昊天發展集團有限公司

Hao Tian Development Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00474)

Anuual Report
2015/16

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Xu Hai Ying
Dr. Zhiliang Ou, *J.P. (Australia)*
Mr. Fok Chi Tak

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ming Sun, Jonathan
Mr. Lam Kwan Sing
Mr. Lee Chi Hwa, Joshua

AUDIT COMMITTEE

Mr. Chan Ming Sun, Jonathan
(Chairman of Committee)
Mr. Lam Kwan Sing
Mr. Lee Chi Hwa, Joshua

EXECUTIVE COMMITTEE

Mr. Xu Hai Ying
Dr. Zhiliang Ou, *J.P. (Australia)*
Mr. Fok Chi Tak

REMUNERATION COMMITTEE

Mr. Chan Ming Sun, Jonathan
(Chairman of Committee)
Dr. Zhiliang Ou, *J.P. (Australia)*
Mr. Lam Kwan Sing

NOMINATION COMMITTEE

Dr. Zhiliang Ou, *J.P. (Australia)*
(Chairman of Committee)
Mr. Chan Ming Sun, Jonathan
Mr. Lam Kwan Sing

AUTHORIZED REPRESENTATIVES

Mr. Fok Chi Tak
Dr. Zhiliang Ou, *J.P. (Australia)*

COMPANY SECRETARY

Mr. Pang Kwok Cheong

LEGAL ADVISERS

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15 Queen's Road Central
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Yingtai Center
No. 28, Finance Street
Xicheng District
Beijing 100033, China

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

China Minsheng Banking Corp. Ltd.,
Hong Kong Branch
36/F., Bank of America Tower,
12 Harcourt Road,
Central, Hong Kong

Nanyang Commercial Bank, Ltd.
2/F., 359-361 Queen's Road Central,
Hong Kong

United Overseas Bank Limited
Suite 2110-2113, 21/F., Tower 6,
The Gateway, Harbour City, 9 Canton Road
Tsim Sha Tsui,
Kowloon

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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(Cayman) Limited
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 4917-4932, 49/F.,
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30 Harbour Road, Wan Chai,
Hong Kong

WEBSITE

www.haotianhk.com

Financial Highlights

For the years ended 31 March	2016	2015
Operating Results	**HK$'000**	HK$'000
Revenue	**897,962**	269,559
Net profit	**465,974**	1,522,378
Per Share Data	**HK cents**	HK cents (restated)
Profit per share – basic and diluted	**14.77**	62.40
Net asset per share to owners of the Company	**182.85**	167.28
Financial Position	**HK$'000**	HK$'000
Total assets	**8,428,362**	6,193,193
Net assets to owners of the Company	**6,659,881**	4,925,310
Financial Ratio	**%**	%
Debt to equity	**12.11**	14.56

Directors, Senior Management and Staff

DIRECTORS

Executive Directors

Mr. Xu Hai Ying ("**Mr. Xu**"), aged 62, was appointed as a Non-executive Director of the Company on 1 January 2012 and was re-designated as an Executive Director of the Company in February 2012. Mr. Xu is the senior technical consultant and senior manager of 中國節能環保集團有限公司 (China Jieneng Huangbao Group Company Limited*), whose principal business is the development of energy conservation technologies, clean and new energy, and energy infrastructure construction. Mr. Xu has substantial management experience and has been the manager of the representative offices of Wallem & Company Limited (華林船務集團有限公司) in Shanghai and Tianjin, The People's Republic of China and the chief representative of the Shanghai representative office of Hong Kong Maritime Company Limited (香港海運有限公司) and has served other management positions.

Dr. Zhiliang Ou, *J.P., (Australia)* ("**Dr. Ou**"), aged 47, was appointed as an Independent Non-executive Director of the Company on 11 June 2012 and was re-designated as an Executive Director of the Company in August 2012. Dr. Ou holds a Doctor of Philosophy degree in Civil & Resource Engineering from The University of Western Australia, Australia. He also holds two Bachelor of Engineering degrees in Engineering Management & Structural Engineering respectively from Tongji University (同濟大學). Dr. Ou has over 25 years of professional engineering and management experience in oil & gas, mining and infrastructure industries both in Australia and China. He has been a senior staff member in the world's leading energy & resource firms including Kellogg Brown & Root (formerly known as KBR Halliburton), WorleyParsons Pty Ltd., as well as Sedgman Ltd., which is specialized in coal processing and handling plants. Dr. Ou participated in a number of key energy and resource projects around the world such as acting as the Lead Civil and Structural Engineer for BHP Billiton RGP6 Jimblebar project; Rio Tinto iron ore Dove Siding expansion project; Chevron Wheatstone Domgas LNG Pipeline project; Yemen LNG Project (in the Republic of Yemen) and Western Australia Dampier to Bunbury Natural Gas Pipeline (Stage 5B) project, etc. Dr. Ou also has extensive experience and network in China. He was the general manager of 福建省黎明建築工程公司 (Fujian Liming Construction Company*) from 1993 to 1997. He was a Guest Professor for Inner Mongolia University (內蒙古大學) and Inner Mongolia University of Science & Technology (內蒙古科技大學) in China.

Mr. Fok Chi Tak ("**Mr. Fok**"), aged 40, was appointed as an Executive Director of the Company in September 2013. Mr. Fok was also the directors of various subsidiaries of the Group and has been the Chief Financial Officer of the Company since December 2010. In addition to the responsibility to oversee the Group's finance unit and functions, Mr. Fok also involves in the formulation of strategic plans for the business development of the Group, fund raising activities and potential merger and acquisition activities of the Group. Mr. Fok holds a master degree in business administration from the University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Fok is also a fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Fok currently also serves as an executive director of Far East Holdings International Limited (Stock code: 36, a company listed on the main board of the Stock Exchange of Hong Kong Limited ("Stock Exchange"). Mr. Fok has extensive experience in corporate finance, corporate governance, mergers and acquisitions, auditing and financial management.

* *For identification purposes only*

Directors, Senior Management and Staff

Independent Non-Executive Directors

Mr. Chan Ming Sun Jonathan ("**Mr. Chan**"), aged 43, was appointed as an Independent Non-executive Director of the Company in March 2012. Mr. Chan graduated from the University of New South Wales, Australia with a Bachelor of Commerce degree in Accounting and Computer Information Systems. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of Certified Public Accountants, Australia. Mr. Chan has over 15 years of experience in auditing, accounting, investment and financial management. Mr. Chan is currently an investment manager of Sprint Asset Management Limited. Mr. Chan is also an independent non-executive director of each of China Dredging Environment Protection Holdings Limited (Stock code: 871), Far East Holdings International Limited (Stock code: 36) and Shenyang Public Utility Holdings Company Limited (Stock code: 747), whose securities are listed on the main board of the Stock Exchange, and of Changhong Jiahua Holdings Limited (Stock code: 8016) and L&A International Holdings Limited (Stock code: 8195), whose securities are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Chan resigned as the independent non-executive director of Beautiful China Holdings Company Limited (Stock code: 706) and Focus Media Network Limited (Stock code: 8112) on 28 February 2014 and 27 November 2015 respectively.

Mr. Lam Kwan Sing ("**Mr. Lam**"), aged 46, was appointed as an Independent Non-executive Director of the Company in August 2012. Mr. Lam graduated from the City University of Hong Kong with a degree in Bachelor of Arts in Accountancy. He has more than 18 years of experience in the commercial and corporate finance field. Currently, Mr. Lam is a director of China Natural Resources, Inc. (a company listed on NASDAQ since 2003) and an executive director of China Smarter Energy Group Holdings Limited (Stock code: 1004), which is a company listed on the main board of the Stock Exchange. Mr. Lam was an executive director of Enterprise Development Holdings Limited (Stock code: 1808) from February 2012 to May 2015, which is listed on the main board of the Stock Exchange.

Mr. Lee Chi Hwa Joshua ("**Mr. Lee**"), aged 43, was appointed as an Independent Non-executive Director of the Company in September 2014. He is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. Mr. Lee has extensive experience in the fields of auditing, accounting and finance. Mr. Lee currently serves as an independent non-executive director of each of China Fortune Investments (Holding) Limited (Stock code: 8116), Code Agriculture (Holdings) Limited (Stock code: 8153) and Focus Media Network Limited (Stock code: 8112), which are listed on the Growth Enterprise Market of the Stock Exchange. He currently serves as the independent non-executive director of Jin Bao Bao Holdings Limited (Stock code: 1239) and an executive director of China Healthcare Enterprise Group Limited (Stock code: 1143), which are both listed on the main board of the Stock Exchange. He was also an independent non-executive director of King Stone Energy Group Limited (Stock code: 663) from January 2012 to April 2013 and China Minsheng Drawin Technology Group Limited (formerly known as South East Group Limited) (Stock code: 726) from December 2013 to February 2015.

COMPANY SECRETARY

Mr. Pang Kwok Cheong ("**Mr. Pang**"), aged 42, joined the Group in July 2015, is currently the group general counsel and company secretary of the Company. He has been appointed as managing director of King International Financial Holdings Limited with effect from 1 March 2016. He is also a director of certain subsidiaries of the Group. Prior to joining the Company, Mr. Pang worked in leading international consultancy firm and US law firm and leading telecommunications company in Hong Kong. Mr. Pang was admitted as a solicitor in England and Wales and Hong Kong. He is experienced in mergers and acquisitions, corporate finance, private equity, venture capital, real estate, corporate governance, regulatory and company secretarial matters. Mr. Pang obtained his bachelor of laws degree from Tsinghua University. He holds a master degree in the Faculty of Architecture and a master degree in laws as well as the Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong.

SENIOR MANAGEMENT

Mr. Zhang Ai Ping ("**Mr. Zhang**"), aged 61, joined the Group in June 2015. He has been the senior vice president of the Group since June 2016, mainly in charge of the business development and corporate management of the Group. Mr. Zhang holds a bachelor degree in ocean physics from the Faculty of Ocean of Xiamen University. Mr. Zhang has extensive experience in foreign trade industry and once worked as the general manager of Fujian Chemical Import & Export Co., Ltd.（福建省化工進出口公司）, general manager of Fujian Machinery Import & Export Co., Ltd.（福建省機械進出口公司）, chairman of Fujian Foreign Trade Development Co., Ltd. (福建省外貿實業發展有限公司, the sole investment company under the Department of Foreign Trade in Fujian Province（福建省外經貿廳）), chairman of Fujian Xiamen Foreign Trade and Economic (Group) Co., Ltd., assistant to chairman of FJMOTOR（福建省汽車集團）.

Mr. Zhang has served top management roles for a long time in those enterprises which involve various industries including chemical, machinery, food, healthcare, minmetals, local products, technology and automobile, as well as the secondary and tertiary industry sectors. He has extensive experience in corporate operation, management and project investment, thus providing valuable contribution in the implementation of the investment projects of the Group.

Mr. Lo Cho Yan ("**Mr. Lo**"), aged 50, joined the Group in March 2016. He is currently the chief executive officer of King International Financial Holdings Limited which is a wholly owned subsidiary of the Company. Mr. Lo has been involved in the financial services business for over 30 years and has extensive experience in futures, foreign exchange, bullion, and investment analysis. Mr. Lo has held various senior positions with prominent financial services companies in Hong Kong including Hantec Investment Holdings Limited (Stock Code: 111, which was subsequently renewed to Cinda International Holdings Limited), Haitong International Securities Group Limited (stock code:665), South China Financial Holdings Limited (stock code: 619), OCBC Bank Hong Kong and Tung Shing (Brokers) Group to manage and develop the sales and marketing activities. He is a columnist in newspaper to write investment analysis and was interviewed for market opinion. He is also a guest host and honored guest in TV and media. Mr. Lo was invited by Ming Pao to produce a video programme "36 Methods applying to Investment" which was also be edited to a book and published by Ming Pao Publications.

Directors, Senior Management and Staff

Mr. Man Kong Yui ("**Mr. Man**"), aged 56, joined the Group in March 2016. He is currently the chief operating officer of King International Financial Holdings Limited. Mr. Man has been involved in the investment and financial industries for over 35 years and has extensive experience in bullion, foreign exchange, securities, futures and asset management business. He has held various senior positions in prominent banks, international financial institutions and listed companies in Hong Kong. He holds a Bachelor Degree in Business Administration from The Chinese University of Hong Kong. He has been an independent non-executive director of Get Nice Holdings Limited (stock code: 64) since 3 October 2005, Global Mastermind Capital Limited (stock code: 905) since 26 September 2014 and Huanxi Media Group Limited (formerly known as 21 Holdings Limited, stock code: 1003) on 10 April 2014 and resigned with effect from 18 September 2015. All the aforesaid companies are companies listed on the Main Board of the Stock Exchange.

