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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Rossana WANG GAW, *Chairman*
Goodwin GAW, *Vice Chairman*
Kenneth GAW, *Managing Director*
Christina GAW
Alan Kam Hung LEE

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, JP
Arnold Tin Chee IP
Stephen TAN

AUDIT COMMITTEE

Dr. Charles Wai Bun CHEUNG, JP, *Chairman*
Arnold Tin Chee IP
Stephen TAN

REMUNERATION COMMITTEE

Arnold Tin Chee IP, *Chairman*
Dr. Charles Wai Bun CHEUNG, JP
Stephen TAN

NOMINATION COMMITTEE

Rossana WANG GAW, *Chairman*
Kenneth GAW
Dr. Charles Wai Bun CHEUNG, JP
Arnold Tin Chee IP
Stephen TAN

COMPANY SECRETARY

Tsui Yan LAW

BANKERS

Bank of Communications Co., Ltd. Hong Kong Branch
Citibank N.A. Hong Kong
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

SOLICITORS

Baker & McKenzie
Mayer Brown JSM
Fangda Partners

AUDITORS

Wong Brothers & Co.

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL OFFICE IN HONG KONG

20th Floor, Lyndhurst Tower
No. 1 Lyndhurst Terrace
Central
Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08, Bermuda

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

INFORMATION

<http://www.pioneerglobalgroup.com>
<http://www.irasia.com/listco/hk/pioneer/index.htm>
Bloomberg: 224:HK
Reuters: 0224.hk

Managing Director's Report

BUSINESS REVIEW

2015 and 2016 so far have been volatile for the global economy. Stock market and currency gyrations in China, negative interest rates imposed by major economies such as Japan and EU, the volatility in the oil and commodities markets, plus the recent shock of Brexit, all contributed to high economic uncertainty.

In 2015, China's GDP growth rate fell below 7% for the first time in a decade. The stock market boom and bust in the past 12 months and the devaluation of the RMB left policy makers and investors deeply shaken. In order to stabilize the market, the Chinese government continued monetary easing by cutting interest rate and bank reserve ratio requirement. We feel that China is going through the transition from a traditional export-led manufacturing economy to a service based one driven by domestic consumption, higher value services, and innovative "new economy" businesses. Hence, we are seeing uneven growth in cities/regions driven by old manufacturing industries versus ones driven by services and technology. Overall, we remain optimistic that the government's policy of promoting innovation and encouraging entrepreneurship will support the growth of China's economy.

In light of all the uncertainties around the world, the US Fed increased interest rate at a far slower pace than it had planned. In Hong Kong, while mass market residential prices have started to decline in the past two quarters, the continued low interest rate environment means that the price decrease will be slow and gradual. Prime office sector, on the other hand, has performed well on the back of the expansion of finance sector due to the Shanghai-Hong Kong Stock Connect scheme, with rising rental rates and capital values, including some very large en-bloc transactions by Chinese corporations. In the past year, the most difficult sectors in Hong Kong are retail and hotels, as the slowdown in economic growth and anti-corruption campaign in China have led to a downturn in tourism and retail sales.

After the military coup in May 2014 restored law and order in Bangkok, occupancy rates of hotels have gradually recovered. Bangkok was on track for a superb year until the terrorist bombing at the Erawan Shrine occurred in August. The terror attack had an immediate negative impact on the tourism market for Thailand. However, visitors returned surprisingly quickly in the subsequent months and Q1 2016 performance was strong for Bangkok hotels. Pattaya, on the other hand, was more affected by the Russian economic downturn and devaluation of the Rouble, as Russia had in the past been a key source market for the destination.

In the twelve months ended 31 March 2016, the Group's total turnover (including share of associates) was HK\$416.6 million, a 30.5% increase compared to HK\$319.2 million during the same period in 2015. The increase in turnover was due to higher occupancy from the newly completed Pioneer Place, improved performance from Pullman Bangkok Hotel G and the Group's investment properties in Hong Kong, as well as the acquisition of the InterContinental Hong Kong. Operating profits for the year also increased to HK\$191.0 million, a 24.9% increase from HK\$152.9 million a year before. Net profits attributable to shareholders was HK\$365.6 million, compared to HK\$804.2 million in 2015. The decrease in net profits was due to significantly lower gain in fair value of investment properties (HK\$208.0 million in 2016 compared to HK\$753.6 million in 2015).

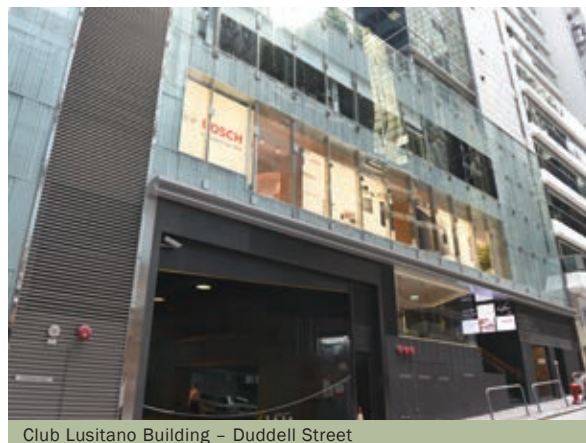
Managing Director's Report

Property Investments (Hong Kong and Shanghai)

The Group's investment property Pioneer Place (245,678 sq.ft.) in Kwun Tong, Hong Kong reopened in August 2014 after an extensive renovation. As at 31 March 2016, occupancy of the building stood at 65%, with rental rates ranging from HK\$21 to HK\$30 per sq.ft. The remaining vacancy mainly consists of two retail podium floors (1-2/F) and the top floor (10/F) of the building. These are among the highest value space in the building and the management is continuing discussions with a number of prospective tenants. For the year ended 31 March 2016, Pioneer Place contributed rental and related revenues of HK\$48.4 million and a fair value increase of HK\$74.9 million.

The Group owns 60% in the 68 Yee Wo Street building (229,200 sq.ft.) in Causeway Bay, Hong Kong. This investment property performed well during the year, enjoying rising average rental rates and high occupancy at 97% as at the close of the reporting period. For the year ended 31 March 2016, the property contributed rental and related revenues of HK\$120.2 million and a fair value increase of HK\$76.8 million to the Group.

For the twelve months ended 31 March 2016, the Club Lusitano Building (80,100 sq.ft.) in Central, Hong Kong contributed HK\$45.3 million in rental and related revenues and HK\$34.6 million in fair value increase to the Group. The building's retail podium renovation was completed in September 2015 and is now fully occupied by two new tenants. The occupancy was 96% as of March 2016.



Club Lusitano Building – Duddell Street



Club Lusitano Building – Ice House Street

As at 31 March 2016, the Pemberton Building (70,616 sq.ft.) in Sheung Wan, Hong Kong enjoyed an occupancy rate of 100% and contributed HK\$28.5 million in rental and related revenues and a fair value increase of HK\$19.0 million for the financial period.

During the reporting period, the Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held 15.4% through the Group's 50% owned associated company) contributed an associated profit of HK\$4.8 million to the Group.

In October 2015, the Group, together with an investment consortium managed by Gaw Capital Partners, acquired a 98.68% stake in Ciro's Plaza, a commercial building located at 388 Nanjing West Road in Shanghai, China. Ciro's Plaza is a 84,968 sq.m. commercial tower with a prime location adjacent to People Square in Shanghai's Puxi district. The gross acquisition price of this investment by the consortium was RMB2.9 billion, of which the Group invested HK\$60.1 million for an effective equity stake of 4% of the consortium. As at 31 March 2016, Ciro's Plaza had an occupancy rate of 96%. The consortium plans to renovate the podium facade and certain key common areas and hold the property as a long term investment.



Investments in Hotel Industry

Our investments consist of two hotels and a listed hotel company in Thailand, three hotels in Myanmar, and a hotel in Hong Kong. The Group's investments in the hotel industry have all been made through our associated companies.

For the twelve months ended 31 March 2016, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associated company) achieved revenues of Baht 519.1 million (2015: Baht 444.2 million) and operating profits of Baht 191.4 million (2015: Baht 151.7 million). It is noteworthy that the performance of the hotel was strong despite the August terror bombing in Bangkok. This resilient performance bodes well for the Thai tourism market.

During the same reporting period, the Pullman Pattaya Hotel G (held by the Group through the same 49.5% owned associate that holds the Pullman Bangkok Hotel G) achieved revenues of Baht 333.2 million (2015: Baht 349.1 million) and operating profits of Baht 118.5 million (2015: Baht 138.2 million). The performance of this hotel was relatively weak due to the aforementioned Russian downturn as well as the renovation of the remaining un-renovated rooms during the fiscal year.

A 50% owned associated company of the Group holds 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. During the twelve months ended 31 December 2015, Dusit Thani achieved total revenues of Baht 4.895 billion (2014 (Restated): Baht 4.675 billion) and net profit attributable to shareholders of Baht 199.2 million (2014: net loss of Baht 20.6 million).

Managing Director's Report

On 18 January 2016, the Group increased its shares in an associated company, Strand Hotels International Limited, from 27.71% to 40.69% by acquiring shares from a selling shareholder for a consideration of US\$2.7 million in a 50/50 joint venture with the government of Myanmar to own and operate three hotels in Yangon – the Strand Hotel, the Inya Lake Hotel, and the Thamada Hotel. As part of the approval by the government to extend the lease terms of the hotels until 2043 plus two ten year extensions (at our option), the joint venture company will undertake major renovations and expansions of the three properties. As such, the Thamada Hotel had commenced its renovation in Q3 2015 and the Strand Hotel in May 2016. The Strand Annex redevelopment is pending construction permit approval. During the reporting period, the three hotels achieved revenues of US\$11.3 million (2015: US\$15.0 million) and operating profits of US\$5.5 million (2015 (Restated): US\$8.0 million).

The “Strand Cruise”, owned by a subsidiary of Strand Hotels International Limited, is a luxury river cruise ship with 27 cabins operating in the Ayeyarwady River in Myanmar. The cruise ship was launched in December 2015 and has been marketed with packages in conjunction with the Strand Hotel in Yangon under the same brand name.

On 10 July 2015, the Group, together with an investment consortium advised and managed by Gaw Capital Partners, acquired the company that holds a 100% interest in the 503 rooms InterContinental Hong Kong. The Group invested HK\$395.8 million and holds a 10% interest in this joint venture. The InterContinental Hong Kong is one of the leading 5 star hotels in the territory and is world renowned for its commanding harbor view and Michelin star

restaurants. We have plans to upgrade the hotel's guest rooms and facilities to the highest global standards and will hold this asset as a long term investment. The acquisition was completed in end-September 2015. From October 2015 to March 2016, this hotel produced revenues of HK\$586.3 million and operating profits of HK\$195.0 million. And despite a downturn in tourism in Hong Kong, the InterContinental Hong Kong maintained an average occupancy of 85% during this period.



PROSPECTS

During the year, the Group made two new major investments: (1) the acquisition of a 10% stake in the InterContinental Hong Kong and (2) the acquisition of a 4% stake in Ciro's Plaza in Shanghai. The Board is excited about the prospects of these investments and believes they will generate substantial long term profits for the Group.

After these new investments, the Group continues to enjoy a very healthy debt to assets ratio of only 25% and an interest cover ratio of 434%. The Group's strong balance sheet will allow us to continue to seek attractive investment opportunities.

On 9 May 2016, the Group sold its 50% stake in Jie Fang Building in Guangzhou's Yuexiu District. This sale has realized a four times multiple of investment return. The net proceeds of HK\$68.8 million are reserved for future investments.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position. At 31 March 2016, the Group's total debts to total assets ratio was 25.3% (31 March 2015: 23.2%) and net debt to total assets ratio was 24.0% (31 March 2015: 19.9%).

Pledge of Assets

At the year-end date, investment properties with a carrying value of approximately HK\$6,300 million (2015: HK\$6,070 million) and available for sale investments with a carrying value of approximately HK\$13 million (2015: HK\$18 million) were pledged to secure bank loan facilities to the extent of HK\$2,122 million (2015: HK\$1,758 million), among which HK\$2,066 million (2015: HK\$1,736 million) has been utilized.

Contingent Liabilities

As at the year-end date, the Group had guarantees as follows:

	2016	2015
	HK\$'000	HK\$'000
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries	1,056,995	721,242
– given to bank in respect of banking facilities utilized by associates	143,946	162,565

In February 2016, the Group has entered into certain forward exchange contracts in the amount of HK\$80.1 million to sell RMB and buy USD for maturities in April 2016 in order to hedge against foreign exchange volatility of RMB deposits and bonds.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to all the employees for their contributions.

Kenneth Gaw

Managing Director

Hong Kong, 28 June 2016

Directors' Report

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associated companies are shown in notes 30 and 31 to the financial statements. An analysis of the Group's turnover and contribution to results by principal activity of operations is set out in note 2 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss on page 33.

An interim dividend of HK1.40 cents per share, totaling HK\$16,157,000 which was paid on 21 January 2016.

The Directors recommend the payment of a final dividend of HK2.80 cents (2015: HK2.80 cents) per share for the year ended 31 March 2016, payable on 6 October 2016 to all persons registered as shareholders on 21 September 2016. The transfer of books and register of members of the Company will be closed from 19 September 2016 to 21 September 2016, both days inclusive, during which period no transfer of shares will be effected. Payment of the final dividend is conditional upon the passing of an ordinary resolution at the forthcoming annual general meeting.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15 September 2016.

