to as the "Group") for the year ended 31 March 2016, together with comparative figures for the previous corresponding year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
REVENUE	*5*	**609,335**	702,856
Cost of sales		**(603,483)**	(662,053)
Gross profit		**5,852**	40,803
Other income and gains	*5*	**10,756**	3,163
Administrative expenses		**(38,171)**	(24,875)
Finance costs	*6*	**(10,370)**	(39)
Change in fair value of a financial asset at fair value through profit or loss	*13*	**(416)**	–
PROFIT/(LOSS) BEFORE TAX	*7*	**(32,349)**	19,052
Income tax expense	*8*	**(774)**	(3,178)
PROFIT/(LOSS) FOR THE YEAR		**(33,123)**	15,874
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(769)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(769)**	–
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT		**(33,892)**	15,874
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	*10*		
Basic and diluted *(HK cents)*		**(16.6)**	7.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**48,327**	2,194
Investment properties		**–**	800
Goodwill	*11*	**490,948**	–
Intangible assets	*12*	**687,523**	–
Investment in a joint venture		**–**	–
Total non-current assets		**1,226,798**	2,994
CURRENT ASSETS			
Financial asset at fair value through profit or loss	*13*	**9,636**	–
Inventories		**1,622**	–
Gross amount due from customers for contract works		**30,150**	31,028
Accounts receivable	*14*	**396,360**	177,789
Tax recoverable		**3,177**	4,494
Prepayments, deposits and other receivables		**18,308**	16,042
Cash and cash equivalents		**16,885**	143,693
Total current assets		**476,138**	373,046
CURRENT LIABILITIES			
Accounts payable	*15*	**225,796**	101,464
Accruals of costs for contract works		**38,688**	45,237
Tax payable		**2,926**	–
Other payables and accruals		**19,531**	3,204
Interest-bearing other borrowings		**13,013**	–
Total current liabilities		**299,954**	149,905
NET CURRENT ASSETS		**176,184**	223,141
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,402,982**	226,135

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT LIABILITIES			
Convertible bonds	16	**340,316**	–
Promissory notes	17	**426,576**	–
Deferred tax liabilities		**103,139**	8
Total non-current liabilities		**870,031**	8
Net assets		**532,951**	226,127
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,000**	2,000
Equity component of convertible bonds	16	**390,716**	–
Reserves		**140,235**	224,127
Total equity		**532,951**	226,127

NOTES TO FINANCIAL STATEMENTS

31 March 2016

1. CORPORATE AND GROUP INFORMATION

Excel Development (Holdings) Limited is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 21st Floor, 1 Duddell Street, Central, Hong Kong.

During the year, the Company and its subsidiaries were principally engaged in the following principal activities:

- Civil engineering works and building construction and maintenance works (the "Civil Engineering and Construction Business")
- Development, production and sale of automotive engines (the "Automotive Engines Business", and newly acquired during the year – note 18)

On 5 June 2015, the then intermediate holding company, Vantage International (Holdings) Limited ("Vantage"), disposed of its entire equity interest in the Company to Youth Force Asia Ltd. ("Youth Force"), a company incorporated in the British Virgin Islands ("BVI"). Youth Force has become the holding company and the ultimate holding company of the Company since then.

Vantage and its subsidiaries are hereafter collectively referred to as the "Vantage Group".

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and a financial asset at fair value through profit or loss, which have been measured at fair value.

The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

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

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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.

Construction, renovation and other contracts

Revenue and profit recognition on contract works is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Based on the Group's past experience and the nature of the contract activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. As a result, until this point is reached, the amount due from customers for contract works will not include profit which the Group may eventually realise from the work performed to date. In addition, actual outcomes in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of each reporting period, which would affect the revenue and profit recognised in future years.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect whether any provision is required for foreseeable losses. The estimates are made based on past experience and knowledge of the project management.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2016 was HK$490,948,000 (2015: Nil). Further details are given in note 11.

Impairment of non-financial assets (other than goodwill)

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

Useful lives and impairment of property, plant and equipment

The Group determines the estimated useful lives and related depreciation for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimate, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expenses in future periods.

Useful lives of intangible assets

The estimated useful lives of intangible assets reflect management's estimation on the Group's intention to derive future economic benefits from the intangible assets, which are the revenue being generated from the estimated units of sales over the contract period of the Automotive Engine Sales Framework Agreements (as defined in note 12). When useful lives of intangible assets are different from those previously estimated, the amortisation charges for future periods will be adjusted accordingly.

Impairment of receivables

The Group records impairment of receivables based on an assessment of the recoverability of trade and bills receivables, and other receivables. The identification of doubtful debts requires directors' estimates. Where the expectation is different from the original estimate, the difference will impact on the carrying values of the trade and bills receivables and other receivables and doubtful debt expenses in the period in which the estimate has been changed.

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the write-down involves management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, the differences will have impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which the estimate has been changed.