Mr. Sit Hon Wing ("**Mr. Sit**"), aged 39, was appointed as the Financial Controller of the Company in September 2015. He is mainly responsible for overseeing our Group's financial matters. He had worked in the audit and assurance department of PricewaterhouseCoopers in Hong Kong. Mr. Sit has also served as the chief financial officer, financial controller and company secretary of certain listed companies in Hong Kong. From December 2010 to September 2015, he was the chief financial officer and company secretary of CT Environmental Group Limited (Stock code: 1363). From June 2006 to January 2008, Mr. Sit was the financial controller and company secretary of Sau San Tong Holdings Limited (Stock code: 8200). From December 2002 to November 2005, he was the financial controller of Code Agriculture (Holdings) Limited (formerly known as China Chief Cable TV Group Limited (Stock code: 8153)). Mr. Sit received a bachelor's degree in accountancy from the Hong Kong Polytechnic University in 1999 and he is a fellow member of both the Hong Kong Institute of Certified Public Accountants (HKICPA) and Association of Chartered Certified Accountants (ACCA).

Mr. Lau Chi Hang ("**Mr. Lau**"), aged 35, joined Hao Tian Finance Company Limited as vice president on 2 February 2015. Mr. Lau graduated from Benedictine College in USA with a degree in commerce. Mr. Lau has more than 10 years of experience in the banking and financial sector. Before joining the Company, Mr. Lau had worked in South China Financial Credit, Australia and New Zealand Banking Group Limited, and Bank of China Credit Card Center.

Director's Statement

On behalf of Hao Tian Development Group Limited (the "Company", and together with its subsidiaries, collectively the "Group"), I hereby present the annual results of the Group for the year ended 31 March 2016.

I am pleased to witness the Group's development and performance in securities investment and money lending business notwithstanding the volatile stock market and Hong Kong property market during the year. Our Group is confident with the future development of the Hong Kong stock market and the money lending business so that we will further increase the scale of its money lending business and will actively invest in the Hong Kong stock market with a dynamic portfolio which will be adjusted according to the changing market conditions.

It remains the long-term corporate strategies of the Group to actively seek for diversified business development opportunities to expand the scale of the Group and to increase its revenue on top of the development of existing business. On 7 June 2016, our Group had entered into an investment framework agreement in relation to the Innovative Camellia Oleifera Health Industry Project (創新型油茶健康產業項目) (the "Project") which involves the establishment of a base for the cultivation of Camellia Oleifera and the production of Camellia Oleifera-related products in Qingliu County, Fujian Province and we expect to invest not more than RMB380 million in the Project. During the year, the Group had also entered into an agreement to acquire a company engaged in the provision of brokerage services in Hong Kong. In addition, our Group also plans to establish a trading platform for customers for the trading of bullion through King International Bullion Limited, a wholly-owned subsidiary of the Company, which is expected to be launched in mid-July 2016. We expect synergy could be achieved between this company and our money lending business by developing various financial services platforms.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders for their great support and trust, and to our directors, management and staff for their invaluable contributions to the Group over the past year. The Group will also actively develop its own businesses to achieve fabulous returns for our shareholders.

Dr. Zhiliang Ou
Executive Director

Hong Kong, 28 June 2016

Management Discussion and Analysis

BUSINESS REVIEW

Money Lending Business

During the year ended 31 March 2016, the money lending business of the Group generated an interest income of approximately HK$130.0 million (2015: approximately HK$60.4 million), representing an increase of 115.2%. The main services of this segment include money lending in respect of property mortgage loans in Hong Kong and loans to high net worth customers in Hong Kong. As at 31 March 2016, the outstanding loan receivables of the money lending business of the Group had reached approximately HK$827.8 million (as at 31 March 2015: approximately HK$444.0 million).

Securities Investment Business (Investments held for trading)

During the year ended 31 March 2016, the net realised gains from disposal of investments held for trading were approximately HK$16.2 million (2015: approximately HK$15.3 million) and the fair value gains from investments held for trading, comprising listed equity securities, were approximately HK$1,528.4 million (2015: approximately HK$1,910.0 million).

As of 31 March 2016, the value of listed equity securities in Hong Kong held by the Group which were classified as investments held for trading amounted to approximately HK$4,860.1 million (31 March 2015: approximately HK$2,956.7 million). Such amounts mainly comprised the following listed securities, namely: (1) China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited) (stock code: 412); (2) Carnival Group International Holdings Limited (stock code: 996); (3) China Cinda Asset management Co., Ltd. (stock code: 1359); (4) Imperial Pacific International Holdings Limited (stock code: 1076); and (5) Guotai Junan International Holdings Limited (stock code: 1788).

Investments classified as available-for-sale investments

During the year ended 31 March 2016, the realised gains from disposal of available-for-sale investments were approximately HK$29.3 million (2015: approximately HK$141.4 million).

As of 31 March 2016, the value of listed equity securities in Hong Kong held by the Group which were classified as available-for-sale investments amounted to approximately HK$1,317.5 million (31 March 2015: approximately HK$925.2 million). Such value comprised securities of four listed companies, namely: (1) Imperial Pacific International Holdings Limited (stock code: 1076); (2) HengTen Networks Group Limited (formerly known as Mascotte Holdings Limited) (stock code: 136); (3) Up Energy Development Group Limited (stock code: 307) and (4) China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited) (stock code: 412). There was no material change in the portfolio composition classified under available-for-sale investments during the year and the increase in the value of available-for-sales investments was mainly attributable to the general increase in the share price of the above securities.

Trading of Futures Business

During the year ended 31 March 2016, the trading of futures business of the Group recorded a profit of approximately HK$0.9 million (2015: HK$18.1 million). The decrease in profit recorded was due to the general increase in the volatility of the commodities market.

Warehousing and Logistics Business

The Group owns a parcel of land located at Ganquanbao Industrial Park, Urumqi, Xinjiang (新疆烏魯木齊市甘泉堡工業園區) with a site area of approximately 151,100 sq.m., which is designated for logistics, warehousing and development of warehousing and logistics business purposes. During the year, as the development was still in its preliminary stage, no revenue was recorded from the warehousing and logistics business of the Group.

There are a number of principal risks and uncertainties facing the Group, including, among other things, (i) the volatility of the Hong Kong and global capital markets, (ii) the regulatory restrictions of Hong Kong on money lenders and other investment-related business, (iii) market competition and (iv) the uncertainties in connection with the other ventures of the Group, e.g. the Innovative Camellia Oleifera Health Industry Project.

The above is not intended to be an exhaustive list of all principal risks and uncertainties facing the Group. These may change over time as new risks and uncertainties emerge and others cease to be of concern. Discussion of the Group's system of risk management and internal controls is contained in the Corporate Governance Report on page 43 of this report.

The Board closely monitors the above risks and uncertainties and considers any adverse change of these risks and uncertainties that would have a material negative effect on the Group's business, financial condition and results of operation.

The Group has maintained a good relationship with its major customers and suppliers in general.

Details of the Group's relationship with its staff are set out on page 32 of this report.

The Group is committed to comply with the Listing Rules, the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and other applicable laws.

In respect of corporate social responsibility, the Group strongly believes that a successful enterprise should be able to gain recognition and respect of the whole community by contributing to the environment. Internally the Group cultivates a corporate culture of environmental awareness by implementing a series of environmental protection measures at the Group's headquarters, such as use of transmission of bulk documents through electronic means, double-sided printing, recycling of printed papers and envelopes. Further details on the Group's environmental policies, community involvement, employee wellbeing and other social responsibility activities are contained in the Environmental, Social and Governance Report on pages 47 to 48 of this report.

Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 March 2016 are set out on pages 20 to 21 of this report.

FINANCIAL REVIEW

Revenue

Interest income from money lending business amounted to approximately HK$130.0 million (2015: approximately HK$60.4 million). The increase was mainly attributable to the increase in the number of customers for our property mortgaged loans and personal loans. Interest expense of approximately HK$30.9 million (2015: approximately HK$23.8 million) was incurred for bank borrowings obtained solely for the Group's money lending business. The Group financed the money lending business by both external and internal resources during the year.

Other gains and losses

The Group recorded a decrease in other gains and losses from a gain of HK$1,918.0 million for the year ended 31 March 2015 to a gain of HK$762.2 million for the year ended 31 March 2016. Such decrease was mainly attributable to: (i) the fair value gain on investments held for trading for the year ended 31 March 2016 was less than the amount of fair value gain on investments held for trading for the year ended 31 March 2015; (ii) the decrease in the amount of gain on disposal of available-for-sale investments; (iii) the impairment loss on available-for-sale investments of certain listed and unlisted securities held by the Group; and (iv) loss on issuance of 588,858,000 warrants to the controlling shareholder of the Company. Subsequently, the warrants had been exercised in full and net proceeds of approximately HK$49.4 million and approximately HK$244.4 million had been received by the Group in July 2015 and April 2016 respectively.

Administrative expenses

For the year ended 31 March 2016, administrative expenses of the Group were approximately HK$89.3 million (2015: approximately HK$75.4 million), representing an increase of approximately HK$13.9 million or 18.4% as compared with the same period last year. The increase was mainly due to increase in staff headcount and business development expenses.

Finance costs

For the year ended 31 March 2016, the finance costs of the Group were approximately HK$87.9 million (2015: approximately HK$66.4 million), representing an increase of approximately HK$21.5 million or 32.4% as compared with the same period last year. The increase was mainly due to the increase in interest expenses incurred on new bank borrowings for the Group's money lending business and due to the interest expenses in relation to the issue of secured notes of US$30 million (the "CCBI Notes") to a company held by CCBI Investments Limited in July 2015.

Taxation

For the year ended 31 March 2016, income tax expenses was approximately HK$256.9 million (2015: approximately HK$323.8 million). The decrease was mainly due to the decrease in the amount of provision of deferred tax in Hong Kong, which was generally in line with the decrease in the fair value gain on investments held for trading.

Profit attributable to owners of the Company

For the year ended 31 March 2016, the Group recorded a profit attributable to owners of the Company of approximately HK$524.4 million (2015: approximately HK$1,522.6 million). The basic and diluted earnings per share were approximately HK14.77 cents (2015: HK62.40 cents).

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group mainly finances its operations from a combination of operating cash flows, borrowings and equity. As at 31 March 2016, the Group had cash and cash equivalents (including pledged bank deposits) of approximately HK$463.2 million (31 March 2015: approximately HK$248.9 million). The Group's working capital increased to approximately HK$5,358.7 million (31 March 2015: approximately HK$2,904.7 million). Such increase was mainly resulted from the increase in (i) proceeds received from various fund raising activities during the year; (ii) fair value gain on investments held for trading during the year; and (iii) reclassification of derivative financial instruments from non-current assets to current assets as such instruments will expire within the next twelve months as of 31 March 2016.

Management Discussion and Analysis

As at 31 March 2016, the Group had outstanding borrowings (including secured notes) of approximately HK$831.5 million (31 March 2015: approximately HK$717.4 million). Such borrowings included a bank borrowing of approximately HK$129.6 million which was secured by a standby letter of credit issued by a bank in the PRC which in turn was secured by certain bank deposits held by the Group. The Group also had other banking facilities provided by financial institutions in Hong Kong which were secured by certain assets of the Group, including the Group's available-for-sale investments of HK$463.7 million, investments held for trading of HK$1,422.0 million, a yacht of HK$55.3 million and certain bank deposits held by the Group.

Save as disclosed above, there were no other assets pledged as at 31 March 2016. Gearing ratio (being the ratio of total borrowings including secured notes to total assets) as at 31 March 2016 was 9.9% (31 March 2015: 11.6%). Such decrease was due to the increase in equity base resulting from the placing of new shares, partial exercise of warrants by the controlling shareholder of the Company, increase in fair value of investments held for trading and available-for-sale investments, coupled with the decrease in the aggregate balance of bank borrowings and newly issued secured notes as of 31 March 2016 as compared with those as of 31 March 2015.

To strengthen its cash resources and working capital position and to broaden its Shareholders base such that the Group can make strategic investments when opportunities arise, on 6 July 2015, the Group entered into a subscription agreement (the "Subscription Agreement") with a company held by CCBI Investments Limited. Pursuant to the Subscription Agreement, the Group agreed to issue the CCBI Notes in an aggregate principal amount of up to US$30 million. The CCBI Notes was secured by certain investments held for trading of the Group of approximately HK$864.5 million. Details of the CCBI Notes have been disclosed in the Company's announcement dated 7 July 2015.