SHARE CAPITAL

There was no movement in the share capital of the Company during the financial year.

DISTRIBUTABLE RESERVES

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

- (a) it is, or would after payment be, unable to pay its liabilities as they become due; or
- (b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

The reserves of the Company available for distribution to shareholders as at 31 March 2016, including contributed surplus and retained earnings amounted to HK\$820,620,000 (2015: HK\$781,263,000).

Details of movements in reserves are set out in note 28 to the financial statements.

GROUP FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 84.

FIXED ASSETS

Details of movements in fixed assets are set out in note 13 to the financial statements.

MAJOR SUBSIDIARIES

Details of the major subsidiaries as at 31 March 2016 are set out in note 30 to the financial statements.

LOANS AND BORROWINGS

Details of loans and borrowings are set out in note 20 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2016, the Group's five largest customers accounted for less than 30% of the Group's total turnover and the Group's five largest suppliers accounted for less than 30% of the Group's expenditure on goods and services.

DONATIONS

During the financial year, the Group has made HK\$190,000 charitable donations (2015: HK\$40,000).

DIRECTORS

The Directors in office during the financial year and up to the date of this report were:

Executive Directors

Rossana WANG GAW
Goodwin GAW
Kenneth GAW
Christina GAW
Alan Kam Hung LEE

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, JP
Arnold Tin Chee IP
Stephen TAN

Directors' Report

In accordance with the Bye-Laws 82 & 83, Mrs. Rossana Wang Gaw, Dr. Charles Wai Bun Cheung, JP and Mr. Stephen Tan will retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

None of 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 employer within one year without payment of compensation other than statutory compensation.

DISCLOSURE OF DIRECTORS' INTERESTS

As at 31 March 2016, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be 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; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company to be notified to the Company and the Stock Exchange.

Long Position in Shares of the Company

	Number of ordinary shares				%
	Interests held			Total	
	Personal Interests	by controlled corporation	Interests held by family trust		
Rossana Wang Gaw	100,000	24,894,731 ¹	215,768,260 ²	240,762,991	20.86
Kenneth Gaw	61,418,428	12,725,857 ³	41,305,864 ⁴	115,450,149	10.00
Christina Gaw	–	19,699,216 ⁵	–	19,699,216	1.71
Stephen Tan	–	4,440,754 ⁶	–	4,440,754	0.38

¹ Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 24,894,731 shares.

² Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 shares.

³ Mr. Kenneth Gaw owns the entire issued share capital of Top Elite Company Limited, which was beneficially interested in 12,725,857 shares.

⁴ Family trust of which Mr. Kenneth Gaw is the sole beneficiary held an aggregate of 41,305,864 shares.

⁵ Ms. Christina Gaw owns the entire issued share capital of Eternity Rich Investments Ltd., which was beneficially interested in 19,699,216 shares.

⁶ Mr. Stephen Tan and his spouse together own 0.59% issued share capital of Bangkok Mercantile (Hong Kong) Co., Ltd., which was beneficially interested in 4,440,754 shares. Mr. Stephen Tan is the Chairman of Bangkok Mercantile (Hong Kong) Co., Ltd. and he can exercise control over the board.

Long Position in Shares of Associated Corporations

Name of company	Name of director	Number of ordinary shares held by controlled corporation	%
Pioneer Hospitality Siam (GBR) Limited	Rossana Wang Gaw	30,300,000*	50.5
Pioneer Hospitality Siam (GBR) Limited	Kenneth Gaw	30,300,000*	50.5
Keencity Properties Limited	Rossana Wang Gaw	5,019,205*	50.5
Keencity Properties Limited	Kenneth Gaw	5,019,205*	50.5
Pioneer iNetwork Limited	Rossana Wang Gaw	1*	50.0
Pioneer iNetwork Limited	Kenneth Gaw	1*	50.0

* Interested by Mrs. Rossana Wang Gaw and Mr. Kenneth Gaw represented the same interests and were therefore duplicated amongst these two directors for the purpose of the SFO.

Save as disclosed above, as at 31 March 2016, none of the Directors of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2016, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Number of ordinary shares	%
Asset-Plus Investments Ltd.	115,403,866	10.00
Forward Investments Inc.	283,200,215	24.54
Intercontinental Enterprises Corporation	215,768,260 ¹	18.70
Prosperous Island Limited	97,324,936	8.43

¹ Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 shares, which duplicated to those disclosed in "Long Position in Shares of the Company".

Save as disclosed above, the Directors were not aware of any other persons (other than a director or chief executive of the Company) who, as at 31 March 2016, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group adheres to environmental sustainability from office throughout the property portfolio. As a responsible corporation, we strive to ensure minimal environmental impacts by carefully managing our energy consumption, water usage, property design and waste production.

At office level, the Company participated in the Green Office Awards Labelling Scheme organized by World Green Organization to implement green initiatives and encourage staff to join environmental related training. At properties level, we advocated e-bill and e-receipt to our tenants and actively launched various energy savings and recycling programmes.

COMPLIANCE TO LAWS AND REGULATIONS

The Board paid attention to the Group's policies and practices on compliance with legal and regulatory requirements. External compliance and legal advisers are engaged to ensure transactions and business performed by the Group are within the applicable laws framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time.

EMPLOYEES RELATIONSHIP

The employment policies of the Company embody the principles of equal opportunity and are tailored to meet the needs of the Company and the areas in which it operates. This includes suitable procedures to support the Company's policy that individuals should not be discriminated against on the basis of race, disability, age, gender, sexuality or religion and that they should be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Also the Company recognizes the value of employee involvement in effective communications and the need for their contribution to decision making on matters affecting their jobs.

EMOLUMENT POLICY

As at 31 March 2016, the number of salaried staff at the holding company level was 18 (2015: 18). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The emoluments of the directors of the Company are determined with reference to his/her position, duties and responsibilities, remuneration policy of the Company and the prevailing market conditions.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

As at 31 March 2016, there were no outstanding options to subscribe for the shares of the Company. There were no other arrangements to which the Company or any of its subsidiaries was a party to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

No Director has a service contract with any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed under "Connected Transactions", no Director has 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 is a party during the financial year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company or its subsidiaries were entered into or existed during the financial year.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in Bermuda, the jurisdiction in which the Company was incorporated.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of the annual report, there was a sufficient public float of the Company.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report on pages 20 to 30.

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

During the financial year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

CONNECTED TRANSACTIONS

(1) Connected Transaction

On 7 October 2015, Kind Regent Holdings Limited, a wholly owned subsidiary of the Company, Prestige Goal Limited, Center Link Limited, PIA 2015 Investments (Singapore) Pte. Ltd., PREP Alliance Limited and CFIC-2014 NV Family Investments, LLC (collectively, the "Purchasers"), entered into a sale and purchase agreement with Advance System Limited ("Advance System") and Elite Sino Investments Limited ("Elite Sino") (collectively the "Sellers") pursuant to which the Purchasers shall purchase from the Sellers an aggregate of 79.73% of the issued shares in True Partner Investments Limited (the "Target Company") (of which Kind Regent Holdings Limited shall purchase 4% of the issued shares in the Target Company). Such acquisition is in line with the principal business activity of the Group, namely property investment.

After an internal re-organization, the Target Company owns 98.68% of Ciro's Plaza (excluding 5,296 square meters retail area and 4,699 square meters office area) located at 388 Nanjing West Road, Huangpu District, Shanghai.

Advance System is owned by an investment fund controlled by (i) Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw (executive directors of the Company); (ii) Mrs. Rossana Wang Gaw (executive director of the Company) is an investor in the investment fund which owns Advance System; and (iii) the ultimate beneficial owner of Elite Sino has 40% interest in a subsidiary of the Company. Thus, the Sellers are connected persons of the Company under the Listing Rules.

The total share purchase price for the 79.73% of the issued shares of the Target Company is RMB983.6 million (equivalent to approximately HK\$1,199.5 million) and the Group's commitment for the acquisition was RMB49.3 million (equivalent to approximately HK\$60.1 million). Details of this transaction are set out in the Company's announcement dated 7 October 2015.

(2) Continuing Connected Transaction

On 29 January 2016, Treasure Spot Investments Limited (“Treasure Spot”), a non-wholly owned subsidiary of the Company, as the landlord, entered into the lease agreement with Gaw Capital Advisors Limited (“GCAL”), as the tenant, pursuant to which Treasure Spot agreed to lease the partial of 18th and 19th floors, 68 Yee Wo Street, Causeway Bay, Hong Kong to GCAL as office premises for a term of 3 years commencing from 1 July 2016 to 30 June 2019 at HK\$752,584 per calendar month. The Company can generate rental income from the lease.

Two 3-years options are granted to GCAL to renew the lease agreement for a maximum of 6 years. The monthly rental for first 3-years option to renew shall be at the prevailing open market rent but capped at 120% or not lower than the existing rent. The monthly rental for second 3-years option to renew shall be at the prevailing open market rent but capped at 120% or not lower than the rent for the first 3-years option to renew.

GCAL is owned and controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw, who are executive Directors of the Company, and is therefore a connected person of the Company under the Listing Rules.

The annual caps for the rent payable by GCAL for 3 years ending 31 March 2017, 31 March 2018 and 31 March 2019 are HK\$5,268,088, HK\$8,278,424 and HK\$8,278,424 respectively. Details of this transaction are set out in the Company’s announcement dated 29 January 2016.

The Independent Non-executive Directors have reviewed the above continuing connected transaction and confirmed that the transaction has been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Auditors were engaged to report on the Group’s continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The Board confirmed that the Auditors have issued their unqualified independent assurance report on 21 July 2016 containing their findings and conclusions in respect of the continuing connected transaction disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 25 to the financial statements. None of these related party transactions constitutes a connected transaction, except for those described under “Connected Transactions”, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

AUDITORS

The financial statements for the year ended 31 March 2016 have been audited by Wong Brothers & Co. who retire and being eligible offer themselves for re-appointment. A resolution for the re-appointment of Wong Brothers & Co. as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Rossana Wang Gaw

Chairman

Hong Kong, 28 June 2016

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mrs. Rossana WANG GAW (Chairman)

Aged 70, was appointed to the Board in 1980 and has been Chairman of the Group since February 1999. She is responsible for the management of the real estate sector in the Group. Mrs. Gaw has 8 years of experience in the garment manufacturing industry and over 35 years of experience in real estate investments and hotels business. Mrs. Gaw is a graduate of the University of California, Berkeley, and holds a Degree in Business Administration. She is the mother of Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw.

Mr. Goodwin GAW (Vice Chairman)

Aged 47, was appointed to the Board in 1994 and became Vice Chairman of the Group in August 1996. He is the Chairman of Gaw Capital Partners, a global real estate private equity firm. He is also the President of Downtown Properties Holdings, a private real estate investment company with commercial properties interest in the United States. Mr. Gaw graduated with a Bachelor of Science Degree in Civil Engineering from the University of Pennsylvania, a Finance Degree from Wharton Business School and a Master of Science Degree in Construction Management from Stanford University. He is the son of Mrs. Rossana Wang Gaw, and the brother of Mr. Kenneth Gaw and Ms. Christina Gaw.

Mr. Kenneth GAW (Managing Director)

Aged 45, was appointed to the Board in 1994 and became Managing Director of the Group in February 1999. He holds directorships at Dusit Thani Public Company Limited and Hong Kong-Thailand Business Council. He was previously a director of Home Inns Hotels and Management Inc until 2016, a director of Siam Food Products Public Company Limited until 2006 and a director and Deputy Chairman of Wah Kwong Shipping Holdings Limited until 2000. Mr. Gaw co-founded Gaw Capital Partners, a global real estate private equity firm, in July 2005 and serves as its President and Managing Principal. He graduated with a Bachelor of Science Degree in Applied Mathematics and Economics from Brown University (Magna Cum Laude). Before joining the Group, Mr. Gaw worked in the structured finance group at Goldman, Sachs & Co. in New York and in corporate finance with Goldman Sachs (Asia) LLC in Hong Kong. He is the son of Mrs. Rossana Wang Gaw, and the brother of Mr. Goodwin Gaw and Ms. Christina Gaw.

Ms. Christina GAW

Aged 43, was appointed to the Board in 2014. She is a Partner and Managing Principal of Gaw Capital Partners, a global real estate private equity firm. Before joining the Group, Ms. Gaw worked at Goldman Sachs (Asia) LLC for almost 9 years and UBS for 6 years as Managing Director with responsibilities as Head of Asian Regional Sales and latest capacity as Head of APAC Capital Introduction team within Prime Brokerage. Outside of her professional career capacity, Ms. Gaw is a Corporate Member of The Cheltenham Ladies' College Council and serves as Executive Committee Member of the St. Paul's Coeducation College Alumni Association in Hong Kong. She is also actively engaged in community work in Hong Kong and is a Board Member of The Women's Foundation as well as an Executive Board Member and Treasurer of The Hong Kong Ballet. Ms. Gaw received her Bachelor of Science in Business Administration from the University of San Francisco. Ms. Gaw is the daughter of Mrs. Rossana Wang Gaw, and sister of Mr. Goodwin Gaw and Mr. Kenneth Gaw.