Income tax

The Group is subject to income taxes in the People's Republic of China (the "PRC") and Hong Kong. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

Contingent consideration of arising from business combinations

One of the Group's business acquisitions has involved post-acquisition performance-based contingent consideration. The Group follows the requirement of HKFRS 3 (Revised) *Business Combinations* to recognise the fair value of the contingent consideration for the acquisition, as of its acquisition date as part of the consideration transferred in exchange for the acquired business/subsidiary. The fair value measurements require, among other things, significant estimation of post-acquisition performance of the acquired subsidiary/business and significant judgement on time value of money. Contingent consideration shall be remeasured at their fair value resulting from events or factors emerging after the acquisition date, with any resulting gain or loss recognised in the profit or loss in accordance with HKFRS 3 (Revised) *Business Combinations*.

4. SEGMENT INFORMATION

During the year ended 31 March 2015, the Group's revenue, expenses and assets were generated solely from the Civil Engineering and Construction Business in Hong Kong. The management of the Group made decisions about resources allocation and assessed performance of the Group based on the operating results from the business activities of the Civil Engineering and Construction Business. Accordingly, the directors are of the opinion that the Civil Engineering and Construction Business in Hong Kong was a single reportable operating segment of the Group for the year ended 31 March 2015.

During the year, on 12 October 2015, the Group entered into a sale and purchase agreement (the "Engines SPA") with Power Expert Global Limited ("Power Expert"), an independent third party, to acquire the 100% equity interest in Well Surplus Enterprises Limited and its subsidiaries (the "Automotive Engines Group") and the loans owed by the Automotive Engines Group to its then shareholder (the "Engines Acquisition"). The Automotive Engines Group is principally engaged in the development, manufacture and sale of automotive engines. The Engines Acquisition was completed on 4 February 2016 and the Group has commenced the Automotive Engines Business since then.

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

- Civil engineering and construction segment – civil engineering works and building construction and maintenance works
- Automotive engines segment – development, production and sale of automotive engines

Management monitors the result of the Group's operating segments separately for the purpose of making decision about resources allocations and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that finance costs as well as head office and corporate expenses are excluded from such measurement.

	Civil engineering and construction		Automotive engines		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**467,631**	702,856	**141,704**	–	**609,335**	702,856
Segment results	**(12,881)**	27,918	**5,195**	–	**(7,686)**	27,918
Corporate and unallocated income					**424**	–
Corporate and unallocated expenses					**(14,717)**	(8,827)
Finance costs					**(10,370)**	(39)
Profit/(loss) before tax					**(32,349)**	19,052
Other segment information:						
Capital expenditure						
– operating segment	**58**	2,294	**1,139**	–	**1,197**	2,294
– unallocated					**756**	–
					1,953	2,294
Bank interest income						
– operating segment	**25**	85	**3**	–	**28**	85
Depreciation						
– operating segment	**587**	204	**704**	–	**1,291**	204
– unallocated					**90**	–
					1,381	204
Amortisation of intangible assets	**–**	–	**8,389**	–	**8,389**	–

Geographical information

a) *Revenue from external customers*

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**467,631**	702,856
Mainland China	**141,704**	–
	609,335	702,856

b) *Non-current assets*

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**2,330**	2,994
Mainland China	**1,224,468**	–
	1,226,798	2,994

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year, is set out below:

	2016	2015
	HK$'000	*HK$'000*
Customer A	**260,643**	372,739
Customer B	**20,474***	159,698
Customer C	**97,700**	108,016
Customer D	**71,536**	–
Customer E	**70,552**	–

* *Less than 10% of revenue*

Except for the aforesaid, no revenue from a single external customer accounted for 10% or more of the Group's revenue. Government bureaus and departments of the Government of the Hong Kong Special Administrative Region (the "HKSAR Government") are considered as a single customer in the above analysis.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the appropriate proportion of contract revenue from construction, renovation and other contracts and the net invoiced value of goods sold, after allowances for returns and trade discounts.

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

	Note	**2016** **HK$'000**	2015 *HK$'000*
Revenue			
Contract revenue		**467,631**	702,856
Sales of goods		**141,704**	–
		609,335	702,856
Other income and gains			
Interest income		**28**	85
Consultancy fee income		**1,200**	1,200
Rental income		**8,400**	1,400
Government subsidies*		**28**	73
Gain on disposal of items of property, plant and equipment		**44**	72
Gain on disposal of subsidiaries	*19*	**85**	–
Gain on changes in fair value of investment properties		**–**	200
Gain on disposal of investment properties		**300**	–
Sundry income		**671**	133
		10,756	3,163

* *Subsidies have been received from the Hong Kong Vocational Training Council, an institution established by the HKSAR Government, for providing on-the-job training for graduate engineers and trainers. There are no unfulfilled conditions or contingencies relating to these subsidies.*

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 **HK$'000**	2015 *HK$'000*
Interest on bank and other borrowings	**340**	39
Interest on promissory notes	**5,696**	–
Imputed interest on convertible bonds	**4,334**	–
	10,370	39

7. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2016 HK$'000	2015 HK$'000
Cost of inventories sold		**135,775**	–
Cost of services provided		**467,708**	662,053
Depreciation		**1,381**	204
Amortisation of intangible assets*	*12*	**8,389**	–
Auditors' remuneration		**1,750**	1,260
Gain on disposal of investment properties		**(300)**	–
Gain on disposal of subsidiaries	*19*	**(85)**	–
Employee benefits expense (exclusive of directors' and chief executive's remuneration)			
Wages and salaries		**26,754**	30,690
Pension scheme contributions (defined contribution schemes)		**1,145**	1,140
		27,889	31,830
Minimum lease payments under operating leases		**1,589**	2,525

* *The amortisation of intangible assets for the year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.*

8. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Chongqing Bisu Yunbo Motor Technology Limited, a wholly-owned subsidiary of the Group, is subject to a preferential corporate income tax ("CIT") rate of 15%.