On 21 July 2015, for the purpose to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development, the Company entered into a placing agreement with the Asia Link Capital Investment Holdings Limited ("Asia Link"), the controlling shareholder of the Company, and the placing agents, being Haitong International Securities Company Limited and Grand Cartel Securities Co. Ltd (the "Placing Agents"), pursuant to which the Placing Agents have agreed to act as Placing Agents for Asia Link, to procure a minimum of six placees, who are third parties (i) independent of and not acting in concert with the directors, substantial shareholders and chief executives of the Company and its subsidiaries and their respective associates and not connected person of the Company; and (ii) independent of and not acting in concert with the directors, substantial shareholders and chief executives of Asia Link and its subsidiaries and their respective associates and not connected person of Asia Link, to purchase up to 240,000,000 ordinary shares held by Asia Link at the placing price of HK$0.90 per share. On the same date, Asia Link and the Company have also entered into the subscription agreement (the "Subscription Agreement"), pursuant to which Asia Link has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the subscription of up to 240,000,000 new ordinary shares of HK$0.01 each ("Subscription Shares") at the subscription price of HK$0.90 per share. The aggregate nominal value of the Subscription Shares amounted to HK$2,400,000. The subscription price represents (i) a discount of approximately 18.92% to the closing price of HK$1.11 per share as quoted on the Stock Exchange on the date of the placing agreement; and (ii) a discount of approximately 17.58% to the average of the closing prices of HK$1.092 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date immediately prior to the date of the placing agreement. On 28 July 2016, the placing and the subscription were completed and the total number of Subscription Shares allotted and issued to Asia Link under the Subscription Agreement was 240,000,000. The net price of each Subscription Share was approximately HK$0.89. The net proceeds raised by the Company from placing and the subscription was approximately HK$213.8 million. The net proceeds were used as intended and approximately HK$200 million was mainly utilized for the money lending business of the Group and the remaining balance as general working capital of the Group.

DEBT/EQUITY FUND RAISING ACTIVITIES IN THE PAST TWO YEARS

The Company and/or its subsidiaries entered into a number of debt/equity funding arrangements in the past two years. The details of debt/equity funding activities with the actual use of proceeds are as follows:

Date of announcement	Events	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the reporting date
25 April 2014	Open offer on the basis of two offer shares for every one adjusted share	Approximately HK$189.7 million	70% of the net proceeds were intended to be used for the development and expansion of the money lending business of the Group and the remaining 30% of the net proceeds, were intended to be used for general working capital of the Group	Approximately HK$132.8 million was utilized for the money lending business and the remaining balance of approximately HK$56.9 million was utilized for the general working capital of the Group
7 October 2014	Placing of new shares	Approximately HK$185.8 million	Expansion of the securities investments business of the Group	Approximately HK$185.8 million was mainly utilized for securities investment
10 April 2015	Issue of unlisted warrants	Approximately HK$293.8 million	Used as general working capital of the Group	Approximately HK$50 million was utilized for money lending business and HK$30 million was utilized for contribution to the paid up registered share capital of financial futures companies and the remaining balance of approximately HK$213.8 million have not been utilized as at 31 March 2016

Management Discussion and Analysis

Date of announcement	Events	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the reporting date
7 July 2015	Issue of secured notes	Approximately US$30 million (approximately HK$230.7 million)	Business development	Approximately HK$77.5 million was mainly utilized for money lending business, approximately HK$119 million was utilized for securities investment, approximately HK$9.5 million was utilized for futures investment and the remaining balance of approximately HK$24.7 million was utilized for the general working capital of the Group
16 July 2015	Issue of warrants by Hao Tian Finance Company Limited ("Hao Tian Finance") up to the maximum amount of US$15 million (Note)	Approximately HK$117 million upon full exercise of the subscription rights attached to the warrants	Business development	Not applicable. The warrants have not been exercised as at 31 March 2016
21 July 2015	Placing and top-up subscription	Approximately HK$213.8 million	Future business development and general working capital of the Group	Use as intended and approximately HK$200 million was mainly utilized for the money lending business of the Group and the remaining balance as general working capital of the Group

Note:

The issue of warrants by Hao Tian Finance is a part of the transaction in connection with the issue of 9 percent secured notes of US$30 million (the "Notes") by the Company to Sea Venture Investment Limited ("Sea Venture"), details of which have been disclosed in the announcement of the Company dated 7 July 2015. Pursuant to the agreed structure of the transaction, the Company has issued the Notes in the principal amount of US$30 million to Sea Venture. As a package of the deal, Hao Tian Finance has issued the warrants to Sea Venture. Upon exercise of the warrants, the subscription price may be used to set off a portion of the outstanding amount under the Notes. Completion of the issue of the Notes has taken place on 16 July 2015.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

On 13 May 2015 and 15 May 2015, Hao Tian Finance (a subsidiary of the Company), has allotted and issued 100 million and 200 million new shares to Rui Sheng Global Holdings Limited and Century Golden Resources Investment Co., Ltd, respectively (both being independent third parties) at cash consideration of HK$100 million and HK$200 million (the "Consideration") respectively. The Consideration had been received by the Group and was determined with reference to the unaudited net assets value of Hao Tian Finance as at 31 March 2015. After such allotments, the Group's equity interest in Hao Tian Finance had been diluted from 100% to approximately 75.21%. Details of the above transactions were disclosed in the announcements of the Company dated 9 April 2015 and 28 April 2015.

On 1 November 2015, the Group entered into a sale and purchase agreement with independent third parties to acquire the entire issued share capital of a company incorporated in Hong Kong (the "Target Company"), which is principally engaged in the provision of brokerage services, at an aggregate consideration of (i) a fixed premium of HK$11.0 million and (ii) the net assets value of the Target Company as at the date of completion. This acquisition is subject to the fulfilment of the conditions precedent under the sale and purchase agreement and was originally expected to be completed on or before 30 April 2016 but the expected completion date had been subsequently agreed to be extended to on or before 31 July 2016.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposal for the year ended 31 March 2016.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 March 2016, the Group had capital commitment amounted to HK$140.4 million (31 March 2015: Nil) in respect of addition of property, plant and equipment which had been contracted for but not provided for. The Group also had certain capital commitments amounted to HK$54.0 million (31 March 2015: HK$237.1 million) in respect of addition of property, plant and equipment which had been authorized but not contracted for in the consolidated financial statements. The above capital commitments were mainly related to the development of the warehousing and logistics business in Xinjiang. The Group had no material contingent liabilities as at 31 March 2016.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's revenue and other income are denominated mainly in Hong Kong dollars ("HK$") and Renminbi ("RMB"). The Group's purchases and expenses are mostly denominated in HK$ and RMB. The Group has certain foreign currency bank balances and investment in foreign operations, which are exposed to foreign currency exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure of the Group and will consider hedging significant foreign currency exposure should the need arises.

EMPLOYEE INFORMATION

As at 31 March 2016, the Group had a total of approximately 69 employees (31 March 2015: 64 employees) in Hong Kong and the PRC. The Group maintains a mandatory provident fund scheme for its employees in Hong Kong and participates in the state-managed retirement benefit schemes for its employees in the PRC. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employee and will be reviewed every year.

The Group has also adopted a share option scheme and a share award scheme. A summary of the share option scheme of the Group is set out in the note (40) to the consolidated financial statements in the annual report of the Company. On 23 March 2016, the Company had issued and allotted 29,614,906 new shares to 21 selected participants pursuant to the share award scheme of the Company. Details of the grant of the above award shares under the share award scheme were disclosed in the circular of the Company dated 4 March 2016.

SIGNIFICANT LITIGATIONS

In connection with the sale and purchase agreement (the "Menggang Agreement") entered into between the Group and Inner-Mongolia Shuangxin Resources Group Co., Ltd, ("Shuangxin") for the sale and purchase of Wuhai City Menggang Industrial Development Co., Ltd. and its subsidiaries, which operated the Group's coal mines in the Inner-Mongolia Autonomous Region in the PRC, on 16 May 2013, the Group filed an arbitration claim to the China International Economic and Trade Arbitration Commission (the "CIETAC") for the outstanding amount of RMB80 million payable by Shuangxin under the Menggang Agreement.

Shuangxin withheld the payment of RMB80 million initially on the ground of a tax demand note issued from the local tax bureau, and after revocation of the tax demand note, on the ground of non-fulfillment by the Group of certain terms and obligations under the Menggang Agreement. Shuangxin filed a counter-claim for RMB65 million on 8 October 2013. An arbitral award was delivered in favour of the Group on 27 June 2014 and Shuangxin filed an application to the Beijing Second Intermediate People's Court to set aside the arbitral award. Beijing Second Intermediate People's Court issued a civil ruling on 18 December 2014 dismissing Shuangxin's application for the revocation of the arbitral award. On 6 February 2015, the Group applied for the mandatory enforcement at the Ordos City Intermediate People's Court, and the Ordos City Intermediate People's Court has formally accepted the application on 14 May 2015. As at the date of this report, the Group had received RMB20 million and the execution procedures for enforcing the court order are still in progress.

As for the final instalment in the amount of RMB40.5 million payable by Shuangxin, which is in addition to the aforementioned RMB80 million, under the Menggang Agreement (as supplemented by a supplemental agreement dated 19 November 2012), the Group filed an arbitration claim to the CIETAC in January 2014 and an arbitral award was delivered in favour of the Group on 3 August 2015. The Group then applied for the mandatory enforcement at the Ordos City Intermediate People's Court on 8 September 2015. Shuangxin had paid the Group an aggregate sum of RMB34,264,934.36 in full and final settlement of the case pursuant to the determination made by the CIETAC.

On 21 August 2014, Shuangxin filed a legal action at the Inner-Mongolia Autonomous Regional High People's Court claiming against the Group for damages in an aggregate amount of RMB102,978,100 (the "Case"). On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Autonomous Regional High People's Court. On 2 June 2015, the Mongolia Autonomous Regional High People's Court issued a civil ruling dismissing the Group's application. The Group then submitted an application for leave to appeal against such civil ruling at the Supreme People's Court of the People's Republic of China and the appeal was dismissed. On 22 March 2016, Shuangxin applied to the High People's Court of Mongolia Autonomous Region for the temporary suspension of execution with regard to the mandatory enforcement applied by the Group on 6 February 2015 and the decision is in favour of Shuangxin. The Group then filed an appeal against such ruling and is waiting for the court's decision. The High People's Court of Mongolia Autonomous Region commenced the hearing of the Case on 13 April 2016 and the court hearing is still in progress. The Board will provide updates on the legal position of the Group as and when appropriate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of conduct for Directors' securities transactions. The Company has made specific enquiry to all directors and all directors confirmed that they have fully complied with the Model Code for the year ended 31 March 2016.

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD

On 22 May 2016, Hao Tian Management (HK) Limited ("HTM"), an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement with Vandi Investments Limited, a special purpose vehicle of CCB International (Holdings) Limited ("Investor"), pursuant to which the Investor agrees to subscribe for, and HTM agrees to issue, 821 new shares of HTM at a consideration of US$40 million. Upon completion, HTM will become an indirect non wholly-owned subsidiary of the Company and will be owned as to approximately 92.41% and approximately 7.59% by the Company and the Investor respectively, subject to adjustment. Upon completion, HTM and the Investor shall enter into a call option deed, pursuant to which the Company, without additional consideration, grants to the Investor a call option to, require the Company to allot and issue new shares in the Company to the Investor at an option price of HK$0.8 each, subject to adjustment in accordance with the call option deed, during the period commencing on the date on which the subscription completion takes place and ending on the fifth anniversary of that date. The option price may be satisfied by way of transfer from the Investor to the Company the relevant number of the HTM shares. Upon exercise in full of the call option at the option price of HK$0.8 each, a maximum of 389,940,000 shares, subject to adjustment in accordance with the call option deed, in the Company shall be allotted and issued which represents approximately 9.33% of the existing issued share capital of the Company as at 22 May 2016 and approximately 8.53% of the issued share capital of the Company as enlarged by the allotment and issue of the option shares. As at the date of this report, the subscription agreement, the call option deed and the transactions contemplated thereunder are still subject to shareholders' approval on 14 July 2016. Details of the above subscription agreement and call option deed were disclosed in the announcement of the Company dated 22 May 2016 and the circular of the Company dated 28 June 2016.