Biographical Details of Directors

Mr. Alan Kam Hung LEE

Aged 60, was appointed to the Board in 2013 and has been the Chief Financial Officer of the Group since 2000. He is also the Chief Operating Officer of Gaw Capital Partners, a global real estate private equity firm. Mr. Lee graduated with a Bachelor of Science Degree in Civil Engineering from Imperial College London, a Master of Science Degree in Engineering from the University of Hong Kong and a Master of Business Administration Degree from the University of Toronto. He is a Chartered Professional Accountant (Canada) and a fellow member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Charles Wai Bun CHEUNG, JP

Aged 79, was appointed to the Board in 1986. He is the Chairman of the Audit Committee of the Company. Dr. Cheung holds an Honorary Doctor's Degree, a Master's Degree in Business Administration and a Bachelor of Science Degree. He has over 35 years of experience in the senior management of companies in various industries including over 22 years of experience of banking business in senior management positions. Dr. Cheung is director and Vice Chairman of the Executive Committee of Metropolitan Bank (China) Ltd. PRC. He was formerly a director and director of Audit Committee of China Resources Bank of Zhuhai Co. Ltd. and also an independent non-executive director and Chairman of Audit Committee of Shanghai Electric Group Company Limited. He is an independent non-executive director and Chairman of Remuneration Committee of Universal Technologies Holdings Ltd., an independent non-executive director and Chairman of Audit Committee of China Financial International Investments Limited (formerly named Sunshine Capital Investments Group Limited), an independent non-executive director and Chairman of Audit Committee of Modern Dental Group Limited and independent non-executive director and Chairman of Remuneration Committee of Jiayuan International Group Limited and non-executive director of Galaxy Entertainment Group Limited which are listed on the main board of the Stock Exchange. Dr Cheung is an independent non-executive director and Chairman of Nomination Committee of Yin He Holdings Limited (formerly Zebra Strategic Holdings Limited) which is listed on GEM board of the Stock Exchange. He was formerly an Executive Deputy Chairman and Group Chief Executive of Mission Hills Group and Visiting Professor of School of Business of Nanjing University, China. He is Special Adviser to the President of University of Victoria B.C. Canada. He is a member of Hospital Governing Committee of both Kowloon Hospital and Hong Kong Eye Hospital. Dr. Cheung is also a member of the Regional Advisory Committee of Kowloon of Hong Kong Hospital Authority. He is a council member of The Hong Kong Institute of Directors. Dr. Cheung was a former director and adviser of Tung Wah Group of Hospitals. He was awarded the Directors of the year Awards 2002 of Listed Company Non-executive Director. Dr. Cheung was elected Outstanding Director Award by the Chartered Association of Directors, Outstanding Management Award by Chartered Management Association and Outstanding CEO Award by the Asia Pacific CEO Association in December 2010.

Mr. Arnold Tin Chee IP

Aged 53, was appointed to the Board in 1999. He is the Chairman of the Remuneration Committee of the Company. Mr. Ip is a graduate of Trinity College, Cambridge University. Mr. Ip's work focuses on fund raising for listed and unlisted companies, and management of real estate investment funds. He is a director of Altus Capital Limited where he is involved in the supervision and management of corporate finance and advisory work for companies in Hong Kong and in advising on property investment. He is an independent non-executive director of Pak Fah Yeow International Limited, a company listed on the main board of the Stock Exchange; and Chairman of Japan Residential Assets Manager Limited, manager of a real estate investment trust listed in Singapore. Between 1989 and March 1997, Mr. Ip worked for Standard Chartered Asia Limited and was a director of Yuanta Securities (Hong Kong) Limited thereafter until January 2001, specializing in a range of corporate finance and advisory activities for companies based in Hong Kong and China. From 1984 to 1988, he worked at Arthur Andersen & Co in London specializing in taxation and qualified as a Chartered Accountant in 1988.

Mr. Stephen TAN

Aged 62, was appointed to the Board in 2007. He was educated in the United States and holds a Bachelor's Degree in Business Administration at Rutgers University, and a Master Degree in Business Administration at St. John's University. Mr. Tan is currently an executive director of Asia Financial Holdings Limited and was appointed as an independent non-executive director of China Motor Bus Company, Limited on 1 April 2014, both of which are listed on the main board of the Stock Exchange. He also sits on the boards of Bank Consortium Trust Company Limited, Hong Kong Life Insurance Limited and AFH Charitable Foundation Limited. Mr. Tan serves as the Vice President of Hong Kong Chiu Chow Chamber of Commerce Limited, the Managing Director of Federation of Hong Kong Chiu Chow Community Organizations and the Chairman of both Cantonese Opera Development Fund Investment Committee of the Hong Kong Special Administrative Region and Bangkok Mercantile (Hong Kong) Company Limited. He is a Standing Committee Member of the Chinese General Chamber of Commerce, the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited. Mr. Tan is a voting member of Tung Wah Group of Hospitals Advisory Board, a member of the Board of Governors of Hong Kong Sinfonietta Limited, a Chartered member of the Rotary Club of The Peak. Mr. Tan is also a member of the Mega Events Fund Assessment Committee.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Good corporate governance provides a framework that is essential for effective management, healthy corporate culture, successful business growth and better shareholders' value. The Group's corporate governance practices emphasize a well-balanced quality Board, effective internal control and accountability to shareholders.

The Board has duly adopted the principles of good governance provided by the Code on Corporate Governance Practices (the "CG Code") in the Appendix 14 of the Listing Rules throughout the year ended 31 March 2016.

THE BOARD OF DIRECTORS

Responsibilities of the Board

The Company is headed by an effective Board which is accountable to shareholders for the long-term performance and interests of the Company. The Board is responsible for directing business affairs of the Group which include determining the corporate objectives and business strategies, setting appropriate policies to manage risks and performing the corporate governance function.

Regarding the corporate governance duties, the Board as a whole is responsible for developing and reviewing the policies and practices on corporate governance and on the legal and regulatory compliance; reviewing and monitoring the code of conduct and ethical behavior applicable to the Directors and employee; reviewing and monitoring the training and continuous professional development of Directors; and reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the year under review, the Board has reviewed the corporate governance practices of the Company and the disclosure in this corporate governance report. It also monitored the training and continuous professional development of Directors regularly.

The management is delegated with the day-to-day running and operational matters of the Group and held accountable for the performance of the Company. They also closely monitor changes to regulations and accounting standards that affect the corporate affairs and business, and adopt an appropriate reporting format in its interim report, annual report and other documents to present a balance, clear and comprehensible assessment of the Group's performance and prospects.

Decisions on important matters, including those affect the Group's strategic policies, annual and interim results, material transactions and funding exercises are reserved to the Board whereas the Group's general operations decisions are reserved to the management. The respective functions to the Board and the management have been formalized and set out in writing.

Composition of the Board

The Board currently comprises eight Directors, including five Executive Directors and three Independent Non-executive Directors. The number of Independent Non-executive Directors in the Company represents more than one-third of the Board, which satisfied the requirement under Rule 3.10(A) of the Listing Rules. The biographical details of the Directors including their names, positions and relationships are set out on pages 17 to 19. In particular, Mrs. Rossana Wang Gaw (Chairman) is the mother of Mr. Goodwin Gaw (Vice Chairman), Mr. Kenneth Gaw (Managing Director) and Ms. Christina Gaw (Executive Director). Save as aforesaid, none of the members of the Board is related to one another.

The Company has maintained on its website and that of Stock Exchange an updated list of Directors identifying their roles and functions and disclosed the names of Directors, including those Independent Non-executive Directors, in all corporate communications.

Chairman and Managing Director

The roles of the Chairman and the Managing Director of the Company are separate to reinforce their respective independence and accountability.

The Chairman provides leadership to and oversees the effective functioning of the Board with good corporate governance practices. With the support of the senior management, the Chairman ensures that all Directors receive adequate, complete and reliable information, and are properly briefed on issues arising at Board meetings and that all key and appropriate issues are discussed by the Board in a timely manner.

The Managing Director heads the management and focuses on implementing objectives, policies and strategies approved and delegated by the Board. He has the executive responsibilities over the Company's day-to-day management and operation.

During the year under review, the Chairman of the Company is Mrs. Rossana Wang Gaw whereas the Managing Director is Mr. Kenneth Gaw.

Independent Non-executive Director

Each Independent Non-executive Director is appointed for a term of three years and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-Laws. The Independent Non-executive Directors possess appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. Their active participation in the Board and committee meetings brings an objective and independent voice that protects the minority interests. The Company has received in writing the annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the Independent Non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgment.

Board Meetings and Procedures

The Board meets regularly, and at least four times a year, to review the business development and discuss any matters arising from corporate governance, risk management, accounting and financing. Additional meetings will be held upon the request of the members when they think necessary. Every Director is entitled to have full access to information on the Group and may, in appropriate circumstances, take independent professional advice at the Company's expense.

In respect of regular Board meetings, at least 14 days' notice is normally given to all Directors and all Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the Board meetings, which enable the Board to make an informed decision on the matters. Draft minutes of every Board meeting are circulated to all Directors for their comment within a reasonable time after the Board meeting is held. All the minutes are kept by the Company Secretary and available for inspection by any Director.

All Directors, including the Independent Non-executive Directors, have devoted a reasonable amount of time and effort to the business affairs of the Company. The decisions made are collective decisions of all Directors after thorough discussion at the Board meetings. According to the current Board practices, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting and the director concerned will abstain from voting.

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and Officers of the Group from their risk exposure arising from the business of the Group. The insurance coverage is reviewed and renewed on annual basis.

During the financial year, six Board meetings and 2015 Annual General Meeting were held. The composition of the Board and attendance record of each Director at these meetings are set out below:

Directors	Number of Board Meeting attended	2015 Annual General Meeting
Executive Directors		
Rossana Wang Gaw (<i>Chairman</i>)	6/6	1/1
Goodwin Gaw (<i>Vice Chairman</i>)	6/6	1/1
Kenneth Gaw (<i>Managing Director</i>)	6/6	1/1
Alan Kam Hung Lee	6/6	1/1
Christina Gaw	6/6	1/1
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	5/6	1/1
Arnold Tin Chee Ip	6/6	1/1
Stephan Tan	6/6	1/1

Directors' Induction and Training

On appointment to the Board, each newly appointed director receives a comprehensive induction package covering policies and procedures of the Company as well as the general, statutory and regulatory obligations of being a director to ensure that he is sufficiently aware of his responsibilities under the Listing Rules and other relevant regulatory requirements.

All Board members are encouraged to update their knowledge of and familiarity with the business environment related to the Group through active participation at Board meetings and enrolling in a wide range of professional development courses and seminars relating to the Listing Rules, Companies Ordinance, corporate governance practices and professional skills at the Company's expense. The Company provides Directors with regular updates on the performance, financial position and latest development of the Group. Directors are also updated on any material changes in the Listing Rules, Companies Ordinance, rules and regulatory requirements related to directors' duties and responsibilities from time to time.

All Directors have provided the Company Secretary with their training record for the financial year under review and the training received by each Director is summarized below:

Directors	Reading journals, Newspapers and/or updates*	Attending seminars, webinars, forums and/or conference*
Executive Directors		
Rossana Wang Gaw	✓	✓
Goodwin Gaw	✓	✓
Kenneth Gaw	✓	✓
Alan Kam Hung Lee	✓	✓
Christina Gaw	✓	✓
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	✓	✓
Arnold Tin Chee Ip	✓	✓
Stephen Tan	✓	✓

* All the trainings are related to corporate governance, rules and regulations, accounting, financial, management, professional skills and/or directors' duties and responsibilities.

Risk Management and Internal Control

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains an appropriate and effective risk management and internal control system. The Board should oversee the management in the design, implementation and monitoring of the risk management and internal control system, and the management should provide a confirmation to the Board on the effectiveness of the system.

Corporate Governance Report

The Company's risk management and internal control system has five components, including control environment, risk assessment, control activities, information and communication, and monitoring which are embedded in each business unit or functional area.

The management with the coordination of different business units implements the risk management and internal control system in accordance to the Board's direction. They meets regularly to review and identify any significant management and operational risks and each of identified risks is assessed of its impact and likelihood. Various controls or safeguards are taken to address the significant risks. Timely and accurate information are effectively communicated among operational staff and the management. Material issues, particularly any incidence of control failings or weaknesses that may cause material impact on the business of the Group is to be reported to the Board and the Audit Committee on a timely basis.

In the year under review, the Board has, through the Audit Committee and the external auditors, conducted the review of effectiveness of the Group's risk management and internal control system for the year ended 31 March 2016, including all material financial, operational and compliance controls and assessed the adequacy of resources, qualification and experience of the staff of the Company's accounting and financial reporting function, and their training programs and budgets. The result of assessment is satisfactory and the Board was not aware any significant issues that would have an adverse impact on the effectiveness and adequacy of the system of the Group. Also the management provided a confirmation to the Audit Committee and the Board on the effectiveness of the system.