	2016 HK$'000	2015 HK$'000
Current charge for the year		
Hong Kong profit tax	**–**	3,172
PRC CIT	**2,626**	–
Underprovision in prior years	**–**	3
Deferred	**(1,852)**	3
Total tax charge for the year	**774**	3,178

9. DIVIDEND

	2016	2015
	HK$'000	*HK$'000*
Special dividend	**50,000**	–
Interim and final dividend	**–**	–

The directors do not recommend the payment of any final dividend in respect of the year (2015: Nil).

On 5 June 2015, the directors declared a special cash dividend of HK$50,000,000, representing HK$0.25 per ordinary share in the issued share capital of the Company, out of the share premium account of the Company. The special cash dividend was approved by the Company's shareholders at the extraordinary general meeting on 4 August 2015 and was paid on 2 September 2015.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of basic loss per share is based on the loss for the year attributable to owners of the parent of HK$33,123,000 (2015: profit of HK$15,874,000) and the weighted average number of ordinary shares of 200,000,000 (2015: 200,000,000) in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 March 2016 in respect of a dilution as the impact of the convertible bonds had an anti-dilutive effect on the basic loss per share amount presented.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 March 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during that year.

11. GOODWILL

	2016	2015
	HK$'000	*HK$'000*
Cost and net carrying amount:		
At 1 April	**–**	–
Acquisition of subsidiaries *(note 18)*	**490,948**	–
At 31 March	**490,948**	–

Goodwill acquired through a business combination is allocated to the cash-generating unit of the Automotive Engines Business (the "Automotive Engines CGU") for impairment testing.

Impairment test of goodwill

The recoverable amount of the Automotive Engines CGU was determined based on a value in use calculation using cash flow projections of financial budgets covering a five-year period approved by management. The discount rate applied to the cash flow projections was 20.79%. Management has determined the sales growth rate based on the sales volume stipulated in the Automotive Engine Sales Framework Agreements (as defined in note 12). The cash flow projections of the Automotive Engines Business beyond the five-year period of financial budgets are extrapolated using a growth rate of 3%, which did not exceed the long term average growth rate of the industry. The discount rate used is before tax and reflects specific risks relating to the units.

Assumptions were used in the value in use calculation of the Automotive Engines CGU for 31 March 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Sales growth rate – The sales growth rates on product types of the Group are based on the sales volume stipulated in the Automotive Engine Sales Framework Agreements (as defined in note 12).

Discount rate – The discount rate used is before tax and reflects specific risks relating to the Automotive Engines CGU.

Business environment – There is no major change in the existing political, legal and environment conditions in the countries with which and the country in which the Automotive Engines CGU carried on its business.

12. INTANGIBLE ASSETS

	Customer contracts 2016 ***HK$'000***
Net carrying amount:	
At 1 April 2015	**–**
Acquisition of subsidiaries *(note 18)*	**695,912**
Amortisation provided during the year *(note 7)*	**(8,389)**
At 31 March 2016	**687,523**
At 31 March 2016:	
Cost	**695,912**
Accumulated amortisation	**(8,389)**
Net carrying amount	**687,523**

Before the completion of the Engines Acquisition, on 18 November 2015, the Automotive Engines Group entered into three separate automotive engine sales framework agreements (the "Automotive Engine Sales Framework Agreements") with BAIC Yinxiang Automobile Co., Limited, Chongqing Mystery Speed Automobile Accessory Limited and Chongqing North Automobile Company Limited (collectively, the "Automotive Engine Sales Parties"), all of them are independent third parties, and pursuant to which the Automotive Engine Sales Parties have agreed to procure pre-agreed quantities of engines from the Automotive Engines Group from 2016 to 2020.

The directors are of the opinion that the Automotive Engine Sales Framework Agreements are intangible items that are separately identifiable and could be measured reliably in accordance with HKAS 38 *Intangible Assets*. They are stated at cost less accumulated amortisation and impairment losses and are amortised under the unit of consumption method which is based on the sales volume in each reporting period as a proportion of the total estimated units of sales over the contract period of the Automotive Engine Sales Framework Agreements.

13. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Contingent consideration – profit guarantee *HK$'000*
At 1 April 2014, 31 March 2015 and 1 April 2015	–
Acquisition of subsidiaries *(note 18)*	**10,052**
Change in fair value	**(416)**
At 31 March 2016	**9,636**

Pursuant to the Engines SPA, Power Expert has warranted and guaranteed to the Group that the audited consolidated profit after tax of the Automotive Engines Group (excluding any fair value adjustments arising from purchase price allocation upon the completion of the Engines Acquisition by the Group) as prepared in accordance with HKFRSs, for the two years ending 28 February 2017 and 2018 shall not be less than HK$170,000,000 ("1st Guaranteed Profit") and HK$230,000,000 ("2nd Guaranteed Profit") (collectively, the "Guaranteed Profit"), respectively.

In the event that the Guaranteed Profit has not been achieved, Power Expert shall compensate the Group. Details of the calculation of the compensation are set out in the Group's circular dated 19 January 2016.

The fair value of the profit guarantee was HK$9,636,000 as at 31 March 2016, which was determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer, based on the probabilistic flow method in which the cash flows for each year represent the difference between the guaranteed profit and the projected net profit. The directors of the Company estimated the projected net profits of the Automotive Engines Group under four different scenarios with respective scenario probabilities. The fair value of the profit guarantee was the probability-weighted average of the present values of the shortfalls between the guaranteed profits and the projected net profits under the four scenarios. A discount rate of 6.45% has been used to calculate the present value of cash flows of the profit guarantee.

Below is a summary of significant unobservable inputs to the valuation of the contingent consideration together with a quantitative sensitivity analysis as at 31 March 2016:

	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
Discounted financial instrument in respect of the profit guarantee	Probabilistic flow method	Discount rate 6.45%	1% increase/decrease in discount rate would result in decrease in fair value by HK$145,000/ increase in fair value by HK$149,000

14. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract works and sales of automotive engines. The payment terms of contract work receivables are stipulated in the relevant contracts and the credit period is generally one month. The payment terms for receivables arising from sales of automotive engines are mainly on credit and the credit period is generally one to three months. The carrying amounts of accounts receivable approximate to their fair values.

As at 31 March 2016, retentions receivable included in accounts receivable amounted to HK$128,806,000 (2015: HK$120,041,000) and are repayable on terms ranging from two to three years.

The ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	2016	2015
	HK$'000	*HK$'000*
Past due but not impaired:		
One to three months past due	**2,926**	8,330
Four to six months past due	**225**	209
Over six months past due	**209**	2
	3,360	8,541
Neither past due nor impaired	**393,000**	169,248
	396,360	177,789

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancement over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers for whom there was no recent history of default.

As at 31 March 2016, no accounts receivable were pledged to secure the Group's banking facilities (2015: HK$86,161,000).

15. ACCOUNTS PAYABLE

	2016	2015
	HK$'000	*HK$'000*
Due to other third parties	**215,365**	41,276
Due to the Vantage Group *(note)*	**10,431**	60,188
	225,796	101,464

Note: The amount was unsecured, interest-free and repayable within 90 days (2015: no fixed terms of repayment).

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

	2016	2015
	HK$'000	*HK$'000*
Current to 3 months	**223,123**	97,908
4 to 6 months	**2,304**	3,383
Over 6 months	**369**	173
	225,796	101,464

At 31 March 2016, retentions payable included in accounts payable amounted to HK$5,749,000 (2015: HK$63,608,000) and are normally settled on terms ranging from two to three years. The carrying amounts of accounts payable approximate to their fair values.

Accounts payable are non-interest-bearing and are normally settled on terms ranging from 7 to 120 days. The payment terms are stipulated in the relevant contracts.

16. CONVERTIBLE BONDS

The convertible bonds recognised in the consolidated statement of financial position are bifurcated into two components for accounting purposes, namely the liability component and the equity component, and the movements of these components during the reporting period are as follows:

	Liability component	**Equity component**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2014, 31 March 2015 and 1 April 2015	–	–	–
Issue of convertible bonds for a business combination *(note 18)*	335,982	390,716	726,698
Interest expense *(note 6)*	4,334	–	4,334
At 31 March 2016	**340,316**	**390,716**	**731,032**

On 4 February 2016, the Company issued zero coupon convertible bonds with an aggregate principal amount of HK$390,000,000 to Power Expert as part of the consideration for the Engines Acquisition. The maturity date of the convertible bonds is on the second anniversary of the date of issuance (i.e. 3 February 2018). The convertible bonds bear no interest on the principal amount. No security or guarantee is granted in respect of the convertible bonds. The convertible bonds can be converted into 195,000,000 ordinary shares in the Company at the initial conversion price of HK$2.00 per conversion share (subject to adjustment pursuant to the terms of the convertible bonds). The Company may at any time before the maturity date by written notice redeem the convertible bonds at 100% of the principal amount. Any amount of the convertible bonds which is redeemed by the Company will forthwith be cancelled. At 31 March 2016, no convertible bonds were converted and the outstanding principal amount of the convertible bonds was HK$390,000,000.

As at 31 March 2016, the convertible bonds with an aggregate principal amount of HK$390,000,000 were deposited with an escrow agent in favour of the Company as security for the 1st Guaranteed Profit and the 2nd Guaranteed Profit. The convertible bonds in the principal amounts of HK$165,750,000 and HK$224,250,000 shall be released to Power Expert if the audited consolidated profits after tax of the Automotive Engines Group for the two years ending 28 February 2017 and 2018 are equal to or more than the 1st Guaranteed Profit and the 2nd Guaranteed Profit, respectively, after the issue of the auditors' certificate for each period.