On 7 June 2016, Hao Tian Investments (China) Co., Limited ("Hao Tian Investment") entered into the investment framework agreement with the People's Government of Qingliu County relating to the Innovative Camellia Oleifera Health Industry Project (創新型油茶健康產業項目) (the "Project") which involves the establishment of a base for the cultivation of Camellia Oleifera and the production of Camellia Oleifera-related products in Qingliu County, Fujian Province. Hao Tian Investment plans to invest a total sum of not more than RMB380 million in the Project. The said investment amount will be satisfied by the internal resources of the Group and bank borrowings. Details of the Project were disclosed in the announcement dated 7 June 2016.

The Company intends to issue a written notice to Up Energy Development Group Limited (stock code: 307) ("Up Energy") exercising the put option which require Up Energy to arrange for the disposal of up to 140,000,000 shares in Up Energy held by the Group by way of placing through an independent qualified placing agent. The put option was granted by Up Energy to the Company pursuant to the sale and purchase agreement (the "Agreement") dated 12 October 2012 in relation to the disposal by the Company of a mine located in Baicheng County, Aksu Prefecture, Xinjiang Uygur Autonomous Region, the PRC. One of the major terms of the Agreement was that the Company has the right to require Up Energy to sell or dispose of up to 140,000,000 shares in Up Energy held by the Group by way of placing through an independent placing agent upon the date falling the third anniversary after the completion date of the transaction under the Agreement, which is 28 June 2016. If the placing price is less than HK$2.2 per Up Energy share, Up Energy shall pay cash compensation to the Group in accordance with a formula contained in the Agreement.

Further, according to the Agreement, it was provided that if the average closing price of the shares of Up Energy for the 5 trading days immediately preceding and including 28 June 2016 is less than HK$2.00, Up Energy shall, at no further amount payable by the Company, allot and issue such number of additional new shares in Up Energy, to the Company calculated in accordance with the formula as set out in the Agreement in relation to 227,500,000 shares of Up Energy held by the Group (the "Top Up Consideration Shares").

If the number of Top Up Consideration Shares to be issued, together with those shares in Up Energy currently held by the Group, shall exceed 19.99% of the enlarged issued share capital of Up Energy on 28 June 2016, the number of Top Up Consideration Shares to be issued shall be reduced such that the total number of shares of Up Energy held by the Group represents 19.99% of the enlarged issued share capital of Up Energy. Up Energy shall be required to pay compensation in cash to the Company in an amount to be determined in accordance with the formula as set out under the Agreement.

Details of the Agreement, the put option, the Top Up Consideration Shares and the cash compensation were disclosed in the circular of the Company dated 31 January 2013.

BUSINESS PROSPECTS

The volatile stock market and the recent downturn of the property market in Hong Kong had posed new challenges for our money lending businesses. The Group will grasp such business environment where opportunities and challenges co-exist, capture the opportunities in money lending market, strive to provide diversified, high quality and tailor-made loan products and service to maintain its growth in this segment. In view of the possible property market adjustment, the Group will also continue to strengthen the risk control on the money lending business and optimize the scale of operation.

Furthermore, following the implementation of the favorable financial policies in Hong Kong, such as the Shanghai-Hong Kong Stock Connect, mutual recognition of funds and the prospective Shenzhen-Hong Kong Stock Connect, the Group is optimistic about the future equity securities markets of Hong Kong. The Group will prudently capture the opportunities in connection with trading in listed securities and continue to identify more investment opportunities to broaden investment strategy and balance investment risks. Depending on the market conditions, the Group is also considering to adjust its portfolio of securities investment and may acquire additional securities and dispose of some of the securities currently held by the Group.

Management Discussion and Analysis

During the year, the Group had entered into a sale and purchase agreement to acquire a company which is principally engaged in the provision of brokerage services in Hong Kong and the transaction is expected to be completed by 31 July 2016 after the conditions precedent under the sale and purchase agreement have been fulfilled. Upon completion, we expect synergy can be achieved between this company and our money lending business by developing various financial services platforms. At the same time, our Group also plans to establish a trading platform for customers for the trading of bullion through King International Bullion Limited, a wholly-owned subsidiary of the Company, and we had employed a team of renowned professionals with extensive experience and expertise in this market segment. We expect that we will launch the business of trading of bullion in the third quarter of 2016. The above actions represent a major milestone of the Group to diversify into the different segments of the financial market so that the Group will be able to provide a full range of financial services in the long run.

In addition to the above, the Group also plans to develop non-bank financial service business in the financial markets of Mainland China, and will actively look for opportunities to develop P2P, financial credit guarantee and financial advisory businesses, and to establish financial internet platform to complement the development of the financial service businesses.

Our Group also recognize that there is an increasing public awareness recently over the healthcare matters in the PRC and we believe that it is an opportunity for the Group to explore the related market niche. Recently, the Group has entered into an investment framework agreement to invest in the Innovative Camellia Oleifera Health Industry Project（創新型油茶健康產業項目）(the "Project") which involves the establishment of a base for the cultivation of Camellia Oleifera and the production of Camellia Oleifera-related products in Qingliu County, Fujian Province. At the same time, we are exploring the possibilities to invest in certain projects related to the establishment of hospitals and clinics in the PRC. As at the date of this report, the Group has no specific target for investment on those projects.

The Group believe that its development plans in various business segments as mentioned above will help the Group's business to be more diversified and more balanced in the long run which will then be translated into a long term growth for our Group.

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2016 (2015: Nil).

BONUS ISSUE OF SHARES

On 14 January 2016, the shareholders of the Company had approved the bonus issue of shares (the "Bonus Issue") in recognition of the support of the shareholders of the Company. The Bonus Issue includes the allotment and issue of one bonus share (the "Bonus Share") for each existing 10 shares held by the shareholders. Details of the Bonus Issue had been disclosed in the circular of the Company dated 24 December 2015. On 5 February 2016, the Bonus Shares had been allotted and issued.

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. As at the date of this report, its subsidiaries are principally engaged in financial services, securities investment, trading of futures and logistics and warehousing. The principal activities of its subsidiaries are set out in note 43 to the consolidated financial statements for the year ended 31 March 2016.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016 on pages 51 and 52 of this annual report. No final dividend was recommended by the Directors for the year ended 31 March 2016 (2015: Nil).

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2016, the Company's reserves available for distribution amounted to approximately HK$2,935.2 million (2015: HK$3,369.0 million). The distributable reserves include the Company's share premium reserve of approximately HK$3,647.2 million (2015: HK$3,302.2 million), which may be distributed subject to Section 34 of the Cayman Companies Law and the Articles of Association of the Company. Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 55 and 56 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in notes 18 to the consolidated financial statements for the year ended 31 March 2016.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 35 to the consolidated financial statements for the year ended 31 March 2016.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years ended 31 March 2016 is set out on page 168 of this annual report.

Report of Directors

PURCHASE, SALES OR REDEMPTION OF SECURITIES

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

DIRECTORS

The Directors during the year ended 31 March 2016 and up to the date of this annual report were:

Executive Directors
Mr. Xu Hai Ying
Dr. Zhiliang Ou, *J.P. (Australia)*
Mr. Fok Chi Tak

Independent Non-Executive Directors
Mr. Chan Ming Sun, Jonathan
Mr. Lam Kwan Sing
Mr. Lee Chi Hwa, Joshua

According to the Company's Articles of Association, Dr. Zhiliang Ou and Mr. Chan Ming Sun, Jonathan shall retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS SERVICE CONTRACTS

Each of the Directors has entered into a service contract or a letter of appointment with the Company for a term of three years, which can be terminated by not less than three months' notice in writing served by either party on the other. No Director proposed for re-election at the forthcoming annual general meeting has a service contract with any company in the Group which is not determinable by the Group within three months without compensation (other than statutory compensation).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the Independent Non-executive Directors has confirmed their independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all of the Independent Non-executive Directors are independent individuals.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as provided in the paragraph headed "Connected Transactions" below, no other transaction, arrangement or contract of significance to which the Company, its ultimate holding company, any of its fellow subsidiaries or subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the share option schemes and share award scheme of the Company, at no time during the year was the Company, its controlling shareholders, holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2016, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of Director/ chief executive	Capacity	Nature of interest	Number of shares held	Number of underlying shares held	Total interests	Approximate percentage of total issued share capital (Note 1)
Fok Chi Tak	Beneficial owner	Personal interest	15,723,270	1,166,088 (Note 2)	16,889,358	0.46%
Xu Hai Ying	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Ou Zhiliang	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Chan Ming Sun, Jonathan	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Lam Kwan Sing	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Lee Chi Hwa, Joshua	Beneficial owner	Personal interest	628,931	–	628,931	0.02%

Notes:

1. The percentage of shareholding is calculated on the basis of 3,642,348,316 shares in issue as at 31 March 2016.

2. These are the number of shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to the share options granted by the Company under the share option scheme adopted on 16 May 2006.

Other than as disclosed above, as at 31 March 2016, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

Former Share Option Scheme

The Company has adopted a share option scheme on 16 May 2006 (the "Former Share Option Scheme").

The purpose of the Former Share Option Scheme is to recognize and motivate the contribution of the eligible persons to the Company and/or any of its subsidiaries and/or any invested entities.

Pursuant to the Former Share Option Scheme, the Company may grant options to, inter alia, (i) any employee including executive directors of the Company, any subsidiary or any invested entity, (ii) any non-executive director of the Company, any subsidiary or any invested entity, (iii) any shareholder of the Company, any subsidiary or any invested entity, (iv) any person that provides research, development or other technological support to the Company, any subsidiary or any invested entity, (v) any supplier of goods and (vi) any business consultant, joint venture or business partner, advisers.

The exercise period of an option under the New Share Option Scheme will be notified by the Board to each grantee which shall not exceed 10 years from the date upon which the option is deemed to be granted and accepted. Under the Former Share Option Scheme, (i) 30% of the options shall be exercisable from the expiry of one year from the acceptance date of the option up to the day immediately before the fourth anniversary of the acceptance date, (ii) 30% of the options shall be exercisable from the expiry of two years from the acceptance date up to the day immediately before the fifth anniversary of the acceptance date and (iii) 40% of the options shall be exercisable from the expiry of three years from the acceptance date up to the day immediately before the sixth anniversary of the acceptance date. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The subscription price for the Shares subject to options was a price determined by the Board and notified to each grantee and was at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The maximum number of Shares that could be issued upon exercise of options that may be granted under the Former Share Option Scheme is 40,000,000 Shares, representing approximately 0.96% of the entire issued share capital of the Company as at the date of this report. The total number of Shares issued and to be issued upon exercise of the options granted to a grantee under the Former Share Option Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued share capital from time to time unless approval from shareholders of the Company in general meeting is obtained with such grantee and his/her associates abstaining from voting.

The Former Share Option Scheme was valid for a term of 10 years commencing from 16 May 2006, subject to early termination.

In view of the expiration of the Former Share Option Scheme, ordinary resolutions have been passed during the annual general meeting of the Company held on 25 September 2015 to (i) terminate the Former Share Option Scheme and (ii) adopt a new share option scheme of the Company (the "New Share Option Scheme"), which will remain valid for a period of 10 years commencing from 25 September 2015.

Upon termination of the Former Share Option Scheme, no further options may be granted under the Former Share Option Scheme but the provisions of the Former Share Option Scheme will continue to apply to options granted and remained outstanding before such termination. As at the date of this report, 16,802,268 share options have been granted and remained outstanding under the Former Share Option Scheme.

Further details regarding the principal terms of the Former Share Option Scheme was set out in the prospectus of the Company dated 24 May 2006.

New Share Option Scheme

The purpose of the New Share Option Scheme is to recognize and motivate the contribution of the eligible persons to the Company and/or any of its subsidiaries and/or any invested entities.

Pursuant to the New Share Option Scheme, the Company may grant options to, inter alia, (i) any employee including executive directors of the Company, any subsidiary or any invested entity, (ii) any non-executive director of the Company, any subsidiary or any invested entity, (iii) any shareholder of the Company, any subsidiary or any invested entity, (iv) any person that provides research, development or other technological support to the Company, any subsidiary or any invested entity, (v) any supplier of goods and (vi) any business consultant, joint venture or business partner, advisers.

The exercise period of an option under the New Share Option Scheme will be notified by the Board to each grantee which shall not exceed 10 years from the date upon which the option is deemed to be granted and accepted. The New Share Option Scheme does not require a minimum period for which an option must be held before an option can be exercised. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The subscription price for the Shares subject to options will be a price determined by the Board and notified to each grantee and will be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The maximum number of Shares that can be issued upon exercise of options that may be granted under the New Share Option Scheme is 328,430,310 Shares, representing approximately 7.86% of the entire issued share capital of the Company as at the date of this report. The total number of Shares issued and to be issued upon exercise of the options granted to a grantee under the New Share Option Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued share capital from time to time unless approval from shareholders of the Company in general meeting is obtained with such grantee and his/her associates abstaining from voting.