BOARD COMMITTEES

Remuneration Committee

The Remuneration Committee consists of three Independent Non-executive Directors, including Mr. Arnold Tin Chee Ip (Chairman), Dr. Charles Wai Bun Cheung, JP and Mr. Stephen Tan. The responsibilities and functions of the Remuneration Committee are set out in its terms of reference which are aligned with the provisions set out in CG Code and are available on the websites of the Company and the Stock Exchange.

The principal duties of the Remuneration Committee are to make recommendations to the Board regarding the Company's remuneration policy and structure; to assess the performance of executive directors; and to formulate and review the remuneration packages of all the Directors and senior executives.

The remuneration packages of Directors and senior management are reviewed and determined by the Remuneration Committee with reference to his/her position, duties and responsibilities, remuneration policy of the Company and the prevailing market conditions. Sufficient resources are provided to the Committee to discharge its duty. The Committee can consult the Chairman and the Managing Director about their proposals relating to the remuneration of the Executive Directors and have access to independent professional advice at the Company's expense if necessary.

During the financial year, one Remuneration Committee meeting was held and attendance record of each Director is set out as below:

Directors	Number of Remuneration Committee Meeting attended
Independent Non-executive Directors	
Arnold Tin Chee Ip (<i>Chairman</i>)	1/1
Dr. Charles Wai Bun Cheung, JP	1/1
Stephen Tan	1/1

In the meeting, the Remuneration Committee assessed the performance of the Executive Directors and approved the remuneration packages for the Executive Directors for year 2016 and the bonus for year 2015. Details of the Directors' remuneration for year 2016 are set out in note 9 to the financial statements.

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, including Dr. Charles Wai Bun Cheung, JP (Chairman), Mr. Arnold Tin Chee Ip and Mr. Stephen Tan. The responsibilities and functions of the Audit Committee are set out in its terms of reference which are aligned with the provisions set out in CG Code and are available on the websites of the Company and the Stock Exchange.

The principal duties of the Audit Committee are to review the interim and annual financial statements; to investigate any activity within its terms of reference; to oversee the Company's relationship with external auditors; to discuss any issues arising from the audits and any matters raised by the external auditors; to assess the internal control and risk management systems; and to monitor the financial aspects of the Group. The Audit Committee meets twice a year with external auditors and is provided with sufficient resources to discharge its duty and has access to independent professional advice at the Company's expense if necessary.

During the financial year, two Audit Committee meetings were held and attendance record of each Director is set out as below:

Directors	Number of Audit Committee Meeting attended
Independent Non-executive Directors	
Dr. Charles Wai Bun Cheung, JP (<i>Chairman</i>)	2/2
Arnold Tin Chee Ip	2/2
Stephen Tan	2/2

Throughout the year, the Audit Committee reviewed the interim and annual financial statements and reports of the Group with the external auditors and senior management before recommending them to the Board for consideration and approval. The Committee also monitored the integrity of the financial statements and paid attention to any changes in accounting policies and practices and their impact on the Group's financial statements. In addition, the Audit Committee assisted the Board in meeting its responsibilities for maintaining an effective system of risk management and internal control during the financial year. The Committee reviewed the risk management and internal control system report prepared by the management and discussed the same with the external auditors to ensure the effectiveness and efficiency of the Group's operation. The external auditors and the Audit Committee were satisfied that the overall financial and operational controls for the Group continued to be effective. The work and finding of the Audit Committee were reported to the Board.

Nomination Committee

The Nomination Committee consists of three Independent Non-executive Directors and two Executive Directors. Mrs. Rossana Wang Gaw is the Chairman of the Nomination Committee whereas Mr. Kenneth Gaw, Dr. Charles Wai Bun Cheung, JP, Mr. Arnold Tin Chee Ip and Mr. Stephen Tan are the Committee members. The responsibilities and functions of the Nomination Committee are set out in its terms of reference which are aligned with the provisions set out in CG Code and are available on the websites of the Company and the Stock Exchange.

The principal duties of the Nomination Committee are to review the structure, size and composition of the Board; to assess the independence of the Independent Non-executive Directors; and to make recommendation to the Board on selection of candidates for directorship and on appointment or reappointment of directors.

The Company adopted a board diversity policy with the aim of achieving diversity on the Company's board of directors. Our board diversity policy considers that board diversity includes a number of different aspects, such as professional experiences, business perspectives, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. Under the board diversity policy, the Nomination Committee has responsibility in leading the progress for Board appointments: when there is a vacancy or an addition director, the Committee will identify suitable candidates internally and externally for nomination.

The Committee will assess the candidates based on a range of diversity perspectives stated above before recommended to the Board. All directors so appointed by the Board are subject to election by shareholders at the forthcoming general meeting.

During the financial year, one Nomination Committee meeting was held and attendance record of each Director is set out as below:

Directors	Number of Nomination Committee Meeting attended
Executive Directors	
Rossana Wang Gaw (<i>Chairman</i>)	1/1
Kenneth Gaw	1/1
Independent Non-executive Directors	
Dr. Charles Wai Bun Cheung, JP	1/1
Arnold Tin Chee Ip	1/1
Stephen Tan	1/1

In the meeting, the Nomination Committee reviewed the structure, size and composition of the Board and the board diversity policy, assessed the independence of Independent Non-executive Directors and discussed the re-appointment of retiring Directors at 2016 annual general meeting.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that they are responsible for preparing the accounts in accordance with generally accepted accounting standards in Hong Kong, the requirements of the Listing Rules and applicable laws as well as the integrity of the financial information so reported. Starting from April 2012, the Company has provided all Directors with monthly management updates of the Company's performance, financial positions and other major matters, giving a balanced and understandable assessment to each Director to discharge their duties.

The consolidated financial statements of the Company for the year ended 31 March 2016 are prepared on the going concerns basis and have been audited by the external auditors, Wong Brothers & Co., and reviewed by the Audit Committee. The Auditors' reporting responsibilities are included in the Independent Auditors' Report on pages 31 to 32.

During the financial year ended 31 March 2016, the external auditors of the Company only provided audit services to the Company and the subsidiaries and the fees charged by the auditors for their services amounted to HK\$542,000.

DIRECTORS' DEALING IN SHARES OF THE COMPANY

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by Directors of the Company.

Mrs. Rossana Wang Gaw, the Chairman and Executive Director of the Company, was unintentionally in breach of Rule A.3(a)(i) and Rule B.8 of the Model Code by acquiring a total of 280,000 shares of the Company during the black-out period of the Company for publication of the final results for the year ended 31 March 2016.

To prevent the occurrence of the above similar incident, the Company

- (i) re-circulated the Model Code to each of the Directors and reminded each of them to strictly adhere to the relevant requirements set out in the Model Code.
- (ii) will provide a training on the Model Code and applicable Listing Rules to Mrs. Rossana Wang Gaw by the Hong Kong legal advisers of the Company to enhance understanding on the relevant requirements.
- (iii) will issue an email notice no more than two weeks before the commencement of each black out period to remind all Directors in the compliance of the Model Code and the applicable Listing Rules and the commencement of the forthcoming black out period.

Except Mrs. Rossana Wang Gaw, the Company having made specific enquiry of all the other Directors, confirmed that all the other Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2016. The relevant employees who are likely to be in possession of inside information of the Company are required to comply with the provisions of the Model Code.

COMPANY SECRETARY

Our Company Secretary, a full time employee of the Company, is responsible for assisting the Board on corporate governance matters and communication with shareholders. For the year under review, the Company Secretary has confirmed that she has undertaken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to convene a special general meeting

Pursuant to the Companies Act of Bermuda, a special general meeting may be convened by the Board of Directors upon requisition by any shareholder(s) holding not less than one-tenth of the paid-up capital of the Company as at the date of deposit carries the right of voting at the general meetings of the Company. The requisition must state the purpose of the meeting, and each must be signed by the relevant shareholders and deposited to the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

If the Board of Directors does not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the shareholder(s), or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedure for Shareholders to put forward proposals at a general meeting

Pursuant to the Companies Act of Bermuda, either any number of the registered shareholders holding not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 of such registered shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next general meeting notice of any resolutions which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to receive notice of the next general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or business to be dealt with at that meeting.

Each of requisition must be signed by the relevant shareholders and deposited to the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda not less than six weeks before the meeting, in case of a requisition requiring notice of a resolution; and not less than one week before the meeting, in case of any other requisition, together with a sum reasonably sufficient to meet the Company's expense in sending the notice.

Procedure for Shareholders to propose a person for election as a director

The procedure for proposing a person for election as a director is at the Company's website under the Corporate Governance Section.

Procedure for Shareholders to direct enquiries to the Board

Any enquiries by shareholders drawing the Board's attention can be sent in writing to the Company Secretary at the Company's principal place of business in Hong Kong or via email (info@pioneerglobalgroup.com). Shareholders may also make enquiries with the Board at the general meetings of the Company.

Constitutional Documents

During the financial year ended 31 March 2016, no change have been made to the constitutional documents of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Investors and shareholders can also visit the Company's website (www.pioneerglobalgroup.com or www.irasia.com/listco/hk/pioneer/index.htm) for relevant corporate and financial information.

The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. The Chairman, senior management, Independent Non-executive Directors and external auditors participate in the meeting to answer any questions from the shareholders. An annual general meeting circular is distributed to all shareholders at least 20 clear business days prior to the annual general meeting. To facilitate enforcement of the shareholders' rights, significant issues are dealt with under separate resolutions. All resolutions at the annual general meeting of the Company will be decided on a poll and the Company will engage external scrutineer or proper counting of the votes. Results of the poll will be published on the websites of the Company and the Stock Exchange.

Independent Auditors' Report

To the Shareholders of

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Pioneer Global Group Limited (“the Company”) and its subsidiaries (together the “Group”) set out on pages 33 to 82, which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other 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. This 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 the 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 Group as at 31 March 2016 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.

Wong Brothers & Co.

Certified Public Accountants

1902 MassMutual Tower

38 Gloucester Road

Wanchai, Hong Kong

28 June 2016

Consolidated Statement of Profit or Loss

For the year ended 31 March 2016

	Notes	For the year ended 31 March	
		2016 HK\$'000	2015 HK\$'000
Turnover			
Company and subsidiaries		258,712	212,105
Share of associates		157,892	107,053
		416,604	319,158
Turnover of Company and subsidiaries	3	258,712	212,105
Properties operating expenses		(45,294)	(38,856)
Staff costs		(17,209)	(15,252)
Depreciation		(365)	(451)
Other expenses		(4,881)	(4,631)
		(67,749)	(59,190)
Operating profit		190,963	152,915
Share of profits of associates		93,672	42,641
Change in fair value of investment properties	10	208,035	753,637
Other gains and losses	4	(9,265)	1,603
Finance costs		(44,013)	(37,557)
Profit before taxation	5	439,392	913,239
Taxation			
Current	6	(12,178)	(11,704)
Deferred	6	(6,259)	(6,082)
Profit for the year		420,955	895,453
Profit attributable to:			
Shareholders of the Company		365,553	804,243
Non-controlling interests		55,402	91,210
		420,955	895,453
		HK cents	HK cents
Earnings per share	8	31.68	69.69

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	Note	For the year ended 31 March	
		2016 HK\$'000	2015 HK\$'000
Profit for the year		420,955	895,453
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Transfer from investment revaluation reserve	18	(174,497)	–
to property revaluation reserve (associates)	18	174,497	–
		–	–
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available for sale investments			
– subsidiaries		3,008	12,378
– associates		19,685	684
Exchange difference on translation of associates		(36,284)	–
Other comprehensive (expense)/income for the year, net of tax		(13,591)	13,062
Total comprehensive income for the year		407,364	908,515
Total comprehensive income attributable to:			
Shareholders of the Company		350,663	817,289
Non-controlling interests		56,701	91,226
		407,364	908,515

Consolidated Statement of Financial Position

At 31 March 2016

	Notes	At 31 March 2016 HK\$'000	At 31 March 2015 HK\$'000
ASSETS			
Non-current assets			
Investment properties	10	6,353,900	6,121,100
Associates	11	1,178,575	765,925
Available for sale investments	12	387,533	321,653
Property, plant & equipment	13	1,474	1,817
Other assets		300	300
		7,921,782	7,210,795
Current assets			
Debtors, advances & prepayments	14	52,128	26,204
Available for sale investments	12	80,529	2,189
Financial assets at fair value	15	1,220	1,614
Cash & bank balances	16	108,482	244,906
Tax assets		221	–
		242,580	274,913
Total assets		8,164,362	7,485,708
EQUITY			
Share capital	17	115,404	115,404
Reserves	18	5,013,572	4,711,379
Shareholders' funds		5,128,976	4,826,783
Non-controlling interests		830,787	801,276
Total equity		5,959,763	5,628,059
LIABILITIES			
Non-current liabilities			
Creditors & accruals	19	49,889	53,299
Secured bank loans	20	2,011,729	635,242
Deferred taxation	21	54,031	47,772
		2,115,649	736,313
Current liabilities			
Creditors & accruals	19	34,299	19,191
Secured bank loans	20	54,651	1,100,433
Tax liabilities		–	1,712
		88,950	1,121,336
Total liabilities		2,204,599	1,857,649
Total equity and liabilities		8,164,362	7,485,708