17. PROMISSORY NOTES

	2016	2015
	HK$'000	*HK$'000*
First Note	**179,979**	–
Second Note	**246,597**	–
	426,576	–

Notes:

On 4 February 2016, the Company issued two promissory notes with face values of HK$174,250,000 (the "First Note") and HK$235,750,000 (the "Second Note") in favour of Power Expert as part of the consideration for the Engines Acquisition. Both the First Note and Second Note carry interest at a rate of 10% per annum. The outstanding principal amounts plus any accrued interest will be repayable on the maturity date falling on the second anniversary of the date of the First Note and Second Note, i.e. 3 February 2018. The carrying amounts of the First Note and Second Note at year end were computed by discounting the face values of the notes by the effective interest rate.

As at 31 March 2016, the promissory notes with an aggregate face value of HK$410,000,000 were deposited with an escrow agent in favour of the Company as security for the 1st Guaranteed Profit and the 2nd Guaranteed Profit. The promissory notes in the face values of HK$174,250,000 and HK$235,750,000 shall be released to Power Expert if the audited consolidated profits after tax of the Automotive Engines Group for the two years ending 28 February 2017 and 2018 are equal to or more than the 1st Guaranteed Profit and the 2nd Guaranteed Profit, respectively, after the issue of the auditors' certificate for each period.

18. BUSINESS COMBINATION

On 12 October 2015, the Group entered into the Engines SPA with Power Expert for the acquisition of the Automotive Engines Group at an aggregate consideration of HK$800,000,000 (the "Engines Consideration"). The Engines Consideration consisted of convertible bonds with an aggregate principal amount of HK$390,000,000, promissory notes with an aggregate face value of HK$410,000,000 and a contingent consideration. The aggregate fair value of the Engines Consideration on the date of completion was HK$1,137,526,000.

The fair value of the identifiable assets and liabilities of the Automotive Engines Group as at the date of acquisition were as follows:

		Fair value recognised on acquisition
	Notes	*HK$'000*
Property, plant and equipment		45,561
Intangible assets	*12*	695,912
Cash and bank balances		3,789
Inventories		40,975
Accounts receivable		47,126
Prepayments and other receivables		6,314
Accounts payable		(80,661)
Other payables and accruals		(1,240)
Tax payable		(300)
Interest-bearing other borrowing		(5,915)
Deferred tax liabilities		(104,983)
Total identifiable net assets at fair value		646,578
Goodwill on acquisition	*11*	490,948
		1,137,526
Satisfied by:		
Convertible bonds	*16*	726,698
Promissory notes		420,880
Contingent consideration – profit guarantee	*13*	(10,052)
		1,137,526

The fair values of the accounts receivable and other receivables as at the date of acquisition amounted to HK$47,126,000 and HK$6,314,000, respectively. The gross contractual amounts of accounts receivable and other receivables were HK$47,126,000 and HK$6,314,000, respectively, of which no receivables are expected to be uncollectible.

The Group incurred transaction costs of HK$4,290,000 for this acquisition. These transaction costs have been expensed and are included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

An analysis of the cash flows in respect of the acquisition is as follows:

	HK$'000
Cash and bank balances acquired and net inflow of cash and cash equivalents included in cash flows from investing activities	3,789
Transaction costs of the acquisition included in cash flows from operating activities	(4,290)
	(501)

Since the acquisition, the Automotive Engines Group contributed HK$141,704,000 to the Group's revenue and HK$3,165,000 to the consolidated profit for the year ended 31 March 2016.

Had the combination taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year would have been HK$640,606,000 and HK$30,713,000, respectively.

19. DISPOSAL OF SUBSIDIARIES

On 3 June 2015, the Group entered into a conditional agreement with an independent third party, to dispose of the Group's entire equity interest in Top Integration Limited, a wholly-owned subsidiary of the Group, together with its wholly-owned subsidiary, Gadelly Construction Company Limited (collectively the "Disposal Group"), for an aggregate cash consideration of HK$8,920,000 (the "Disposal"). The Disposal Group is mainly engaged in civil engineering works and construction and maintenance. The Disposal was completed on 3 June 2015.

	Note	**2016** *HK$'000*
Net assets disposed of:		
Cash and bank balances		**8,823**
Prepayments		**12**
		8,835
Gain on disposal of subsidiaries	*5*	**85**
		8,920
Satisfied by:		
Cash		**8,920**

An analysis of the net inflow of cash and cash equivalent in respect of the Disposal is as follows:

	HK$'000
Cash consideration	**8,920**
Cash and bank balances disposed of	**(8,823)**
Net inflow of cash and cash equivalents in respect of the Disposal	**97**

20. CONTINGENT LIABILITIES

(a) At 31 March 2016, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK$23,435,000 (2015: HK$23,055,000).

At 31 March 2015, the Company had given unlimited performance guarantees in favour of a customer for contract works (the "Contract Customer") in respect of losses, claims, damages, costs and expenses caused by non-compliance with the terms and conditions of the construction contract entered into between the Group and the Contract Customer.