The New Share Option Scheme shall remain valid for a period of 10 years commencing from 25 September 2015.

Further details regarding the principal terms of the New Share Option Scheme was set out in the circular of the Company dated 27 August 2015.

As at the date of this report, 5,000,000 share options have been granted and remained outstanding under the New Share Option Scheme and 323,430,310 share options remained available for grant, representing approximately 7.74% of the entire issued share capital of the Company as at the date of this report.

Details of movements in the share options granted under the Former Share Option Scheme and New Share Option Scheme during the year ended 31 March 2016 are set out in note 40 to the consolidated financial statements.

CONNECTED TRANSACTIONS

The related party transactions of the Company in connection with the issue of unlisted warrants constituted non-exempt connected transaction under the Listing Rules, details of which are set out below. The said transaction has complied with the requirements under Chapter 14A of the Listing Rules. The connected transaction on the issue of award shares does not constitute related party transaction.

Issue of the unlisted warrants

On 10 April 2015, to strengthen the Group's capital base and financial position to better equipped itself with the financial flexibility for development of the business of the Group, the Company has entered into the subscription agreement (the "Subscription Agreement") with the Asia Link Capital Investment Holdings Limited ("Asia Link"), in relation to the conditional issue of 588,858,000 unlisted non-transferable warrants (the "Warrants") to Asia Link at the issue price of HK$0.01 per 10 Warrants. The Warrants then entitled Asia Link to subscribe for 588,858,000 new shares (the "Warrant Share(s)") at the subscription price of HK$0.5 per Warrant Share. The aggregate of the issue price of HK$0.01 per 10 Warrants and the subscription price of HK$0.50 per warrant share is therefore HK$0.501, which represents: (i) a discount of approximately 55.3% to the closing price of HK$1.12 per share as quoted on the Stock Exchange as at 28 May 2015; (ii) a premium of approximately 2.24% over the closing price of HK$0.49 per share as quoted on the Stock Exchange as at the last trading day; (iii) a premium of approximately 0.20% over the average closing price of approximately HK$0.50 per share for the last five trading days for the shares prior to and including the last trading day; and (iv) a premium of approximately 8.9% over the average closing price of approximately HK$0.46 per share for the last ten trading days for the shares prior to and including the last trading day. A total of 588,858,000 Warrant Shares were allotted and issued by the Company upon full exercise of the subscription rights, which represent approximately 20% of the existing issued share capital of the Company and approximately16.67% of the issued share capital as enlarged by the allotment and issue of the Warrant Shares. The premium for the issue of Warrants were HK$588,858. The net proceeds from the issue of Warrants, after the deduction of related expenses, were approximately HK$223,858, representing net issue price of approximately HK$0.00038 per Warrant. Subsequently, the warrants had been exercised in full and net proceeds of approximately HK$50 million was utilized for money lending business and HK$30 million was utilized for contribution to the paid up registered share capital of financial futures companies and the remaining balance of approximately HK$213.8 million have not been utilized as at 31 March 2016.

As Asia Link was wholly-owned by Ms. Li Shao Yu, the then chief executive officer of the Company and held 1,577,898,021 Shares at the material time, representing approximately 53.59% of the entire issued share capital of the Company and was accordingly a connected person of the Company. As such, the transaction contemplated under the Subscription Agreement constituted a connected transaction of the Company under the Listing Rules.

Details of the issue of Warrants were set out in the announcement dated 10 April 2015 and the circular dated 31 May 2015 of the Company.

Issue of new shares under the share award scheme

On 29 January 2016, to provide incentives to the selected participants and allow the Group to attract and retain talents for the continued operation and development of the Group, the Board has resolved to award an aggregate of 29,614,906 shares to 21 selected participants under the share award scheme adopted by the Board on 27 September 2013, of which (i) 21,941,195 award shares were awarded to the following persons who are connected persons of the Company by way of issue and allotment of new shares:

Name of Connected Persons	Relationship with the Group	Number of Award Shares
Xu Hai Ying	Executive Director	628,931
Zhiliang Ou, *JP*	Executive Director	628,931
Fok Chi Tak	Executive Director	15,723,270
Chan Ming Sun, Jonathan	Independent Non-executive Director	628,931
Lam Kwan Sing	Independent Non-executive Director	628,931
Lee Chi Hwa, Joshua	Independent Non-executive Director	628,931
Li Shao Yu	Director of certain subsidiaries of the Company and Substantial Shareholder	1,163,522
Ma Lirong	Director of certain subsidiaries of the Company	1,414,308
Wang Man Yu	Director of certain subsidiaries of the Company	172,956
Wang Zhi Yu	Director of certain subsidiaries of the Company	322,484
Subtotal		21,941,195

and (ii) 7,673,111 award shares were awarded to 11 persons who are independent third parties by way of issue and allotment of new shares. No consideration was paid by the allotees of the award shares. The issue and allotment of the award shares to those connected persons constitute connected transactions of the Company under the Listing Rules.

Details of the share awards were set out in the announcement dated 29 January 2016 and the circular 4 March 2016 of the Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2016, so far as is known to the Directors or chief executives of the Company, the following entities (other than a Director or chief executive of the Company) have interests or short positions of 5% or more in the shares and underlying shares of the Company which were recorded in the register of substantial shareholders maintained under Section 336 of the SFO or had otherwise notified to the Company:

Name of shareholder	Number of shares held	Number of underlying shares held	Capacity	Total interests	Approximate percentage of total issued share capital (Note 1)
Li Shao Yu	1,973,531,149 (note 2) 4,780,322 (note 3)	537,743,800 (note 3) 6,330,192 (note 4)	Interest of controlled corporations Beneficial Owner	2,522,385,463	69.25%
Asia Link Capital Investment Holdings Limited ("Asia Link")	1,973,531,149	537,743,800 (note 3)	Beneficial owner	2,511,274,949	68.95%

Notes:

1. The percentage of shareholding is calculated on the basis of 3,642,348,316 shares in issue as at 31 March 2016.

2. These shares were held directly by Asia Link Capital Investment Holdings Limited, which is beneficially wholly-owned by Ms. Li Shao Yu.

3. Ms. Li Shao Yu (i) held 4,780,322 shares directly, and (ii) was interested in unlisted warrants issued by the Company to Asia Link on 2 July 2015 which were convertible into 537,743,800 shares, representing approximately 14.76% of the issued shares of the Company. As at the date of this report, the unlisted warrants had been exercised in full.

4. These are the number of shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to the share options granted by the Company under the share option scheme adopted on 16 May 2006.

Other than as disclosed above, as at 31 March 2016, none of the Directors or their associates had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

MANAGEMENT CONTRACTS

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

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the shares of the Company.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is recommended by the Remuneration Committee and determined by the Board on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are recommended by the Remuneration Committee and determined by the Board having regard to the Company's operating results, individual performance and comparable market standards.

The Company has adopted the New Share Option Scheme and share award scheme as incentives to the Directors and eligible employees.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate revenue attributable to the Group's five largest customers were approximately 31.9% of the Group's total revenue and the revenue attributable to the Group's largest customer were approximately 9.0% of the Group's total revenue. During the year, due to the nature of business of the Group, the Group has insignificant amount of purchases. Therefore, in the opinion of the Directors, disclosure of the details of the Group's suppliers may not be meaningful.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

DIRECTORS' INDEMNITY

According to the articles of association of the Company, the Directors for the time being of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in their respective offices.

The Company has taken out appropriate insurance cover in respect of legal action against the Directors during the year ended 31 March 2016.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures that are consistent with the "Corporate Governance Code" (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The corporate governance principles of the Company emphasize on a quality board of Directors (the "Board"), sound internal control, transparency and accountability to all shareholders of the Company.

The Company has applied the principles and complied with all relevant code provisions of the CG Code as set out in Appendix 14 to the Listing Rules during the year ended 31 March 2016, save and except Code Provisions A.2.1 and A.5.1:

(i) Resignation of Chief Executive Officer with effect from 1 September 2015

Before 1 September 2015, the roles of Chairman and Chief Executive Officer of the Company were separate and performed by the Board collectively and Ms. Li Shao Yu respectively. The Board collectively focused on the overall strategic planning and development of the Group and effective functioning of the Board while Ms. Li was responsible for overseeing the day-to-day management of the business and operations of the Group.

Ms. Li has resigned as the Chief Executive Officer of the Company with effect from 1 September 2015. Having considered the current business operation of the Group, the Directors consider that the Board can achieve effective functioning of the Board and other members of the senior management can oversee the day-to-day management of the Group. The Board is currently considering to identify a suitable candidate to serve as the Chief Executive Officer of the Company.

(ii) Nomination Committee not chaired by an independent non-executive Director

The Nomination Committee is chaired by an executive director instead of an independent non-executive director because the Board believed that an executive director involved in the daily operations of the Company may be better positioned to review the composition of the Board so as to complement the Group's corporate strategy.

Corporate Governance Report

BOARD COMPOSITION AND BOARD PRACTICES

Role and function

The Board has the responsibility of promoting the success of the Company by formulating the strategic direction of the Company and supervising its operations and affairs in an effective manner. Each Director has a fiduciary duty and statutory responsibilities towards the Company. Each Director is aware of his collective and individual responsibilities to all shareholders and that he should give sufficient time and attention to the affairs of the Company.

With the objective of enhancing shareholder value, the Board is responsible for the formulation and approval of overall business strategies and policies of the Group, management of the business and affairs of the Group, and monitoring of the performance of the management of the Group and is charged with presenting a balanced, clear and understandable assessment of the Group's performance, position and prospects in its annual and interim results, other announcements containing inside information and financial disclosures of the Company required under the Listing Rules and other applicable rules.

The Board reserved for its decision or consideration matters covering significant investment proposals, major acquisitions or disposals, financial results, recommendation on appointment or reappointment of Directors, internal control and risk management, major capital transactions or other significant operational or financial matters. Daily operations and management of the Group's business are delegated to the management.

Composition

As at the date of this report, the Board comprises three Executive Directors, and three Independent Non-executive Directors.

	Membership of Board Committee(s)
Executive Directors:	
Mr. Xu Hai Ying	Member of the Executive Committee
Dr. Ou Zhiliang, *J.P.*	Chairman of the Nomination Committee Member of the Remuneration Committee Member of the Executive Committee
Mr. Fok Chi Tak	Member of the Executive Committee
Independent Non-executive Directors:	
Mr. Chan Ming Sun Jonathan	Chairman of the Audit Committee Member of the Nomination Committee Chairman of the Remuneration Committee
Mr. Lam Kwan Sing	Member of the Audit Committee Member of the Nomination Committee Member of the Remuneration Committee
Mr. Lee Chi Hwa, Joshua	Member of the Audit Committee

The non-executive members of the Board bring a wide range of business and financial experience to the Board, which contributes to the effective direction of the Group and promotes checks and balance of the management process to safeguard shareholders' interest. The Board will review regularly the Board's composition and considers that the composition of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operations and development of the Group. Their biographical details are set out on pages 5 to 6 of this annual report.

Each Board member does not have any family, financial, business or other material/relevant relations with each other.

A list of our Directors has been published on the website of the Company and that of the Stock Exchange, and is also disclosed in relevant corporate communications issued by the Company pursuant to the Listing Rules.

Appointment and re-election of Directors

The appointment, re-election and removal of Directors are governed by the articles of association of the Company.

The Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board. The Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. If a shareholder wishes to propose a person for election as a Director at a general meeting of the Company, a shareholder may serve the Company a written notice and follow the designated procedures for nomination of Directors under the articles of association of the Company, which are available on the Company's website.

At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire by rotation, and becoming eligible for re-election in accordance with the articles of association. As such, every Director shall be subject to retirement at least once every three years.

Each Director (including the Independent Non-executive Directors) has entered into a service contract or a letter of appointment with the Company for a term of three years, subject to the retirement by rotation in accordance with the provisions of the articles of association of the Company.

Supply of and access to information

All Board members have full access to relevant information both at the meetings and at regular intervals. Notices are given to all Directors for attending regular Board meetings approximately fourteen days before the meetings. For other Board meetings, reasonable notices are generally given. The Company Secretary assists the Board in preparing the meeting agenda and, during which, the Directors are consulted for matters to be included in the agenda for all regular meetings of the Board. It has been the practice of the Board and accepted by all members of the Board that relevant information of Board meetings will be sent to all Directors three days in advance of the relevant meetings or any reasonable time before such meetings.