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to shareholders of the Company										
	Share capital	Share premium	Capital reserve & surplus		Exchange reserve	Investment revaluation reserve	Property revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
			contributed	Exchange							
			HK\$'000	HK\$'000							
At 1 April 2015	115,404	547,748	41,242	6,646	248,743	-	3,867,000	4,826,783	801,276	5,628,059	
Fair value change of available for sale investments											
- subsidiaries	-	-	-	-	1,709	-	-	1,709	-	1,709	
- non-controlling interests	-	-	-	-	-	-	-	-	1,299	1,299	
- associates	-	-	-	-	19,685	-	-	19,685	-	19,685	
Transfer from investment revaluation reserve to property revaluation reserve (associates)	-	-	-	-	(174,497)	174,497	-	-	-	-	
Exchange on translation of associates	-	-	-	(36,284)	-	-	-	(36,284)	-	(36,284)	
Net (expense)/income recognized directly in equity	-	-	-	(36,284)	(153,103)	174,497	-	(14,890)	1,299	(13,591)	
Profit attributable to equity holders	-	-	-	-	-	-	365,553	365,553	55,402	420,955	
Total comprehensive (expense)/income for the year	-	-	-	(36,284)	(153,103)	174,497	365,553	350,663	56,701	407,364	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(27,190)	(27,190)	
2015 final dividend paid	-	-	-	-	-	-	(32,313)	(32,313)	-	(32,313)	
2016 interim dividend paid	-	-	-	-	-	-	(16,157)	(16,157)	-	(16,157)	
At 31 March 2016	115,404	547,748	41,242	(29,638)	95,640	174,497	4,184,083	5,128,976	830,787	5,959,763	

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to shareholders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve & surplus HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2014	115,404	547,748	41,242	6,646	235,697	3,106,610	4,053,347	741,188	4,794,535
Fair value change of available for sale investments									
- subsidiaries	-	-	-	-	12,362	-	12,362	-	12,362
- non-controlling interests	-	-	-	-	-	-	-	16	16
- associates	-	-	-	-	684	-	684	-	684
Net income recognized directly in equity	-	-	-	-	13,046	-	13,046	16	13,062
Profit attributable to equity holders	-	-	-	-	-	804,243	804,243	91,210	895,453
Total comprehensive income for the year	-	-	-	-	13,046	804,243	817,289	91,226	908,515
Distribution to non-controlling interests	-	-	-	-	-	-	-	(31,138)	(31,138)
2014 final dividend paid	-	-	-	-	-	(28,851)	(28,851)	-	(28,851)
2015 interim dividend paid	-	-	-	-	-	(15,002)	(15,002)	-	(15,002)
At 31 March 2015	115,404	547,748	41,242	6,646	248,743	3,867,000	4,826,783	801,276	5,628,059

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	For the year ended 31 March	
	2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities		
Profit before taxation	439,392	913,239
Share of net profit of associates	(93,672)	(42,641)
Increase in fair value of investment properties	(208,035)	(753,637)
Other gains and losses	9,265	(1,603)
Depreciation	365	451
Interest income	(3,463)	(4,333)
Interest expenses	44,013	37,557
Dividend income		
– listed	(6,958)	(5,806)
– unlisted	(4,351)	(6,746)
Operating cash flows before working capital changes	176,556	136,481
Increase in debtors, advances & prepayments	(10,219)	(7,874)
Increase in creditors & accruals	12,074	2,762
Cash generated from operations	178,411	131,369
Hong Kong profits tax paid	(14,111)	(10,200)
Hong Kong profits tax refunded	–	453
Overseas profits tax paid	–	(15)
Net cash generated from operating activities	164,300	121,607
Cash flows from investing activities		
Interest received	4,185	3,678
Dividend received	11,309	12,552
Additions to investment properties	(24,765)	(146,763)
Associates:		
Advance to associates	(3)	(1,818)
Distribution from associates	92,380	15,877
New/additional investment	(417,675)	–
Available for sale investments:		
Purchase of available for sale investments	(179,773)	(52,456)
Distribution from available for sales investments	–	2,053
Proceeds on disposal of available for sale investments	5,993	12,463
Property, plant & equipment:		
Purchase of property, plant & equipment	(22)	(69)
Proceeds on disposal of financial assets at fair value	–	1,392
Net cash used in investing activities	(508,371)	(153,091)

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Note	For the year ended 31 March	
		2016 HK\$'000	2015 HK\$'000
Cash flows from financing activities			
Interest paid		(44,389)	(37,357)
Distributions to non-controlling interest shareholders		(27,190)	(31,138)
Dividend paid to shareholders		(48,470)	(43,853)
Deferred payment repaid		–	(20,500)
Bank loans raised		370,000	250,500
Bank loans repaid		(39,295)	(16,692)
Net cash generated from financing activities		210,656	100,960
Net (decrease)/increase in cash and cash equivalents		(133,415)	69,476
Exchange difference		(3,009)	–
Cash and cash equivalents at the beginning of the year		244,906	175,430
Cash and cash equivalents at the end of the year		108,482	244,906
Analysis of the balances of cash and cash equivalents			
Bank balances, cash & deposits placed with banks up to three months' maturity	16	108,482	244,906

Notes to the Financial Statements

For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General information

Pioneer Global Group Limited is a limited liability company, incorporated in Bermuda with its shares listed on the Stock Exchange. The principal activity of the Company is investment holding and the principal activities of its major subsidiaries and associates are shown in notes 30 and 31 respectively.

(b) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual 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. The financial statements also comply with the applicable disclosure provisions of the Listing Rules.

During the current year, the Group has applied a number of new and revised Standards, Amendments to Standards and Interpretations (“new and revised HKFRSs”) issued by the HKICPA which are relevant to its operations.

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

The Group considered that the adoption of these new and revised HKFRSs had no material effect on the results and financial position of the Group and/or disclosures set out in these consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

New and revised Standards, Amendments to Standards and Interpretations in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments to standards and interpretations that have been issued but are not yet effective.

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

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2019

The Group is in the process of making an assessment of the potential impact of the above new and revised standards, amendments to standards and interpretations. The Group is not yet in a position to determine the impact of these new and revised standards, amendments to standards and interpretations on the results of operations and financial position of the Group.

Notes to the Financial Statements

For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2016 incorporate the financial statements of the Company and its subsidiaries (the “Group”) and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties, available for sale investments and financial assets at fair value are stated at their fair values as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

(d) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with entity and had the ability to affect those returns through its power over the entity. When assessing whether the Group has power of controls, only substantive rights held by the Group are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. All intra-group transactions, balances and realized surplus and deficits on transactions between group companies have been eliminated. Non-controlling interests represent the proportion of the results and net assets of subsidiaries not attributable to the Group.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less any impairment losses.

Notes to the Financial Statements

For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale. The consolidated statement of profit or loss includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investments in associates recognized for the year.

In the Company's statement of financial position, its investments in associates are stated at cost less impairment losses.

(f) Investment properties

Investment properties are land and/or buildings, which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. Investment properties are stated in the statement of financial position at fair value. Any gain or loss arising from a change in fair value is recognized in profit or loss.

Subsequent costs are capitalized in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group.

(g) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost over their estimated useful lives on the reducing balance method at 10-25% p.a..

Notes to the Financial Statements

For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial assets

The Group classifies its financial assets in the categories of financial assets at fair value and available for sale investments. When financial assets are recognized initially, they are measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value) are deducted from fair value on initial recognition. Transaction costs that are directly attributable to financial assets at fair value are recognized immediately to profit or loss. The Group determines the classification of its investments after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

The financial instruments are grouped into 3 levels based on the degree to which the inputs to the fair value measurements are observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All regular way purchases and sales of investments are recognized on the trade date i.e. the date that the Group commits to purchase the assets. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the period generally established by regulation or convention in the market place.

(i) *Financial assets at fair value*

Financial assets held for short term trading purposes is classified as 'financial assets at fair value'. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses arising from changes in fair value are recognized in profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial assets *(continued)*

(ii) Available for sale investments

Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified in any other categories of financial assets. After initial recognition, available for sale investments are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

If any objective evidence exists for impairment of available for sale investments, the accumulated loss which is measured as the difference between the acquisition cost and the current fair value, is removed from equity and recognized in profit or loss. Impairment loss recognized on equity investments is not reversed.

(i) Impairment of assets

At each year end date, the Group reviews the carrying amounts of its tangible and intangible assets other than financial assets excluding investment in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(j) Leases

Leases whereby substantially all the rewards and risks of ownership of assets remain with the leasing company are considered as operating leases. Rental income and expenses under operating leases are accounted for on a straight-line basis over the respective periods of the leases.

(k) Debtors

Debtors are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method, less allowance for doubtful debt. When doubtful debts are identified, provisions are made and recognized in profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks repayable within three months from the date of placement, less bank overdrafts and advances from banks repayable within three months from the date of advance.

(m) Bank loans and interest-bearing borrowings

Bank loans and interest-bearing borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to raising of the bank loans and interest-bearing borrowings. They are subsequently stated at amortized cost. Any difference between the cost and the redemption value is recognized in profit or loss over the period of the bank loans and interest-bearing borrowings using the effective interest rate method.

(n) Creditors

Creditors are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost. Creditors are classified as current liabilities if payment is due within one year or less; otherwise, they are presented as non-current liabilities.

(o) Revenue recognition

(i) Rental income

Rental income is recognized on a straight-line basis over the periods of the leases.

(ii) Rendering of services

Services income is recognized when the services are rendered and billed to clients.

(iii) Dividend income

Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend. Dividend income from unlisted investments is recognized when the Group's right to receive payment is established.

(iv) Interest income

Interest income is recognized on a time proportion basis.

Notes to the Financial Statements

For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Foreign currencies

The functional and presentation currency of the Company, subsidiaries and associates which operate in Hong Kong is in Hong Kong dollars. Certain overseas subsidiaries and associates which operate overseas are in their respective local currencies.

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the year end date are translated at the applicable rates ruling at that date. Exchange differences are dealt with in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the statement of profit or loss of overseas subsidiaries and associates are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their statements of financial position are translated into Hong Kong dollars at the exchange rates ruling at the year end date. The resulting translation differences are included in the exchange reserve.

(q) Employee benefits

The Group participates in a defined contribution mandatory provident fund retirement benefits scheme in compliance with the Mandatory Provident Fund Schemes Ordinance. The assets of this scheme are held separately from those of the Group and administered independently. The Group's contributions are recognized in the statement of profit or loss when incurred. The amount of contributions by the Group is based on a specified percentage of the monthly relevant income of the eligible employees. Forfeited contributions of the fund will be used to reduce the existing retirement scheme costs.

Notes to the Financial Statements

For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Taxation

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

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in profit or loss.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized on a time apportionment basis, taking into account the principal and the effective interest rates. They are charged to the profit or loss in the period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Related parties

- (i) A person or a close member of that person's family is related to the Group if that person:
 - (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of key management personnel of the Group or the Group's holding company.

- (ii) An entity is related to the Group if any of the following conditions apply:
 - (1) The entity and the Group are members of the same Group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i).
 - (7) A person identified in (i)(1) has significant influence over the entity or is a member of key management personnel of the entity (or of the holding company of the entity).

Notes to the Financial Statements

For the year ended 31 March 2016

2. SEGMENT INFORMATION

Segment information is presented in respect of the Group's primary business segments. In accordance with the internal financial reporting of the Group provided to the chief operating decision maker (i.e. Board of Directors) for the purposes of allocating resources to segments, assessing their performance and making strategic decisions, the operating and reportable segments are:

- (i) property and hotels – investment in property and hotels that earn rental and hotel operating income
- (ii) investments and others – other investments that generate dividend and interest income

The following is an analysis of the Group's turnover and results by operating and reportable segments for the year under review:

Segment Result

For the year ended 31 March 2016 (31 March 2015)

	Property and hotels		Investments and others		Consolidated	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover						
Company and subsidiaries	243,928	195,220	14,784	16,885	258,712	212,105
Segment result	177,391	137,067	13,772	16,013	191,163	153,080
Unallocated corporate expenses					(200)	(165)
Operating profit					190,963	152,915
Share of profits of associates	93,672	42,641	-	-	93,672	42,641
Change in fair value of investment properties	208,035	753,637	-	-	208,035	753,637
Other gains and losses	(7,198)	-	(2,067)	1,603	(9,265)	1,603
Finance costs					(44,013)	(37,557)
Taxation					(18,437)	(17,786)
Non-controlling interests					(55,402)	(91,210)
Profit attributable to shareholders					365,553	804,243

Segment result represents the profit earned by each segment without allocation of general administrative expenses incurred by corporate office, share of profit or loss of associates, change in fair value of investment properties, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

Notes to the Financial Statements

For the year ended 31 March 2016

2. SEGMENT INFORMATION (continued)

Segment assets and liabilities

As at 31 March 2016 (31 March 2015)

	Property and hotels		Investments and others		Consolidated	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	6,611,257	6,313,063	374,530	406,720	6,985,787	6,719,783
Investment in associates	1,178,575	765,925	-	-	1,178,575	765,925
Consolidated total assets					8,164,362	7,485,708
Segment liabilities	(2,203,221)	(1,855,856)	(651)	(1,060)	(2,203,872)	(1,856,916)
Unallocated corporate liabilities					(727)	(733)
Consolidated total liabilities					(2,204,599)	(1,857,649)
Other information						
Capital expenditure	503,691	148,581	118,525	52,456	622,216	201,037
Depreciation	365	451	-	-	365	451

Geographical Segments

In geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. Overseas segments mainly include China, Thailand and Malaysia.