(b) In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

During the year under review, the Group was engaged in two business segments which are Civil Engineering and Construction Business and Automotive Engines Business. For the year ended 31 March 2016, the Group recorded a consolidated revenue of approximately HK$609.3 million (2015: approximately HK$702.9 million). Loss for the year attributable to shareholders was approximately HK$33.1 million (2015: profit of approximately HK$15.9 million). The turnaround was mainly due to (i) the unsatisfactory results of the civil engineering works due to increasing costs of operation; and (ii) the finance costs of approximately HK$10.0 million charged on convertible bonds and promissory notes in relation to the newly acquired Automotive Engines Business. Basic and diluted loss per share were approximately HK16.6 cents (2015: basic and diluted earnings per share of approximately HK7.9 cents).

Civil Engineering and Construction Business

All of the Group's contracts undertaken for both civil engineering construction business and building construction and maintenance business were for customers which are independent third parties including certain departments of the HKSAR Government, public utilities companies and private organisations in Hong Kong.

During the year ended 31 March 2016, the revenue of Group's Civil Engineering and Construction Business were approximately HK$467.6 million (2015: approximately HK$702.9 million), represented a decrease of approximately 33.5% when compared with that of last year. For the year under review, included in the revenue was: (i) revenue from civil engineering works of approximately HK$437.3 million (2015: approximately HK$543.0 million); and (ii) revenue from building construction and maintenance works of approximately HK$30.3 million (2015: approximately HK$159.9 million).

The overall gross profit of this segment decreased from approximately HK$41 million for the year ended 31 March 2015 to a gross loss of approximately HK$78,000 for the year ended 31 March 2016. The decrease was mainly attributable to general and additional costs incurred for certain projects during the year.

As of 31 March 2016, the Group had 16 significant projects in progress. All such significant projects in progress, except for the building construction project newly awarded in current year, are civil engineering construction projects.

As of 31 March 2016, the total contract sum and the total outstanding values of the Group's substantial projects in progress were approximately HK$1,839.0 million and HK$559.0 million respectively.

During the year ended 31 March 2016, the Group was awarded with the following new substantial contracts:

- Construction and Maintenance of Trenching/Cable Laying and Contractual Works in the Areas of Hong Kong, Ap Lei Chau, Lamma Island and any Outlying Island
- Proposed Development at Hai Tan Street/Kweilin Street/Pei Ho Street, Sham Shui Po
- Rehabilitation of Underground Fire Hydrant Pipes at Gas Turbine and Stage 3 Areas
- Advance Civil Engineering Works for Public Housing Development Projects Batch 5 (2015 – 2017)
- New Entrances and Associated Modification Works in Tseun Wan West

Automotive Engines Business

On 4 February 2016, the Group acquired a new business engaged in development, production and sales of automotive engines. During the year ended 31 March 2016, the Automotive Engines Business recorded a segment revenue of approximately HK$141.7 million for two months since the date of completion of the acquisition. The segment profit reached approximately HK$11.7 million excluding the amortisation of 5 years' sales contracts and deferred tax credit amounting to approximately HK$8.4 million and approximately HK$1.9 million respectively, which merely represented an accounting treatment on the acquisition but no cash flow effect to the Group.

Pursuant to the Engines SPA, the vendor has irrevocably warranted and guaranteed to the Company that the audited profit after tax of the Automotive Engines Business shall not be less than HK$170.0 million and HK$230.0 million for the first and second year upon completion, respectively. Driving by the increasing demand and consumer spending on automotives, the Board is confident of a good prospect with high and sustainable growth in the investment in automotive engine business and expect this new business would further strengthen the revenue stream of the Group in near future.

PROSPECTS

Although the operating environment of the construction business is expected to remain tough in the coming years such as continuously rising wages and cost of construction materials and shortage of skilled labour, the Board is confident that the Group would be capable of securing promising business opportunities given its vast experience in handling a wide variety of construction works. The Group will continue to adopt a prudent approach when submitting new tenders.

In addition, the Group will make use of its competitive strengths by continuing to improve its quality of service and competitiveness to capitalise on the trend of increasing civil engineering construction works projects in Hong Kong in the coming years to further strengthen the Group's business growth.

Meanwhile, the newly acquired Automotive Engines Business will become a growth engine of the Group as the consumption market in the PRC is expected to have a steady growth in next few years, driven by the deduction of purchase tax on passenger vehicles and the international oil price. The Group remains optimistic on the demand of automotives and thus stimulating the Automotive Engines Business.

Turbocharged engine is one of the major products in the Automotive Engines Business. The Group will accelerate to promote the turbocharged engine in domestic market, enhance its quality and enrich product models. It is expected that the Group will experience a rapid development in automotive industry.

Looking ahead, the Board will closely monitor the market and seize other growth opportunities to adopt appropriate measures and strategies to strive for the best return to the shareholders of the Company (the "Shareholders").