Board meetings involve the active participation, either in person or through other electronic means of communication, by all of the Directors present. Board minutes are kept by the Company Secretary and are open for inspection by the Directors.

Matters on transactions where Directors are considered having a conflict of interest or material interests would not be dealt with by way of written resolutions and a separate Board meeting shall be held where Independent Non-executive Directors who have no material interests should be present at such meeting. Directors having a conflict of interest or material interests in a transaction shall, before the meeting of the Board, declare his interest(s) therein in accordance with the articles of association of the Company, and shall abstain from voting on the resolution(s) and shall not be counted in the quorum present at such Board meeting. Such declaration of interests will be duly noted in the minutes of the relevant Board meeting.

The Company Secretary shall provide professional advice on governance matters to the Directors. Members of the management have been reminded that they have an obligation to supply the Board and the Board committees with adequate information on a timely basis to enable each of them to make informed decisions. All Directors are entitled to have access to board papers, minutes and related materials. The Board and each Director have separate and independent access to the Group's senior management. In addition, the Directors are able, upon reasonable request, to seek independent professional advice under appropriate circumstances, at the Company's expense. The Board may resolve to provide appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

With the support of the Company Secretary, the Executive Directors seek to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

Independent Non-executive Directors

Pursuant to Rule 3.10(1) and Rule 3.10(2) of the Listing Rules, every listed issuer is required to have at least three Independent Non-executive Directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company complied with these requirements throughout the year ended 31 March 2016, with three Independent Non-executive Directors, which represented more than one-third of the entire Board; and one of them has appropriate professional qualifications in accounting or related financial management expertise.

Each of the Independent Non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules. The Board is of the view that all Independent Non-executive Directors meet the guidelines set out in Rule 3.13 of the Listing Rules and are independent pursuant to the requirements of the guidelines.

Liability insurance for the Directors

Appropriate insurance cover on directors' and officers' liabilities has been arranged in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

Induction, information and ongoing development

Each newly appointed Director is provided with a package of orientation materials setting out the required duties and responsibilities of directors under the Listing Rules and other relevant statutory requirements of Hong Kong and received an orientation covering meeting with external legal adviser for a briefing on director's duties and obligations and meeting with management for an overview of the Group. Our Directors are kept informed from time to time on the latest development of any changes to the regulatory requirements and the progress of compliance of applicable rules and regulations by the Company as well as business development and operation plans of the Company.

In compliance with code provision A.6.5, the Company has arranged for, and provided fund for, the Directors and the Company Secretary of the Company to participate in continuous professional development organized in the form of in-house training, seminars or other appropriate courses to keep them refresh of their knowledge, skill and understanding of the Group and its business or to update their skills and knowledge on the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices.

All Directors are required to provide the Company with their training records on an annual basis. For the year ended 31 March 2016, all Directors have attended the training sessions arranged by the Company. They have also attended and/or given speech or training materials at external seminars/training sessions.

BOARD COMMITTEES

The Board has established four committees with defined terms of reference (available on the websites of the Company and the Stock Exchange), which are on no less exacting terms than those set out in the CG Code to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities:

- Executive Committee
- Audit Committee
- Remuneration Committee
- Nomination Committee

Each Committee has authority to obtain outside professional advice and to seek information from employees, and the Company will provide sufficient resources to the Committees for performance of its duties and responsibilities. Minutes of the Committees meetings are kept by the Company Secretary and all decisions of the Committees are reported to the Board. To further reinforce independence and effectiveness, all Audit Committee members are Independent Non-executive Directors, and the Nomination and Remuneration Committees have been structured with a majority of Independent Non-executive Directors as members. Details and reports of the Committees are set out below.

Attendance records

The Board meets regularly, normally four times each year with a meeting scheduled at approximately three-month intervals and additional meetings would be arranged if and when necessary. During the year ended 31 March 2016, apart from the 59 meetings of the Board, consent/approval from the Board had also been obtained via circulation of written resolutions on a number of issues. Details of Directors' attendance of the Board meetings, Committees meetings and the general meetings held during the year ended 31 March 2016 are set out as follows:

	Attendance/Number of meetings					
	Board	**Executive Committee**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**General meeting**
Total number of meetings	59	29	2	1	4	4
Executive Directors:						
Mr. Xu Hai Ying	57/59	24/29	N/A	N/A	N/A	4/4
Dr. Ou Zhiliang	55/59	28/29	N/A	1/1	4/4	4/4
Mr. Fok Chi Tak	59/59	29/29	N/A	N/A	N/A	4/4
Independent Non-executive Directors:						
Mr. Chan Ming Sun Jonathan	55/59	N/A	2/2	1/1	4/4	4/4
Mr. Lam Kwan Sing	34/59	N/A	2/2	1/1	3/4	4/4
Mr. Lee Chi Hwa, Joshua	58/59	N/A	2/2	N/A	N/A	4/4

The Chairman of the Nomination Committee, member of the Audit Committee, Remuneration Committee and representatives of the Auditors attended the annual general meeting held on 25 September 2015 to answer questions of shareholders.

EXECUTIVE COMMITTEE

An Executive Committee was set up in June 2010 and comprises all existing Executive Directors. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for business decisions. In accordance with its terms of reference, the Executive Committee monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Group.

AUDIT COMMITTEE

The Company established an Audit Committee in May 2006 with specific terms of reference (as amended and restated with effect from 1 January 2016). During the year ended 31 March 2016 and up to the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing and Mr. Lee Chi Hwa, Joshua. The principal duties of the Audit Committee are to review and to supervise the Group's statutory audit, interim and annual accounts of the Group and internal control system. It also acts as an important link between the Board and the Company's auditor in matters within the scope of the group audit. Meetings shall be held at least twice a year.

The Audit Committee members held two meetings in the year ended 31 March 2016. A summary of the work performed by the Audit Committee during the year ended 31 March 2016 included:–

(a) reviewing the audited accounts and final results announcement for the year ended 31 March 2016 and the interim report and the interim results announcement for the six months ended 30 September 2015;

(b) reviewing the accounting principles and practices adopted by the Group and ensured the compliance with relevant accounting standards, the Listing Rules and other statutory requirements;

(c) reviewing the effectiveness of internal control; and

(d) meeting with the auditors to go through any significant audit issues or key findings noted during the audit of the Group's final results for the year ended 31 March 2016 and the unaudited interim results for the six months ended 30 September 2015.

All issues raised by the Audit Committee have been addressed by the management. The work and findings of the Audit Committee have been reported to the Board. During the financial year, no issues brought to the attention of the management and the Board were of sufficient importance to require disclosure in this annual report.

The terms of references of the Audit Committee requires that proper whistle-blowing arrangements should be put in place by which employees can report any concerns, including misconduct, impropriety or fraud in financial reporting matters and accounting practices, in confidence and without fear of recrimination for fair and independent investigation of such matters and for appropriate follow-up action. To this end and upon recommendation of the Audit Committee, the Board adopted an internal guidelines on whistle-blowing of concerns on 21 June 2013.

In addition, the Company has also adopted a policy that subject to prior approval by Audit Committee, no employees or former employees of external auditor can be appointed as director or senior executive of internal audit or finance function in the Group, within 12 months preceding their employment by the external auditor to enhance independent reporting by external auditor.

NOMINATION COMMITTEE

The Company set up a Nomination Committee in August 2009 with specific terms of reference (as amended and restated with effect from 21 June 2013) for the purpose of setting out formal, considered and transparent procedure for the appointment of Directors to the Board. During the year ended 31 March 2016 and up to the date of this report, the Nomination Committee comprised one executive Director, namely Dr. Ou Zhiliang and two independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan and Mr. Lam Kwan Sing. Its written terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of board composition, assessment of the independence of Independent Non-executive Directors, the management of board succession and monitoring the training and continuous professional development of Directors and senior management.

The Nomination Committee members held one meeting in the year ended 31 March 2016. A summary of the work performed by the Nomination Committee during the year ended 31 March 2016 included:–

(a) reviewing and discussing the Board's composition in terms of the competence, experience, academic background and qualification of its members;

(b) reviewing retirement of Directors by rotation, the re-appointment of retiring Directors at annual general meeting; and

(c) assessing the independence of Independent Non-executive Directors.

REMUNERATION COMMITTEE

The Company set up a Remuneration Committee in May 2006 with specific terms of reference (as amended with effect from 21 June 2013) with principal responsibility to review and give recommendation to the Board regarding the remuneration package of the Directors and the senior management of the Company taking into consideration of the market practice, competitive market position and individual performance. During the year ended 31 March 2016 and up to the date of this report, the Remuneration Committee comprised one executive Director, namely Dr. Ou Zhiliang and two independent non-executive directors, namely Mr. Chan Ming Sun Jonathan and Mr. Lam Kwan Sing.

The Remuneration Committee members held four meetings in the year ended 31 March 2016. During the year, the Committee has discussed, reviewed the performance and gave recommendation to the Board on the remuneration packages for the Directors and management team, discussed on the proposal of employee incentive scheme.

During the process of consideration, no individual Director will be involved in decisions relating to his own remuneration.

CORPORATE GOVERNANCE FUNCTION

Pursuant to the terms of reference of the corporate governance function, the Board shall be responsible for developing, reviewing and/or monitoring the policies and practices on corporate governance of the Company; training and continuous professional development of Directors and senior management; and compliance with legal and regulatory requirements of the Company. This corporate governance report has been reviewed by the Board in discharge of its corporate governance function.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group on a going concern basis and in presenting the interim and annual financial statements, announcements and other financial disclosures required under the Listing Rules. Members of the management has provided the Board with monthly updates and sufficient information for the Board to develop and maintain a balanced and understandable assessment of the Company's performance, position and prospects.

The Directors ensure the preparation of the financial statements of the Group is in accordance with the statutory requirements and the applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

Currently, the Company's external auditor is Deloitte Touche Tohmatsu and for the year ended 31 March 2016, the Group paid Deloitte Touche Tohmatsu, the external auditor of the Group, HK$1,400,000 and HK$485,000 as audit fees and non-audit related fees (mainly including interim report review fee) respectively. Members of the Audit Committee have been satisfied with the findings of their review of the audit fees, process and effectiveness, independence and objectivity of Deloitte Touche Tohmatsu as the Company's external auditor.

The statement of the auditor of the Company regarding their reporting responsibilities on the financial statements for the year ended 31 March 2016 is set out in the Independent Auditor's Report on pages 49 to 50 of this annual report.

INTERNAL CONTROL AND THEIR EFFECTIVENESS

The Board has the overall responsibility for maintaining sound and effective internal controls and risk management for the Group to safeguard the interests of its shareholders and the assets of the Group at all times. In this connection, an internal control and risk management system has been established to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage or mitigate rather than eliminate risks of failure to achieve the Group's business objectives.

The internal audit department is responsible for conducting independent reviews of the adequacy and effectiveness of the Group's internal control and risk management system, reporting regularly the results to the Board through the Audit Committee and making recommendations to the relevant department management for necessary actions.

During the reporting period, the internal audit department had conducted reviews on the effectiveness of the internal control system covering all material factors related to financial, operational, compliance controls, various functions for risk management and physical and information security. Internal control reports containing its findings and results were reported to the Audit Committee during the Audit Committee meetings and had been delivered to all Directors for review.

The Audit Committee had reported during the Audit Committee meetings the key findings identified by the Company's external auditors in respect of the Group's internal controls and discussed findings and actions or measures taken in addressing those findings. The Company considers the internal control systems and risk management is effective during the year under review. No material issues on the Group's internal control system have been identified by the Group's internal audit department and the Company's external auditors during the reporting period which required significant rectification works

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry to all Directors and all Directors confirmed that they have fully complied with the required standard set out in the Model Code.

COMPANY SECRETARY

Mr. Pang Kwok Cheong, our Company Secretary appointed by the Board, in the opinion of the Board, possesses the necessary qualification and experience, is capable of performance of the functions of the company secretary and the Company will provide fund for Mr. Pang to take not less than 15 hours of appropriate professional training in each financial year as required under Rule 3.29 of the Listing Rules. During the year ended 31 March 2016, Mr. Pang has satisfied the requirement of the Listing Rules for receiving 15 hours of professional training.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to maintaining high degree of transparency to ensure that the investors and the shareholders receive accurate, comprehensive and timely information of the Group by publication of announcements, circulars, interim and annual reports. All shareholders' communications are also available on the Company's website at http://www.haotianhk.com.

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. All Directors will make an effort to attend and the external auditor is also available at the annual general meeting to address shareholders' queries. In case of any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval, members of the independent Board committee will also make an effort to attend to address shareholders' queries.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at general meetings would be taken by poll.