For the year ended 31 March 2016 (31 March 2015)

	Turnover by geographical market		Segment assets	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	252,129	202,792	6,722,819	6,578,842
Overseas	6,583	9,313	262,968	140,941
	258,712	212,105	6,985,787	6,719,783

Notes to the Financial Statements

For the year ended 31 March 2016

3. TURNOVER

	2016 HK\$'000	2015 HK\$'000
Rental income	206,916	165,193
Property expenses recovery	37,012	30,027
Dividend income	11,309	12,552
Interest income	3,463	4,333
Others	12	–
	258,712	212,105

4. OTHER GAINS AND LOSSES

	2016 HK\$'000	2015 HK\$'000
Net gain on disposal of available for sale investments	1,336	1,475
(Decrease)/Increase in fair value of financial assets	(393)	144
Provision for impairment loss on available for sale investments	(17,477)	–
Recovery of impairment loss on associate	10,279	–
Other losses	(3,010)	(16)
	(9,265)	1,603

5. PROFIT BEFORE TAXATION

	2016 HK\$'000	2015 HK\$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	44,013	37,557
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	17,049	15,351
Pension scheme contributions	211	192
Auditors' remuneration	542	492
Depreciation	365	451
Net exchange loss	3,009	242
and after crediting:		
Rental income from investment properties	206,916	165,193
Less: direct outgoings	(4,066)	(5,631)
Listed investment income	6,958	5,806
Unlisted investment income	4,351	6,746
Interest income	3,463	4,333

Notes to the Financial Statements

For the year ended 31 March 2016

6. TAXATION

(a) Taxation

	2016			2015		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
Provision for the year						
Hong Kong	12,178	5,809	17,987	11,689	5,482	17,171
Overseas	-	450	450	15	600	615
	12,178	6,259	18,437	11,704	6,082	17,786

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated Hong Kong source assessable profits for the year. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

(b) Reconciliation between accounting profits and the taxation charge

	2016 HK\$'000	2015 HK\$'000
Profit before taxation	439,392	913,239
Less: Share of profits of associates	(93,672)	(42,641)
Profit before taxation attributable to the Company and its subsidiaries	345,720	870,598
Tax calculated at applicable tax rate of 16.5% (2015: 16.5%)	57,044	143,649
Expenses not deductible for taxation purposes	7	336
Income not subject to taxation	(35,301)	(127,438)
Current year tax losses not recognized	33	669
Deferred tax asset not recognized during the year	450	600
Deferred tax asset not recognized in prior years	(3,736)	-
Over-provision in prior years	(60)	(30)
Taxation charge	18,437	17,786

Notes to the Financial Statements

For the year ended 31 March 2016

7. DIVIDENDS

	2016	2015
	HK\$'000	HK\$'000
Interim dividend of HK1.40 cents (2015: HK1.30 cents) per ordinary share	16,157	15,002
Proposed final cash dividend of HK2.80 cents (2015: HK2.80 cents) per ordinary share	32,313	32,313
	48,470	47,315

The dividends which have been paid during the year by cash are as follows:

Interim for the year ended 31 March 2016 (2015)	16,157	15,002
Final for the year ended 31 March 2015 (2014)	32,313	28,851
	48,470	43,853

The 2016 final cash dividend of HK2.80 cents (2015: HK2.80 cents) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$365,553,000 (2015: HK\$804,243,000) and on the 1,154,038,656 shares (2015: 1,154,038,656 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2016 and 31 March 2015 as the Company had no dilutive potential ordinary shares during both years.

Notes to the Financial Statements

For the year ended 31 March 2016

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Directors' fee	Salaries, allowances and benefits	Discretionary bonus	Pension scheme contributions	2016 Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive Directors					
Rossana Wang Gaw	50	2,534	1,100	-	3,684
Goodwin Gaw	50	425	750	-	1,225
Kenneth Gaw	50	3,349	1,500	18	4,917
Christina Gaw	50	243	300	13	606
Alan Kam Hung Lee	50	1,432	1,200	18	2,700
Independent Non-executive Directors					
Charles, Wai Bun Cheung, JP	90	-	-	-	90
Stephen Tan	90	-	-	-	90
Arnold Tin Chee Ip	90	-	-	-	90
Total	520	7,983	4,850	49	13,402

	Directors' fee	Salaries, allowances and benefits	Discretionary bonus	Pension scheme contributions	2015 Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive Directors					
Rossana Wang Gaw	50	2,520	1,000	-	3,570
Goodwin Gaw	50	420	-	-	470
Kenneth Gaw	50	3,330	1,000	18	4,398
Christina Gaw	21	100	-	4	125
Alan Kam Hung Lee	50	1,366	1,000	18	2,434
Independent Non-executive Directors					
Charles, Wai Bun Cheung, JP	90	-	-	-	90
Stephen Tan	90	-	-	-	90
Arnold Tin Chee Ip	90	-	-	-	90
Total	491	7,736	3,000	40	11,267

Notes to the Financial Statements

For the year ended 31 March 2016

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(b) Other senior management's emoluments

During the year, the five highest paid individuals include four directors (2015: three directors), details of whose emoluments are included above. The details of the remuneration of the remaining one (2015: two) highest paid individual are set out below:

	2016	2015
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	670	1,025
Bonuses	200	283
Pension scheme contributions	18	35
	888	1,343

The number of highest paid individual fell within emoluments bands is as follows:

	2016	2015
HK\$		
Nil – 1,000,000	1	2

Notes to the Financial Statements

For the year ended 31 March 2016

10. INVESTMENT PROPERTIES

	2016	2015
	HK\$'000	HK\$'000
At Valuation at 31 March 2015 (31 March 2014)	6,121,100	5,220,700
Additions	24,765	146,763
Revaluation	208,035	753,637
At 31 March 2016 (31 March 2015)	6,353,900	6,121,100

Investment properties comprised the following:

	2016	2015
	HK\$'000	HK\$'000
At valuation:		
Leasehold properties in Hong Kong – long term	4,720,000	4,570,000
Leasehold properties in Hong Kong – medium term	1,614,000	1,533,000
Leasehold properties in Mainland China – medium term	19,900	18,100
	6,353,900	6,121,100

Investment properties have been valued at 31 March 2016 and 2015 by AA Property Services Limited, independent professional valuers, who have recognized relevant professional qualifications and experiences in valuation of properties. The directors had on-going discussions with the surveyors upon producing the valuation reports in respect of valuation assumption use and other inputs relevant for the valuations of the Group's investment properties.

Notes to the Financial Statements

For the year ended 31 March 2016

10. INVESTMENT PROPERTIES *(continued)*

The following table presents the investment properties measured at fair value at 31 March 2016 on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. Inputs used in determining fair value measurement are categorized into different levels based on how observable the inputs used in the valuation technique.

Descriptions	Fair value measurement categorized into			
	Fair value HK\$'000	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant Unobservable inputs (Level 3) HK\$'000
As at 31 March 2016				
Investment properties				
In Hong Kong	6,334,000	–	–	6,334,000
In Mainland China	19,900	–	–	19,900
	6,353,900	–	–	6,353,900
As at 31 March 2015				
Investment properties				
In Hong Kong	6,103,000	–	5,183,000	920,000
In Mainland China	18,100	–	18,100	–
	6,121,100	–	5,201,100	920,000

During the year, there were no transfers between level 1 and 2, or transfer out of level 3. The group's policy is to recognize transfer as at the end of the reporting period in which they occur.

As at 31 March 2016, the fair value of the investment properties were determined on the basis of capitalization of the net income receivable with due allowance for reversionary income potential.

Notes to the Financial Statements

For the year ended 31 March 2016

10. INVESTMENT PROPERTIES (continued)

As at 31 March 2015, the fair value of the investment properties (except for an investment property that has 80-years leasehold interest) were determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

The change of the valuation technique is adopted in order to be in line with the industry practice. The overall impact on the change in valuation technique is not material.

Information about fair value measurement using significant unobservable inputs

2016

Descriptions	Fair value as at 31 March 2016 HK\$'000	Valuation techniques	unobservable inputs	Range of Unobservable inputs	Relationship of Unobservable inputs to fair value
Property in Hong Kong and Mainland China	6,353,900	Investment approach	(i) Capitalization rate	2.95% – 4.8%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	HK\$6 – \$89 psf per month	The higher the market rent, the higher the fair value

The Group has a 80-year leasehold interest property in Hong Kong, which was classified as level 3. The fair value of the property as at 31 March 2015 was determined using the following basis:

2015

Descriptions	Fair value as at 31 March 2015 HK\$'000	Valuation techniques	unobservable inputs	Range of Unobservable inputs	Relationship of Unobservable inputs to fair value
Property in Hong Kong (with 80-year leasehold interest)	920,000	Investment approach	(i) Capitalization rate	4% – 5%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	HK\$45 – \$55 psf per month	The higher the market rent, the higher the fair value

The fair value measurement of investment properties is based on the highest and best use, which does not differ from their actual use.

Notes to the Financial Statements

For the year ended 31 March 2016

11. ASSOCIATES

	2016 HK\$'000	2015 HK\$'000
Cost of investment	46,851	25,294
Share of post – acquisition reserves	652,441	604,069
	699,292	629,363
Provision for impairment	–	(10,279)
	699,292	619,084
Amount due from associates	498,336	164,342
Amount due to associates	(19,053)	(17,501)
	1,178,575	765,925

The amounts due from/to associates are unsecured, interest-free and have no fixed terms of repayment. The carrying value of the amounts due from/to associates approximates their fair value.

The Directors consider that the amounts due from/to associates as at the end of the reporting period form part of the net investments in the relevant associates.

Particulars of the Group's major associates as at 31 March 2016 are set out in note 31.

	2016 HK\$'000	2015 HK\$'000
Carrying value of the material associate in the consolidated financial statements:		
Supreme Key Limited	478,812	–
Keency Properties Limited	–	378,276
Tidefull Investment Limited	–	247,177
	478,812	625,453
Aggregate carrying value of associates that are not individually material in the consolidated financial statements	699,763	140,472
	1,178,575	765,925

In 2015, Keency Properties Limited and Tidefull Investment Limited were regarded as material associates. However, with the new investment in Supreme Key Limited, the Group had reclassified Keency Properties Limited and Tidefull Investment Limited as associates that are not individually material after considering the size of the investments.

Notes to the Financial Statements

For the year ended 31 March 2016

11. ASSOCIATES (continued)

Summary of financial information of the material associate, Supreme Key Limited, is as follows:

	Supreme Key Limited	
	2016	2015
	HK\$'000	HK\$'000
Non-current assets	8,025,703	–
Current assets	635,872	–
Non-current liabilities	(7,718,756)	–
Current liabilities	(112,298)	–
Equity	830,521	–
(Note 1)		
Revenue	586,284	–
Profit for the period	830,521	–
Other comprehensive income	–	–
Total comprehensive income	830,521	–
Dividend received from the associate	–	–
Reconciled to the company's interest on the associate		
Gross amounts of net assets of the associate	830,521	–
Group's effective interest	10.0%	–
Group's share of net assets of the associate	83,052	–
Legal & professional fee on acquisition	(1,071)	–
Amount due from the associate	396,831	–
Carrying value of the associate in the consolidated financial statements	478,812	–

Note 1: The amounts represent the post-acquisition revenue and profit for the period from 1 October 2015 to 31 March 2016.

Aggregate financial information of associates that are not individually material:

	2016	2015
	HK\$'000	HK\$'000
Aggregate carrying value of associates that are not individually material in the consolidated financial statements	699,763	140,472
Aggregate amounts of the Group's share of those associates:		
Profit for the year	11,691	18,347
Other comprehensive expense	(16,599)	(5,715)
Total comprehensive (expense)/income	(4,908)	12,632

Notes to the Financial Statements

For the year ended 31 March 2016

12. AVAILABLE FOR SALE INVESTMENTS

	2016 HK\$'000	2016 HK\$'000	2016 HK\$'000
	Level 1	Level 3	Total
Non-current			
Listed equity investments			
In Hong Kong	191,849	–	191,849
Outside Hong Kong	10,846	–	10,846
Listed debt securities/investment funds			
In Hong Kong	19,201	–	19,201
Outside Hong Kong	6,809	–	6,809
Unlisted equity investments			
In Hong Kong	–	37	37
Outside Hong Kong	–	132,707	132,707
Unlisted investment funds			
Outside Hong Kong	–	26,084	26,084
	228,705	158,828	387,533
Current			
Listed debt securities			
Outside Hong Kong	80,529	–	80,529

Notes to the Financial Statements

For the year ended 31 March 2016

12. AVAILABLE FOR SALE INVESTMENTS (continued)

	2015 HK\$'000	2015 HK\$'000	2015 HK\$'000
	Level 1	Level 3	Total
Non-current			
Listed equity investments			
In Hong Kong	184,139	–	184,139
Outside Hong Kong	22,718	–	22,718
Listed debt securities/investment funds			
In Hong Kong	18,840	–	18,840
Outside Hong Kong	5,276	–	5,276
Unlisted equity investments			
In Hong Kong	–	37	37
Outside Hong Kong	–	67,510	67,510
Unlisted investment funds			
Outside Hong Kong	–	23,133	23,133
	230,973	90,680	321,653
Current			
Listed debt securities			
Outside Hong Kong	2,189	–	2,189

Notes to the Financial Statements

For the year ended 31 March 2016

12. AVAILABLE FOR SALE INVESTMENTS (continued)

The available for sale investments are shown at fair value. The fair value of the listed investments are measured using quoted prices in active market (level 1 inputs). They are derived from the current bid price of the listed shares, debt securities and investment funds at reporting date.