DIVIDEND

On 5 June 2015, the Directors declared a special cash dividend of HK$50.0 million, representing HK$0.25 per ordinary share in the issued share capital of the Company and was approved by the Company's shareholders at the extraordinary general meeting on 4 August 2015 (2015: Nil). The Board does not recommend payment of any final dividend for the year ended 31 March 2016 (2015: Nil).

CAPITAL STRUCTURE, FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 March 2016, the Group had cash and bank balances amounting to approximately HK$16.9 million (2015: approximately HK$143.7 million). The decrease was mainly due to the payment of special cash dividend of HK$50.0 million and the retention payable to a former fellow subsidiary of approximately HK$60.0 million that had been settled. The Group had not pledged any bank deposits for the bank loans.

The Group's cash and cash equivalents were denominated in Hong Kong dollars and Renminbi.

As at 31 March 2016, the total assets were approximately HK$1,702.9 million (2015: approximately HK$376.0 million). The significant increase was mainly due to goodwill, intangible assets and profit guarantee of approximately HK$490.9 million, HK$687.5 million and HK$9.6 million, respectively, arising from the acquisition of the Automotive Engines Business.

As at 31 March 2016, the total liabilities were approximately HK$1,170.0 million (2015: approximately HK$149.9 million). Given that the acquisition of Automotive Engines Business, the Company issued convertible bonds and promissory notes at principal amount of HK$390.0 million and HK$410.0 million respectively, as the consideration. The convertible bonds are due in 2018 with non interest-bearing and its carrying amount was approximately HK$731.0 million in which approximately HK$390.7 million was recognised as equity as at 31 March 2016. The promissory notes are interest-bearing of 10% per annum and repayable within two years and its carrying amount was approximately HK$426.6 million. Other borrowings of the Group comprised loans from independent third parties amounting to HK$7.0 million with 12% annual interest and RMB5.0 million (equivalent to approximately HK$6.0 million) with 5% annual interest. Both of them are repayable within 1 year.

As at 31 March 2016, the Group had banking facilities of HK$60.0 million (2015: HK$189.0 million) which was not utilised and was secured by corporate guarantees from the Company amounted to HK$60.0 million (2015: HK$189.0 million).

When compared with the Group's financial position as at 31 March 2015, the net current assets decreased by approximately 21.0% to approximately HK$176.2 million (2015: approximately HK$223.1 million) while net assets increased by approximately 135.7% to approximately HK$533.0 million (2015: approximately HK$226.1 million) as at 31 March 2016.

Current ratio of the Group was maintained at a healthy level at 1.6 times as at 31 March 2016 (2015: 2.5 times). Current ratio is calculated by dividing current assets by current liabilities.

Gearing ratio is calculated based on the amount of net cash and bank balances (interest-bearing borrowings, liability component of the convertible bonds and promissory notes less cash and cash equivalent) divided by the total equity. As at 31 March 2016, the Group's gearing ratio was therefore 143.2% (2015: 0%).

CHANGE OF CONTROLLING SHAREHOLDER

Referring to the joint announcement dated 16 June 2015, the Company was informed by Profit Chain Investments Limited (the "Vendor") on 5 June 2015 that the Vendor, Youth Force and Vantage had entered into the sale and purchase agreement (the "SPA1"), pursuant to which the Vendor had agreed to sell and Youth Force had agreed to purchase 150,000,000 shares of the Company, representing 75.00% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers, upon the completion of the SPA1, Youth Force would be required to make a mandatory unconditional cash offer (the "Offer") for all other issued shares of the Company.

On 10 August 2015, Youth Force and the Company jointly announced that the Offer was closed and Youth Force received valid acceptances in respect of a total of 228 shares under the Offer. On 13 August 2015, the Company was informed by Youth Force, being the controlling shareholder of the Company, that it has disposed of an aggregate of 228 shares on the open market for the purpose of restoring the public float of the Company.

INVESTMENT POSITION AND PLANNING

On 12 October 2015, Future Marvel Limited, a direct wholly-owned subsidiary of the Company (the "Purchaser 1"), the guarantor and the vendor, Power Expert, entered into the Engines SPA, pursuant to which the Purchaser 1 has conditionally agreed to acquire, and Power Expert has conditionally agreed to sell the Automotive Engines Group for the consideration of HK$800.0 million. The consideration was satisfied (i) as to HK$410.0 million by way of issue of the promissory notes; and (ii) as to HK$390.0 million by way of issue of the convertible bonds with the conversion price of HK$2.0 per consideration share. The principal business activities of the target group were engaged in the development, production and sales of automotive engines. The completion of this acquisition took place on 4 February 2016.

On 24 May 2016, Global Harvest Inc. a direct wholly-owned subsidiary of the Company (the "Purchaser 2") as purchaser entered into another sale and purchase agreement (the "Wheels SPA") with Mr. Zhang Yong ("Mr. Zhang"), an independent third party of the Group, as vendor. Pursuant to which, the Purchaser 2 has conditionally agreed to acquire and Mr. Zhang has conditionally agreed to sell the entire issued share capital of Keenmount Limited ("Keenmount") and all the liabilities, loans and obligations owing by Keenmount and its subsidiaries in an aggregate consideration of HK$390.0 million, which shall be satisfied to Mr. Zhang by issue of convertible bonds in the principle amount of HK$390.0 million at completion. Keenmount and its subsidiaries intend to be principally engaged in the assembly of automotive wheels and tyres and supply of assembled wheels and tyres to automotive manufacturers. Details of the transaction are set out in the Company's announcements dated 24 May 2016.