SHAREHOLDERS' RIGHT

Shareholders' right to convene extraordinary general meeting

Pursuant to article 58 of the articles of association, extraordinary general meetings of the Company (the "EGM") shall be convened on the requisition of any one or more shareholder(s) (the "Requisitionist(s)") holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company.

The Requisitionist(s) shall have the right, by written requisition to the Board or the Company Secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and the EGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the Requisitionist(s) may do so in the same manner, and shall be entitled to reimbursement of all reasonable expenses incurred by the Requisitionist(s).

Putting enquiries to the Board

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"), which is available on the website of the Company and that of the Stock Exchange. Under the Policy, information of the Group shall be communicated to the shareholders mainly through general meetings, including annual general meetings, financial reports, and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to Mr. Pang Kwok Cheong, the Company Secretary:

By post
Rooms 4917-4932, 49/F
Sun Hung Kai Centre
30 Harbour Road, Wan Chai
Hong Kong

By email
eric.pang@haotianhk.com

Shareholders may also directly raise questions during the shareholders' meetings.

Putting forward proposals at Shareholders' meeting

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request. The request to put forward a proposal must be made within 30 days from the date of the relevant shareholders' meeting.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and public investors. The Company updates its shareholders on its latest business developments and financial performance through its annual and interim reports. The corporate website of the Company (http://www.haotianhk.com) has provided an effective communication platform to the public and the shareholders.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There was no significant changes in the constitutional document of the Company during the year ended 31 March 2016.

CORPORATE SOCIAL RESPONSIBILITY

Whilst the Group strives to create positive values for the shareholders, the Group also dedicates to fulfill its corporate social responsibilities through continuous effort. Amongst all others, the Group focuses on four main aspects of its corporate social work, namely environmental protection, employee wellbeing, lawful governance and community involvement.

ENVIRONMENTAL PROTECTION

The Group is committed to acting in an environmentally responsible manner through its office management and daily operation. Recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy adopted by the Group, results in more efficient use of resources, as well as reduction of waste. Due to the business nature of the Group during the year ended 31 March 2016, the Group does not have any issue in connection with air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste.

Save for normal office energy consumption and water consumption, the Group's operation does not have any special energy or water requirements. Since the business of the Group does not involve manufacture of products, no raw materials or special packaging materials is used during its operation.

The Group also promotes careful use of resources, e.g., use of transmission of bulk documents through electronic means, marking up of documents electronically rather than using printed versions, double-sided printing, recycling of printed papers and envelopes, switching off all the electric equipment after working hours.

As to energy-saving measures, the Group requires all employees to turn off lights at off hours and uses lighting and electronic appliances that are of high energy efficiency. The operation of the Group does not have significant impact on the environment and natural resources.

EMPLOYEE WELLBEING

The Group recognises that the employees, as one of the key stakeholders to the business, are very valuable assets the Group. It has a set of human resources management policies and procedures in place with the aim to provide good working conditions and favourable environment where employees are engaged and can do well in whatever they do.

As to health and safety issues, the Group endeavours to provide a work place free from injury, illness and discrimination through a series of measures, including workplace safety inspections, manual handling and training. Along with the focus on creating a safe and fair workplace, the Group advocates on a work-life balance and seeks to enrich the employees' cultural life at leisure.

Having full respect for labour and human rights, the Group also offers a comprehensive range of employee benefits such as insurance and medical coverage and maternity and paternity benefits, as well as mandatory provident fund schemes.

Believing in unlocking the human potential and nurturing the future leaders, the Group provides internal staff training and talent reserve plan, establishes position selection and evaluation system to optimize human resources allocation and internal promotion.

LAWFUL GOVERNANCE

The Company is also committed to conducting its business and governance in accordance with all applicable laws and regulations (including but not limited to those relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity diversity, anti-discrimination, other benefits and welfare, child and forced labour) and in a way that enhances its reputation in the market.

In particular, the Group has adopted procedures for reporting concerns raised in connection with, inter alia, possible offences such as corruption and money laundering or other matters within the Group. We have established prevention system by setting up communication channels for faults and anti-corruption reporting. During the reporting period, there was no lawsuit about anti-corruption or bribery occurred in the Group.

The Group respects and protects the privacy of the personal information of individuals with whom it deals. The Group seeks to prevent misuse or unlawful disclosure of the personal information through established security procedures and technology to restrict the access to and use of the information.

Due to the business nature of the Group during the year ended 31 March 2016, the Group has insignificant amount of purchases and there is no material issues in connection with supply chain management. Since the business of the Group does not involve manufacture of products, there is no material issue in connection with product liability.

COMMUNITY INVOLVEMENT

The Group always believes that it is important to positively give back to the community which the Group is part of. During the year, the Group has shown its commitment to the community through organising/participating in volunteering services.

Besides voluntary services, the Group has also supported charity work/organisations/NGO by organising/participating in various activities or making donation in the total sum of approximately HK$1,050,000. We are developing a systematic policy and methods to contribute the society, i.e. to participate or encourage our employees in joining charity activities.

The management of the Group is also, through various media, keeping themselves updated from time to time on the requirements on social responsibilities and the expectation of the communities towards corporations.

MOVING FORWARD

Looking ahead, the Group will continue to fulfil its corporate social responsibilities while pursuing better business performance and value maximisation for Shareholders. The Group will strive to exert its influence as a role model in the society, better undertake its environmental protection responsibilities and create excellent credibility through the care for humanity and social responsibilities.

Deloitte.
德勤

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35/F One Pacific Place
88 Queensway
Hong Kong

TO THE MEMBERS OF HAO TIAN DEVELOPMENT GROUP LIMITED
昊天發展集團有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Hao Tian Development Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 167, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagements, 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.

Independent Auditor's Report

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 auditor's judgment, 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 auditor considers internal control relevant to the entity's preparation of consolidated financial statements that gives 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 of the Company, 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Revenue	7	**129,986**	60,899
Gross proceeds from sale of investments held for trading		**767,976**	208,660
Total		**897,962**	269,559
Revenue	7	**129,986**	60,899
Other income	9	**7,818**	9,079
Other gains and losses	10	**762,201**	1,918,000
Administrative expenses		**(89,284)**	(75,433)
Finance costs	11	**(87,878)**	(66,354)
Profit before taxation		**722,843**	1,846,191
Taxation	12	**(256,869)**	(323,813)
Profit for the year	13	**465,974**	1,522,378
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
– fair value changes		**435,841**	499,254
– impairment loss recognised		**120,173**	–
– reclassified to profit or loss upon disposal		**(29,264)**	(141,405)
Exchange difference arising on translation of foreign operations		**(2,845)**	(165)
Reclassification adjustments relating to foreign operations disposed		**–**	(14)
Other comprehensive income for the year, net of tax		**523,905**	357,670
Total comprehensive income for the year		**989,879**	1,880,048
Profit (loss) for the year attributable to:			
Owners of the Company		**524,398**	1,522,565
Non-controlling interests		**(58,424)**	(187)
		465,974	1,522,378

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	NOTES	**2016 HK$'000**	2015 HK$'000
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**1,082,381**	1,880,235
Non-controlling interests		**(92,502)**	(187)
		989,879	1,880,048
			(Restated)
Earnings per share	17		
– Basic and diluted (HK cents)		**14.77**	62.40

Consolidated Statement of Financial Position

At 31 March 2016

	NOTES	**2016** **HK$'000**	2015 HK$'000
Non-current assets			
Property, plant and equipment	18	**82,202**	82,935
Prepaid lease payment	19	**16,480**	17,761
Premium over prepaid lease payment	20	**130,542**	133,261
Available-for-sale investments	21	**1,399,486**	1,288,455
Financial assets designated at fair value through profit or loss	22	**24,252**	–
Derivative financial instruments	22	**–**	585,324
Loan receivables	26	**118,569**	56,365
Deposits	23	**964**	1,017
		1,772,495	2,165,118
Current assets			
Inventories	24	**407**	1,239
Trade, bills and interest receivables	25	**36,226**	30,967
Other receivables, deposits and prepayments	25	**48,027**	250,081
Loan receivables	26	**709,220**	387,650
Derivate financial instruments	22	**466,150**	–
Consideration receivable	28	**72,120**	152,230
Investments held for trading	27	**4,860,141**	2,956,687
Prepaid lease payment	19	**370**	370
Pledged bank deposits	25	**167,424**	45,276
Bank balances and cash	25	**295,782**	203,575
		6,655,867	4,028,075
Current liabilities			
Other payables, deposits received and accruals	29	**16,287**	11,478
Borrowings	32	**463,894**	572,801
Secured notes	30	**203,074**	–
Derivative financial instruments	22	**41,515**	202,601
Tax payables		**5,018**	21,298
Deferred tax liability	31	**567,335**	315,155
		1,297,123	1,123,333
Net current assets		**5,358,744**	2,904,742
Total assets less current liabilities		**7,131,239**	5,069,860

Consolidated Statement of Financial Position

At 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current liabilities			
Borrowings	32	**164,550**	144,550
Other long term liability	33	**98,560**	–
		263,110	144,550
Net assets		**6,868,129**	4,925,310
Capital and reserves			
Share capital	35	**36,423**	29,443
Reserves	36	**6,623,458**	4,895,867
Equity attributable to owners of the Company		**6,659,881**	4,925,310
Non-controlling interests		**208,248**	–
Total equity		**6,868,129**	4,925,310

The consolidated financial statements on pages 51 to 167 were approved and authorised for issue by the Board of Directors on 28 June 2016 and are signed on its behalf by:

Fok Chi Tak
DIRECTOR

Xu Hai Ying
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Share capital HK$'000	Share premium HK$'000	Warrant reserve HK$'000	Statutory surplus reserve HK$'000 (note a)	Share option reserve HK$'000	Asset revaluation reserve HK$'000	Special reserve HK$'000 (note b)	Translation reserve HK$'000	Other reserve HK$'000 (note c)	Put option reserve HK$'000 (note d)	Accumulated (losses) profits HK$'000	Total equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2014	198,602	2,824,309	7,169	3,539	42,208	203,749	(5,754)	1,814	–	–	(726,733)	2,548,903	4,954	2,553,857
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	1,522,565	1,522,565	(187)	1,522,378
Other comprehensive income (expense)	–	–	–	–	–	357,849	–	(179)	–	–	–	357,670	–	357,670
Total comprehensive income (expense) for the year	–	–	–	–	–	357,849	–	(179)	–	–	1,522,565	1,880,235	(187)	1,880,048
Capital reorganisation (note 35)	(194,630)	–	–	–	–	–	–	–	–	–	194,630	–	–	–
Issue of new shares upon exercise of warrants	5,611	122,191	(7,169)	–	–	–	–	–	–	–	–	120,633	–	120,633
Share options lapsed	–	–	–	–	(35,037)	–	–	–	–	–	35,037	–	–	–
Issue of new shares upon placing, open offer and bonus issue (note 35)	19,860	369,398	–	–	–	–	–	–	–	–	–	389,258	–	389,258
Transaction costs attributable to issue of new shares upon placing, open offer and bonus issue	–	(13,726)	–	–	–	–	–	–	–	–	–	(13,726)	–	(13,726)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(4,767)	(4,767)
Recognition of equity-settled share-based payments	–	–	–	–	7	–	–	–	–	–	–	7	–	7
At 31 March 2015	29,443	3,302,172	–	3,539	7,178	561,598	(5,754)	1,635	–	–	1,025,499	4,925,310	–	4,925,310
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	524,398	524,398	(58,424)	465,974
Other comprehensive income (expense)	–	–	–	–	–	560,828	–	(2,845)	–	–	–	557,983	(34,078)	523,905
Total comprehensive income (expense) for the year	–	–	–	–	–	560,828	–	(2,845)	–	–	524,398	1,082,381	(92,502)	989,879
Issue of warrants (note 10)	–	–	466,611	–	–	–	–	–	–	–	–	466,611	–	466,611
Transaction costs attributable to issue of warrants	–	–	(627)	–	–	–	–	–	–	–	–	(627)	–	(627)
Share options lapsed	–	–	–	–	(3,087)	–	–	–	–	–	3,087	–	–	–
Issue of new shares upon exercise of warrants	1,000	128,134	(79,134)	–	–	–	–	–	–	–	–	50,000	–	50,000
Issue of new shares upon placing and bonus issue (note 35)	5,684	210,316	–	–	–	–	–	–	–	–	–	216,000	–	216,000
Issue of new shares under share award (note 35)	296	9,121	–	–	–	–	–	–	–	–	–	9,417	–	9,417
Transaction costs attributable to issue of new shares upon placing and bonus issue	–	(2,234)	–	–	–	–	–	–	–	–	–	(2,234)	–	(2,234)
Transaction costs attributable to issue of new shares upon share award	–	(303)	–	–	–	–	–	–	–	–	–	(303)	–	(303)
Capital injection from non-controlling interests of a subsidiary (note 33)	–	–	–	–	–	–	–	–	(750)	–	–	(750)	300,750	300,000
Issue of written put option (note 33)	–	–	–	–	–	–	–	–	(91,291)	5,238	–	(86,053)	–	(86,053)
Recognition of equity-settled share-based payments	–	–	–	–	129	–	–	–	–	–	–	129	–	129
At 31 March 2016	36,423	3,647,206	386,850	3,539	4,220	1,122,426	(5,754)	(1,210)	(92,041)	5,238	1,552,984	6,659,881	208,248	6,868,129

Notes:

(a) As stipulated by the relevant laws and regulations of the People's Republic of China ("PRC"), before distribution of the net profit each year, each of the Group's subsidiaries established in the PRC shall set aside 10% of its net profit after taxation to the statutory surplus reserve. The reserve fund can only be used, upon approval by the board of directors of these PRC established subsidiaries and by the relevant authority, to offset accumulated losses or increase capital. During the years ended 31 March 2016 and 2015, there was no transfer from retained profits to the statutory reserve since the Group's PRC subsidiaries incurred net loss.