For unlisted investments that do not have quoted market price in active markets, they are measured using valuation techniques in which any significant input is not based on observable market data (level 3 inputs). They are derived from the net asset value of the investments.

The following table shows the movement of Level 3 financial instruments during the year:

	2016	2015
	HK\$'000	HK\$'000
Unlisted available for sale investments		
At 1 April 2015 (1 April 2014)	90,680	69,554
Additions	65,083	23,400
Return of capital	–	(2,052)
Total gains or losses:		
In other comprehensive income as change in fair value of available for sale investments of subsidiaries	3,065	(222)
At 31 March 2016 (31 March 2015)	158,828	90,680

Notes to the Financial Statements

For the year ended 31 March 2016

13. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Cost	
At 31 March 2014	4,540
Additions	69
Written-off	(45)
At 31 March 2015	4,564
Additions	22
At 31 March 2016	4,586
Accumulated depreciation	
At 31 March 2014	2,327
Charge for the year	451
Written-off	(31)
At 31 March 2015	2,747
Charge for the year	365
At 31 March 2016	3,112
Net book value	
At 31 March 2016	1,474
At 31 March 2015	1,817

Notes to the Financial Statements

For the year ended 31 March 2016

14. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2016	2015
	HK\$'000	HK\$'000
Deferred rental receivables	22,467	17,153
Dividend receivable	15,983	–
Other deposits and prepayments	7,624	6,648
Trade and rental debtors	6,054	2,403
	52,128	26,204

Trade and rental debtors mainly comprise rental receivables. Rents from leasing of investment properties are normally received in advance.

At the reporting date, the aging analysis of the trade and rental debtors was as follows:

	2016	2015
	HK\$'000	HK\$'000
0 – 30 days	5,390	1,323
31 – 60 days	464	651
61 – 90 days	199	85
> 90 days	1	344
	6,054	2,403

The Group considered the above trade and rental debtors are fully recoverable. The Group has not made any provision for bad and doubtful debts during the year (2015: no bad and doubtful debts). The carrying amount of the debtors, advances and prepayments approximates their fair value.

Notes to the Financial Statements

For the year ended 31 March 2016

15. FINANCIAL ASSETS AT FAIR VALUE

	2016	2015
	HK\$'000	HK\$'000
Listed shares, at market value		
Outside Hong Kong	1,220	1,614

All of the financial assets at fair value as at 31 March 2016 were measured using quoted price (unadjusted) in active markets for identical financial instruments (level 1 inputs). They are derived from the current bid price of the listed shares at the reporting date.

16. CASH & BANK BALANCES

	2016	2015
	HK\$'000	HK\$'000
Cash at bank and in hand	93,018	92,903
Short-term bank deposits	15,464	152,003
Cash and cash equivalents	108,482	244,906

Bank balances of HK\$80,158,000 (2015: HK\$81,871,000) were charged by the lending banks to secure payment of bank loan interest.

The effective interest rate on short-term bank deposits was 0.29% p.a. (2015: 3.78% p.a.). The carrying amount of these assets approximates their fair value.

The cash and bank balances were denominated in the following currencies:

	2016	2015
	HK\$'000	HK\$'000
Hong Kong dollar	98,268	99,522
Chinese yuan	55	143,643
United States dollar	8,015	1,673
Others	2,144	68
	108,482	244,906

Notes to the Financial Statements

For the year ended 31 March 2016

17. SHARE CAPITAL

	Number of Shares of HK\$0.10 each	HK\$'000
Authorised		
At 31 March 2016 and 31 March 2015	2,000,000,000	200,000
Issued and Fully Paid		
At 31 March 2016 and 31 March 2015	1,154,038,656	115,404

18. RESERVES

	2016 HK\$'000	2015 HK\$'000
Share premium	547,748	547,748
Capital reserve and contributed surplus	41,242	41,242
Exchange reserve	(29,638)	6,646
Investment revaluation reserve	95,640	248,743
Property revaluation reserve	174,497	–
Retained earnings	4,184,083	3,867,000
	5,013,572	4,711,379

Pullman Pattaya Hotel G had been owned via a Thai property fund invested by Keencity Properties Limited, an associate of the Group. As a change of Thai SEC regulations, the property fund was required to be terminated by September 2015. Thus in April 2015, the hotel was transferred out of the Thai property fund to a Thai company owned by the same investors of Keencity Properties Limited. After the transfer, for accounting purposes, the hotel is treated as an investment property and the previous investment revaluation reserve has been reclassified as property revaluation reserve.

Notes to the Financial Statements

For the year ended 31 March 2016

19. CREDITORS & ACCRUALS

	2016	2015
	HK\$'000	HK\$'000
Creditors and accruals (due within one year)		
Rental deposit received	22,349	7,716
Accruals	6,914	5,881
Trade payables	5,036	5,594
	34,299	19,191
Creditors and accruals (due more than one year)		
Rental deposit received	49,889	53,299
	84,188	72,490

At the reporting date, the aging analysis of the trade payables based on the date of the invoices was as follows:

	2016	2015
	HK\$'000	HK\$'000
0 – 30 days	3,443	4,139
31 – 60 days	234	350
61 – 90 days	241	116
> 90 days	1,118	989
	5,036	5,594

Trade payables are non-interest bearing and have an average payment term of three months. The carrying amount of the creditors and accruals approximates their fair value.

Notes to the Financial Statements

For the year ended 31 March 2016

20. SECURED BANK LOANS

	2016 HK\$'000	2015 HK\$'000
Current		
Repayable within one year	54,651	1,100,433
Non-current		
Repayable more than one year but not exceeding two years	999,995	–
Repayable more than two years but not exceeding five years	1,011,734	635,242
	2,011,729	635,242

All bank loans are denominated in Hong Kong dollars except for a bank loan of HK\$651,000 which is denominated in Euro (2015: all bank loans were denominated in Hong Kong dollars except for bank loans of HK\$245,742,000 which was denominated in United States dollars and HK\$1,374,000 which was denominated in Euro). The effective interest rate at the year end date was 2.04% p.a. (2015: 2.18% p.a.). The carrying amount of bank loans approximates their fair value based on prevailing market interest rate.

21. DEFERRED TAXATION

The components of deferred tax liabilities recognized in the consolidated statement of financial position and movements thereon during the current and prior years are as follows:

	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 31 March 2014	1,938	42,002	(2,250)	41,690
Charge to profit or loss	600	7,347	(1,865)	6,082
At 31 March 2015	2,538	49,349	(4,115)	47,772
At 31 March 2015	2,538	49,349	(4,115)	47,772
Charge to profit or loss	450	7,442	(1,633)	6,259
At 31 March 2016	2,988	56,791	(5,748)	54,031

Notes to the Financial Statements

For the year ended 31 March 2016

22. GUARANTEES & COMMITMENTS

	2016	2015
	HK\$'000	HK\$'000
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries	1,056,995	721,242
– given to bank in respect of banking facilities utilized by associates	143,946	162,565
– on utility deposits	533	533
Commitments (contracted but not provided for)		
– for total future minimum lease payments in respect of land and buildings		
– not later than one year	2,993	2,230
– later than one year and not later than five years	3,473	764
– for purchase of available for sale investments		
– not later than one year	5,281	1,316
– for forward exchange contracts		
– not later than one year	80,087	–
	1,293,308	888,650

23. OPERATING LEASE RECEIVABLE

At the year end date, the Group's total future minimum lease payments to be received under non-cancellable rental leases in respect of investment properties were as follows:

	2016	2015
	HK\$'000	HK\$'000
Not later than one year	229,455	207,232
Later than one year but not later than five years	303,555	347,596
Over five years	–	5,877
	533,010	560,705

Notes to the Financial Statements

For the year ended 31 March 2016

24. PLEDGE OF ASSETS

In addition to the bank balances charged by the lending banks as disclosed in note 16, at the year-end date, investment properties with a carrying value of approximately HK\$6,300 million (2015: HK\$6,070 million) and available for sale investments with a carrying value of approximately HK\$13 million (2015: HK\$18 million) were pledged to secure bank loan facilities to the extent of HK\$2,122 million (2015: HK\$1,758 million). Among which HK\$2,066 million (2015: HK\$1,736 million) was utilized at that date.

25. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In October 2015, a new investment of HK\$60.1 million plus transaction costs of HK\$1.1 million was made to acquire 4% issued share capital of True Partner Investments Limited, which owns a commercial building in Shanghai. One of the sellers is the Group's related parties.

In January 2016, Gaw Capital Advisors Limited has entered into a lease agreement with our Group company to lease partial of 18th and 19th floors of 68 Yee Wo Street, Hong Kong. Based on the terms of the lease agreement, a rental deposit of HK\$2.6 million and 1-month advance payment of HK\$0.8 million were received.

Details of the above transactions are discussed in the Directors' Report section pages 14 and 15.

(b) Key management personnel compensation

The remuneration of Directors and other members of key management during the year were as follows:

	2016	2015
	HK\$'000	HK\$'000
Fees	250	221
Salaries, allowances and benefits	7,983	7,736
Discretionary bonus	4,850	3,000
Pension scheme contributions	49	40
	13,132	10,997

Notes to the Financial Statements

For the year ended 31 March 2016

26. EVENT AFTER THE REPORTING DATE

On 9 May 2016, Pine International Limited, a wholly owned subsidiary of the Company entered into a sale and purchase agreement to sell the entire issued share capital together with the shareholder loan of Network Success Limited for a consideration of HK\$68,795,000, net of any tax imposed by any tax authority in the PRC. Network Success Limited holds 50% of the issued share capital of Right Cheer Limited, which holds the property of Jie Fang Building, located at No.151 Jiefang Road South, Yuexiu District, Guangzhou. Details of the disposal were provided in the Company's announcement dated 9 May 2016.

27. FINANCIAL RISKS MANAGEMENT

The Group's principal financial instruments comprise bank loans and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group has various other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations.

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

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings and short-term bank deposits with a floating interest rate. The interest rates and terms of repayment of the Group's bank borrowings are disclosed in note 20 to the financial statements.

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

	Change in basis points	Change in profit before taxation HK\$'000	Change in equity HK\$'000
2016			
Bank borrowings	100	20,664	20,664
Short-term bank deposits	100	154	154
2015			
Bank borrowings	100	17,357	17,357
Short-term bank deposits	100	1,520	1,520

Notes to the Financial Statements

For the year ended 31 March 2016

27. FINANCIAL RISKS MANAGEMENT (continued)

(b) Foreign currency risk

The Group's financial assets and financial liabilities are substantially denominated in Hong Kong dollars or United States dollars. As Hong Kong dollars are pegged to United States dollars, the management considers that the foreign currency risk to the Group is not significant.

The Group's exposure to foreign currency risk is primarily through its investment in available for sale investments and financial assets at fair value which are denominated in Thai baht, Singapore dollar, Malaysian ringgit, Euro and Chinese yuan. The following table demonstrates the sensitivity at the year end date to a reasonable possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before taxation and the Group's equity.

	Change in exchange rate %	Change in profit before taxation HK\$'000	Change in equity HK\$'000
At 31 March 2016			
Available for sale investments and financial assets at fair value			
Thai baht	5%	61	75
Singapore dollar	5%	–	66
Malaysian ringgit	5%	–	3,547
Euro	5%	–	69
Chinese yuan	5%	–	4,026
Canadian dollar	5%	–	90
 At 31 March 2015			
Available for sale investments and financial assets at fair value			
Thai baht	5%	81	95
Singapore dollar	5%	–	607
Malaysian ringgit	5%	–	3,361
Euro	5%	–	65
Chinese yuan	5%	–	109
 Bank deposits			
Chinese yuan	5%	7,179	7,179

Notes to the Financial Statements

For the year ended 31 March 2016

27. FINANCIAL RISKS MANAGEMENT (continued)

(c) Credit risk

The Group's exposure to credit risk is mainly attributable to bank deposits and investments. Bank deposits are placed with high-quality financial institutions with good credit ratings. Investments are those listed securities and investment funds of counterparties that have high credit standing, the equity share price movements are closely monitored by our management.

The Group is also exposed to counterparties credit risk from its operating activities, primarily attributable to rental income. The Directors believe that our tenants are having high credit quality and the Group has policy in place to ensure that the properties are rented to tenants with an appropriate credit history. The Group has no concentration of credit risk and had no significant outstanding balances due by tenants at the reporting date. Accordingly, the overall credit risk is considered minimal.

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities.