CONVERTIBLE BONDS

On 4 February 2016, the Company issued zero coupon convertible bonds with an aggregate principal amount of HK$390.0 million to Power Expert as part of the consideration for the Engines Acquisition. The maturity date of the convertible bonds is on the second anniversary of the date of issuance (i.e. 3 February 2018). The convertible bonds bear no interest on the principal amount. No security or guarantee is granted in respect of the convertible bonds. The convertible bonds can be converted into 195,000,000 ordinary shares in the Company at the initial conversion price of HK$2.00 per conversion share (subject to adjustment pursuant to the terms of the convertible bonds). The Company may at any time before the maturity date by written notice redeem the convertible bonds at 100% of the principal amount. Any amount of the convertible bonds which is redeemed by the Company will forthwith be cancelled. At 31 March 2016, no convertible bonds were converted and the outstanding principal amount of the convertible bonds was HK$390.0 million.

As at 31 March 2016, the convertible bonds with an aggregate principal amount of HK$390.0 million were deposited with an escrow agent in favour of the Company as security for the 1st Guaranteed Profit (i.e. HK$170.0 million for the year ending 28 February 2017) and the 2nd Guaranteed Profit (i.e. HK$230.0 million for the year ending 28 February 2018). The convertible bonds in the principal amounts of HK$165,750,000 and HK$224,250,000 shall be released to Power Expert if the audited consolidated profits after tax of the Automotive Engines Group for the two years ending 28 February 2017 and 2018 are equal to or more than the 1st Guaranteed Profit and the 2nd Guaranteed Profit, respectively, after the issue of the auditors' certificate for each period.

CONTINGENT LIABILITIES

Detail of the Group's contingent liabilities are set out in note 20 to this announcement.

FOREIGN CURRENCY RISK

Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi, which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group had approximately 750 employees (2015: 420) in Hong Kong and the PRC. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, mandatory provident fund scheme for Hong Kong employees, state-sponsored retirement plans for PRC employees.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

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

Compliance with the Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules since 11 December 2013, the date on which dealings in its shares first commence on the Stock Exchange.

For the year ended 31 March 2016, the Company has complied with the code provisions set out in the CG Code with the following exception:

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since 10 August 2015, the Company did not have any officer with the title of Chief Executive Officer. The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operations and execution is vested in the Board itself.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

For the extraordinary general meetings of the Company held on 4 February 2016 and 24 March 2016, the whole Board attended the meetings to ensure an effective communication with the Shareholders at that meetings except that Mr. Chan Kai Wing (independent non-executive Director and chairman of audit committee of the Company) was unable to attend the extraordinary general meetings due to unavoidable business commitment.

The Company regularly reviews its corporate governance practices to ensure they comply with the CG Code and align with the latest developments.

Model Code for Securities Transactions By Directors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code for the year ended 31 March 2016.

Audit Committee

The audit committee of the Company (the "Audit Committee") has reviewed together with the management the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the consolidated results of the Group for the year ended 31 March 2016. The Audit Committee comprises three members including Mr. Chan Kai Wing (Chairman), Ms. Chu Yin Yin Georgiana and Mr. Yip Tai Him, all being independent non-executive Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is available to the Company and within the knowledge of the Company's directors as at the date of this announcement, the Company has maintained the prescribed minimum public float under the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

Major Transaction in Relation to Acquisition of the Entire Equity Interest in the Target Company

On 24 May 2016, the Purchaser 2 as purchaser entered into the Wheels SPA with Mr. Zhang as vendor. Pursuant to which, the Purchaser 2 has conditionally agreed to acquire and Mr. Zhang has conditionally agreed to sell the entire issued share capital of Keenmount and all the liabilities, loans and obligations owing by Keenmount and its subsidiaries at completion in an aggregate consideration of HK$390.0 million, which shall be satisfied to Mr. Zhang by issue of convertible bonds in the principle amount of HK$390.0 million at completion. Keenmount and its subsidiaries intend to be principally engaged in the assembly of automotive wheels and tyres and supply of assembled wheels and tyres to automotive manufacturers.

Further details of the transaction are set out in the Company's announcements dated 24 May 2016 and 22 June 2016.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting will be published on the websites of the Stock Exchange and the Company and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.excel-dev.com). The annual report will be dispatched to the Shareholders and will be available on websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere thanks and gratitude to our management team and staff for their hard work and dedication, as well as our shareholders, business partners and associates, bankers and auditors for their continuous support to the Group.

By order of the Board
Excel Development (Holdings) Limited
Wong Hin Shek
Chairman

Hong Kong, 29 June 2016

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Xing Bin; and the independent non-executive Directors are Ms. Chu Yin Yin, Georgiana, Mr. Yip Tai Him and Mr. Chan Kai Wing.