The maturity profile of the Group's financial liabilities as at the year end date, based on the contracted undiscounted payments, was as follows:

At 31 March 2016

	Within 1 year or on demand	1 to 2 years	3 to 5 years	Over 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest bearing bank borrowings	95,757	1,033,286	1,032,347	-	2,161,390
Rental deposit received	22,349	13,775	33,969	2,145	72,238
Accruals and trade payables	11,950	-	-	-	11,950
	130,056	1,047,061	1,066,316	2,145	2,245,578

Notes to the Financial Statements

For the year ended 31 March 2016

27. FINANCIAL RISKS MANAGEMENT (continued)

(d) Liquidity risk (continued)

At 31 March 2015

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Interest bearing bank borrowings	1,134,532	12,381	640,226	–	1,787,139
Rental deposit received	7,716	18,890	28,103	6,306	61,015
Accruals and trade payables	11,256	–	–	–	11,256
	1,153,504	31,271	668,329	6,306	1,859,410

(e) Equity price risk

Equity price risk is the risk that the fair value of equity securities decreases as a result of changes in the level of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual investments classified as available for sale investments (note 12) and financial assets at fair value (note 15) as at 31 March 2016. The Group's listed investments are valued at quoted market prices at the year end date.

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

	Carrying amount of investments HK\$'000	Change in profit before taxation HK\$'000	Change in equity HK\$'000
At 31 March 2016			
Listed investments:			
Available for sale investments	309,234	–	15,462
Financial assets at fair value	1,220	61	61
At 31 March 2015			
Listed investments:			
Available for sale investments	233,162	–	11,688
Financial assets at fair value	1,614	81	81

Notes to the Financial Statements

For the year ended 31 March 2016

27. FINANCIAL RISKS MANAGEMENT (continued)

(f) Capital management

The primary objective of the Group's capital management is 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 maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 March 2016 and 31 March 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total assets. Net debt includes interest bearing bank borrowings and deferred payment less cash and bank balances. The gearing ratios as at the year end dates were as follows:

	2016	2015
	HK\$'000	HK\$'000
Interest bearing bank borrowings	2,066,380	1,735,675
Less: Cash and bank balances	(108,482)	(244,906)
Net debt	1,957,898	1,490,769
Total assets	8,164,362	7,485,708
Gearing ratio	24.0%	19.9%

Notes to the Financial Statements

For the year ended 31 March 2016

28. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of Financial Position of the Company

	At 31 March 2016 HK\$'000	At 31 March 2015 HK\$'000
ASSETS		
Non-current assets		
Subsidiary companies	1,438,191	1,398,748
Associates	41,116	41,092
Available for sale investments	3,140	5,479
	1,482,447	1,445,319
Current assets		
Debtors, advances & prepayments	130	151
Cash & bank balances	98	207
Tax assets	292	292
	520	650
Total assets	1,482,967	1,445,969
EQUITY		
Share capital	115,404	115,404
Reserves	1,366,963	1,329,945
Total equity	1,482,367	1,445,349
LIABILITIES		
Current liabilities		
Creditors & accruals	600	620
Total liabilities	600	620
Total equity and liabilities	1,482,967	1,445,969

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 28 June 2016 and are signed on its behalf by:

Kenneth Gaw
Director

Alan Kam Hung Lee
Director

Notes to the Financial Statements

For the year ended 31 March 2016

28. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(b) Reserves Movement of the Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000
At 31 March 2015	547,748	381,051	400,212	934	1,329,945
Profit for the year	-	-	87,827	-	87,827
Final dividend paid for the year ended 31 March 2015	-	-	(32,313)	-	(32,313)
Interim dividend paid for the year ended 31 March 2016	-	-	(16,157)	-	(16,157)
Revaluation of available for sale investments	-	-	-	(2,339)	(2,339)
At 31 March 2016	547,748	381,051	439,569	(1,405)	1,366,963
At 31 March 2014	547,748	381,051	376,696	(1,055)	1,304,440
Profit for the year	-	-	67,369	-	67,369
Final dividend paid for the year ended 31 March 2014	-	-	(28,851)	-	(28,851)
Interim dividend paid for the year ended 31 March 2015	-	-	(15,002)	-	(15,002)
Revaluation of available for sale investments	-	-	-	1,989	1,989
At 31 March 2015	547,748	381,051	400,212	934	1,329,945

The reserves of the Company available for distribution to shareholders as at the reporting date calculated in accordance with the Bermuda Companies Act, amounted to HK\$820,620,000 (2015: HK\$781,263,000), being the contributed surplus and retained earnings at that date.

Notes to the Financial Statements

For the year ended 31 March 2016

29. SUBSIDIARY COMPANIES

	2016 HK\$'000	2015 HK\$'000
Unlisted shares, at cost	421,933	421,933
Amount due by subsidiaries	1,061,924	1,022,481
Provision for impairment	(45,666)	(45,666)
	1,438,191	1,398,748

The amounts due by subsidiaries are unsecured, interest-free and have no fixed term of repayment. The carrying value of these amounts due by subsidiaries approximates their fair values.

Particulars of the Group's major subsidiaries at 31 March 2016 are set out in note 30.

The following table presents the information relating to Causeway Bay 68 Limited, the subsidiary of the Group which has material non-controlling interest ("NCI"). The following summarized consolidated financial information represents the amounts before any inter-company elimination.

	2016 HK\$'000	2015 HK\$'000
Percentage of NCI	40%	40%
Current assets	90,417	99,093
Non-current assets	3,000,000	2,920,000
Current liabilities	(16,775)	(1,021,856)
Non-current liabilities	(1,059,189)	(53,311)
Net assets	2,014,453	1,943,926
Carrying value of NCI in the consolidated financial statements	805,781	777,570
Revenue	120,240	118,123
Profit for the year	135,527	225,171
Total comprehensive income	135,527	225,171
Profit allocated to NCI	54,211	90,068
Cash generated from operating activities	89,580	84,833
Cash used in investing activities	(3,222)	(3,359)
Cash used in financing activities	(94,963)	(98,393)

Notes to the Financial Statements

For the year ended 31 March 2016

30. PARTICULARS OF MAJOR SUBSIDIARIES

Particulars of the major subsidiaries of Group as at 31 March 2016 are as follows:

Name of company	Main activity	Place of incorporation	Place of operation	Particulars of issued and paid up capital	Percentage of equity held
AEW VIA HK 1 Limited	Real Estate	Hong Kong	Hong Kong	HK\$10,000	100
All Success Holdings Limited	Real Estate	Hong Kong	Hong Kong	HK\$1	100
Anpona Investments Limited	Real Estate	Hong Kong	Hong Kong	HK\$10,000	100
Brilliant Valley Investment Limited	Investment	Liberia	Hong Kong	HK\$1	100
Causeway Bay 68 Limited	Investment	British Virgin Islands	Hong Kong	US\$1,000	60
Dynamic Business Limited	Real Estate	Hong Kong	Hong Kong	HK\$1	100
Forerunner Investments Limited	Investment	Hong Kong	Hong Kong	HK\$3,000,000	65
Gamolon Investments Limited	Real Estate	Hong Kong	Hong Kong	HK\$10,000	100
Glory East Limited	Real Estate	Liberia	Hong Kong	Nil	100
Golden Mile Limited	Real Estate	Liberia	Hong Kong	Nil	100
Kind Regent Holdings Limited	Investment	British Virgin Islands	Hong Kong	US\$1	100
Master Yield Limited	Investment	British Virgin Islands	Hong Kong	Nil	100
Pine International Limited	Investment	British Virgin Islands	Hong Kong	HK\$1	100
Pioneer Estates Limited	Real Estate	Hong Kong	Hong Kong	HK\$1,000	100
Pioneer Industries (Holdings) Limited	Investment	Hong Kong	Hong Kong	HK\$75,873,257	100
Supreme Success Limited	Real Estate	Hong Kong	Hong Kong	HK\$1	100
Treasure Spot Investments Limited	Real Estate	British Virgin Islands	Hong Kong	US\$1	60
Wealth Instrument Inc.	Investment	British Virgin Islands	Hong Kong	US\$1	100
Uniever Link Limited	Investment	British Virgin Islands	Hong Kong	US\$1	100

Notes to the Financial Statements

For the year ended 31 March 2016

31. PARTICULARS OF MAJOR ASSOCIATES

Particulars of the major associates of the Group as at 31 March 2016 are as follows:

Name	Country of incorporation	Investment by associates	Group's effective interest in		Issued and paid up share capital
			investment	associates	
Keencycity Properties Limited	British Virgin Islands	Pullman Pattaya Hotel G, Thailand	49.5%	49.5%	US\$9,939,020
Pioneer Hospitality Siam (GBR) Limited	Thailand	Hotel operating businesses	49.5%	49.5%	Baht 300,000,000
Royal Culture Limited	Hong Kong	Pullman Bangkok Hotel G, Thailand	49.5%	49.5%	HK\$1
Pioneer iNetwork Limited	Hong Kong	10% of listed shares of Dusit Thani Public Company Ltd	50.0%	50.0%	HK\$2
Right Cheer Limited	Hong Kong	Guangzhou Jie Fang Building, China	50.0%	50.0%	HK\$2
Strand Hotels International Limited	British Virgin Islands	Three hotels in Myanmar	20.3%	40.7%	US\$11,101,191
Supreme Key Limited (Note 1)	British Virgin Islands	InterContinental HK	10.0%	10.0%	US\$10
Tidefull Investment Limited (Note 2)	Liberia	Shanghai K. Wah Centre, China	7.7%	50.0%	Nil

Note 1: The Group owns 10% shareholdings of Supreme Key Limited. It was classified as an associate because we have significant influence over the company. We have appointed one out of five directors of the company. Our Directors will actively participate in the strategic decision making of the company.

Note 2: The Hong Kong Institute of Certified Public Accountants completed a review on the Group's consolidated financial statements for the year ended 31 March 2014 in August 2015 and suggested that the Group's associate, Tidefull Investment Limited ("Tidefull") should be classified as a subsidiary of the Group. The case was referred to the Financial Reporting Council ("FRC") in September 2015 and the FRC concluded in May 2016 that Tidefull should be classified as a joint venture of the Group.

However, the management still considers that it is more appropriate to treat Tidefull as an associate and is seeking independent professional advice on this issue. The classification of associate or joint venture will have no impact to the Group's consolidated financial statements because both classifications have the same accounting treatment of using equity method under HKFRS.

Schedule of the Group's Properties

The following is a list of properties held for investment as at 31 March 2016:

Location/Lot No.	Type of property	Lease term	Group's effective interest	Gross area
1. Pioneer Place (formerly known as Pioneer Building) 33 Hoi Yuen Road, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 294	Commercial	Medium-term	100%	245,678 ft ²
2. 1st Floor, Fu Hop Factory Building Nos.209 & 211 Wai Yip Street, Kwun Tong, Hong Kong 8/112 shares of and in Kwun Tong Inland Lot No. 293	Industrial	Medium-term	100%	11,100 ft ²
3. The Pemberton Nos.22-26 Bonham Strand, Sheung Wan, Hong Kong The Remaining Portion of Inland Lot No. 7667	Commercial	Long-term	100%	70,616 ft ²
4. Club Lusitano No.16 Ice House Street, Central, Hong Kong Remaining portion of Inland Lot No. 339	Commercial	Long-term	100%	80,100 ft ²
5. 68 Yee Wo Street No.68 Yee Wo Street, Causeway Bay, Hong Kong The whole of Section K of Inland Lot No. 1408	Commercial	Long-term	60%	229,200 ft ²
6. Apartments A and B on 19th Floor, Wah Tai Mansion, No.388 Zhao Jia Bang Road, Shanghai, People's Republic of China	Residential	Medium-term	100%	5,248 ft ²

Five Years Financial Summary

	2012	2013	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Restated)				
	(Note 2)				
RESULTS					
Turnover	179,762	199,415	177,569	212,105	258,712
Profit attributable to shareholders	405,545	671,140	477,449	804,243	365,553
Dividend	27,697	41,545	43,853	47,315	48,470
Earnings per share (HK cents)	42.97	58.16	41.37	69.69	31.68
FINANCIAL POSITION					
Total assets	5,234,406	5,969,085	6,428,120	7,485,708	8,164,362
Total liabilities	(1,658,076)	(1,604,632)	(1,633,585)	(1,857,649)	(2,204,599)
	3,576,330	4,364,453	4,794,535	5,628,059	5,959,763
Capital and reserves					
Share capital	115,404	115,404	115,404	115,404	115,404
Reserves	2,877,126	3,566,093	3,937,943	4,711,379	5,013,572
Shareholders' funds	2,992,530	3,681,497	4,053,347	4,826,783	5,128,976
Non-controlling interests	583,800	682,956	741,188	801,276	830,787
	3,576,330	4,364,453	4,794,535	5,628,059	5,959,763
	HK cents	HK cents	HK cents	HK cents	HK cents
Net asset value per share (Note 1)	259.3	319.0	351.2	418.3	444.4

Note 1: Net asset value per share is arrived at using shareholders' fund divided by number of issued shares at year end.

Note 2: The comparative figures for the year 2012 had been restated as a result of the adoption of the amendments to HKAS12 "Deferred Tax: Recovery of Underlying Assets".