(b) Special reserve of HK$5,754,000 represents the difference between the nominal amount of share capital issued by Winbox (BVI) Limited and the Company and the nominal amount of the share capital of the acquired subsidiaries and Winbox (BVI) Limited respectively arisen from a group reorganisation occurred in prior years.

(c) Other reserve represents (i) the difference between the fair value of the capital injections from non-controlling shareholders and the carrying amount of the subsidiary attributable to the non-controlling interests; and (ii) the fair value of the gross liability of written put option issued by the Company. Details are set out in note 33 to the consolidated financial statements.

(d) Put option reserve represents the fair value of the put option issued by the Company on date of issue, 13 May 2015. Details are set out in note 33 to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES		
Profit for the year	**465,974**	1,522,378
Adjustments for:		
Income tax	**256,869**	323,813
Interest income	**(3,818)**	(1,563)
Finance costs	**87,878**	66,354
Depreciation of property, plant and equipment	**5,586**	5,487
Amortisation of prepaid lease payment	**358**	–
Amortisation of premium over prepaid lease payment	**2,719**	–
Dividend income from available-for-sale investments	**(2,842)**	(297)
Impairment loss on available-for-sale investments	**401,426**	–
Loss on issuance of warrants	**466,022**	–
Share-based payments	**7,766**	7
(Gain) loss on disposal of property, plant and equipment	**(1,183)**	5
Gain on disposal of available-for-sale investments	**(29,264)**	(141,405)
Initial loss arising from derivative financial instruments	**–**	68,763
Fair value (gain) loss on derivative financial instruments	**(86,213)**	94,087
Fair value of put option at initial recognition	**5,238**	–
Fair value loss (gain) on financial assets designated at fair value through profit or loss	**748**	(4,756)
Gain on disposal of loan and interest receivable	**–**	(3,689)
Unrealised fair value gain in investments held for trading	**(1,524,061)**	(1,914,605)
Gain on disposal of subsidiaries	**–**	(29)
Operating cash flows before movements in working capital	**53,203**	14,550
Decrease in inventories	**832**	1,537
(Increase) decrease in trade, bills and interest receivables	**(5,259)**	49,557
Decrease (increase) in other receivables, deposits and prepayments	**202,865**	(254,377)
Increase in loan receivables	**(383,774)**	(200,980)
Increase in investments held for trading	**(379,393)**	(1,042,082)
Decrease in trade and bills payables	**–**	(24,748)
Decrease in other payables, deposits received and accruals	**(6,595)**	(346)
Net cash used in operations	**(518,121)**	(1,456,889)
Finance costs paid for money lending business	**(13,961)**	(17,985)
Finance costs paid for securities investment business	**(3,625)**	(9,378)
Income tax paid	**(8,298)**	(6,098)
NET CASH USED IN OPERATING ACTIVITIES	**(544,005)**	(1,490,350)

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(5,631)**	(15,468)
Proceeds from disposal of property, plant and equipment		**1,758**	1,651
Placement in pledged bank deposits		**(132,295)**	(663)
Withdrawal of pledged bank deposits		**10,147**	–
Purchases of financial assets designated at financial assets at fair value through profit or loss		**(25,000)**	–
Proceeds from disposal of a financial asset designated at fair value through profit or loss		**–**	9,500
Proceeds from disposal of loan and interest receivables		**–**	36,500
Purchases of available-for-sale investments		**–**	(42,935)
Dividend income received from available-for-sale investments		**2,842**	297
Purchase of assets through acquisition of subsidiaries	38	**–**	43
Net cash from disposal of subsidiaries	37	**–**	5,854
Proceeds from disposal of available-for-sale investments		**43,557**	310,053
Collection of consideration receivable from disposal of available-for-sale investment		**–**	10,000
Collection of consideration receivable from disposal of subsidiaries		**60,385**	6,500
Proceeds from issue of derivative financial instruments		**–**	5,000
Interest received		**3,007**	1,563
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(41,230)**	327,895
FINANCING ACTIVITIES			
Interest paid		**(24,691)**	(34,635)
Proceeds from issue of secured notes		**232,499**	–
Expenses on issue of secured notes		**(1,775)**	–
Borrowings raised		**995,894**	537,801
Repayment of borrowings		**(1,104,801)**	(179,000)
Proceeds from issue of bonds		**20,000**	130,550
Issuance cost of warrants		**(627)**	–
Proceeds from issue of new shares		**216,000**	389,258
Expenses on issue of shares		**(2,537)**	(13,726)
Proceeds from issue of new shares upon exercise of warrants		**50,000**	120,633
Proceeds from issue of warrants		**589**	–
Capital injection from non-controlling interests of a subsidiary		**300,000**	–
NET CASH FROM FINANCING ACTIVITIES		**680,551**	950,881

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 **HK$'000**	2015 HK$'000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**95,316**	(211,574)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**203,575**	416,322
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(3,109)**	(1,173)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR REPRESENTED BY BANK BALANCES AND CASH	**295,782**	203,575
Total interest paid	**(42,277)**	(61,998)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

1. GENERAL

Hao Tian Development Group Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Asia Link Capital Investment Holdings Limited ("Asia Link"), which is incorporated in the British Virgin Islands ("BVI"), and the ultimate controlling shareholder is Ms. Li Shao Yu ("Ms. Li"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The principal activities of the Company are investment holding and provision of management service to its subsidiaries. The principal activities of its subsidiaries are set out in note 43.

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

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

In the current year, the Group has applied the following amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

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

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKAS 1	Disclosure initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendments to HKAS 27	Equity method in separate financial statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[3]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers[1]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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

3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

HKFRS 15 Revenue from Contracts with customers

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

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

HKFRS 15 Revenue from Contracts with customers (continued)

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

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

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Company performs a detailed review.

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

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's operating lease arrangements as disclosed in note 39. The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

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

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in September 2014 mainly to include a) impairment requirements for financial assets; b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" measurement category for certain simple debt instruments.

All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at FVTPL, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

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

HKFRS 9 Financial instruments (continued)

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

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets (e.g. the Group's unlisted shares that are currently classified as available-for-sale investments at cost will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss or other comprehensive income and the Group's loan receivables in which the impairment loss is currently assessed by using an incurred credit loss model will have to be assessed by using an expected credit loss model). However, it is not practicable to provide a reasonable estimate of the effects of adoption until a detailed review has been completed.

The directors of the Company do not anticipate that the application of the other new and amendments to HKFRSs will have a material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The principal accounting policies are set out below:

Basis of consolidation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the proportionate share of net assets attributable to the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and services provided in the normal course of business, net of discounts and sales related taxes and returns.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Service income is recognised when services are provided.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than art works as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Art works are stated at cost less subsequent accumulated impairment losses, if any.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Impairment on tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on tangible and intangible assets (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Leasing

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

The Group as lessee

Operating leases are recognised as expenses on a straight-line basis over the term of the relevant lease.

Leasehold land and building

Interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payment" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs necessary to make the sale.

Financial instruments

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

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

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments, other than those financial assets classified as FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets at FVTPL *(continued)*

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets. Fair value is determined in the manner described in note 6.

Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. Equity securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of asset revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the asset revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

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

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets *(continued)*

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

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

For certain categories of financial asset, such as trade, bills and interest receivables and loan receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 to 180 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

For financial assets carried at cost, including those available-for-sale equity investments, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets *(continued)*

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

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

Impairment losses on available-for-sale equity investments previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated under the heading of asset revaluation reserve.

Financial liabilities and equity instruments

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

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis, other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Financial liability designated as at FVTPL

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 6.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Other financial liabilities

Other financial liabilities including other payables and accruals, borrowings, secured notes and other long term liability are subsequently measured at amortised cost, using the effective interest method.

Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments are equity instruments. The net proceeds received from the issue of warrants are recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants. When the warrants are still not exercised at the expiry date, the amount previously recognised in the warrant reserve will be transferred to accumulated (losses) profits.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Obligation arising from put options on shares of a subsidiary written to a non-controlling shareholder

The gross financial liability arising from the put option written to a non-controlling shareholder which will be settled by exchange of fixed amount of cash for a fixed number of shares in a subsidiary is recognised when contractual obligation to repurchase the shares in a subsidiary is established even if the obligation is conditional on the counterparty exercising a right to sell back the shares to the Group. The liability for the share redemption amount is initially recognised and measured at present value of the estimated repurchase price with the corresponding debit to the other reserve. In subsequent years, the effective interest on the estimated gross obligation under the written put option to the non-controlling shareholder is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

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

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

Financial liabilities are derecognised when the obligations specified in the relevant contract is discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payment transactions

Share options granted to employees

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated (losses) profits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Equity-settled share-based payment transactions *(continued)*

Shares held for share award scheme

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Classification of investments in China Innovative Finance Group Limited ("CIFG") (formerly known as "Heritage International Holdings Limited")

As at 31 March 2016, the Group owned 27.14% (2015: 28.87%) equity interest in CIFG with carrying amount of HK$4,979,425,000 (2015: HK$2,885,985,000), of which HK$428,925,000 (2015: HK$266,385,000) related to 2.33% (2015: 2.67%) equity interest in CIFG was classified as available-for-sale investments and HK$4,550,500,000 (2015: HK$2,619,600,000) related to 24.81% (2015: 26.20%) equity interest of CIFG was classified as investments held for trading. CIFG is a company which shares are listed on the Stock Exchange.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Classification of investments in China Innovative Finance Group Limited ("CIFG") (formerly known as "Heritage International Holdings Limited") (continued)

The directors of the Company assessed whether or not the Group has significant influence over CIFG based on whether the Group has the power to participate in the financial and operating policy decision of CIFG but is not control or joint control over those policies. In making their judgement, the directors of the Company have taken into consideration the arrangement whereby the Group has irrevocably undertaken to CIFG that the Group shall not participate or otherwise exercise any influence over the management or the operating and financial policy decisions of CIFG and shall not nominate any directors to or remove any directors from the board of directors of CIFG. On this basis, the directors of the Company considered that the Group has given up the right to exercise significant influence over the relevant activities which the Group would otherwise have held by reason of its holding of 27.14% equity interest in CIFG. On this basis, the directors of the Company concluded that the Group has no significant influence over CIFG.

Key sources of estimation uncertainty

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

Estimated impairment loss of intangible assets

During the year ended 31 March 2015, the Group purchased premium over prepaid lease payment through acquisition of subsidiaries, which is accounted for as intangible asset (details are set out in note 20).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment loss of intangible assets (continued)

At the end of the reporting period, the Group reviews the carrying amount of the premium over prepaid lease payment to determine whether there is any indication that it has suffered an impairment loss. If any such indication exists, the recoverable amount of the premium over prepaid lease payment is estimated in order to determine the extent of the impairment loss, if any.

Determining whether premium over prepaid lease payment is impaired requires an estimation of the recoverable amount of the cash-generating unit ("CGU") to which premium over prepaid lease payment has been allocated. Recoverable amount of the CGU is determined based on value in use calculation. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to service fee and rental income and direct costs. Where the actual cash flows are less than expected, a material impairment loss may arise. As at 31 March 2016, the carrying amount of premium over prepaid lease payment was HK$130,542,000 (2015: HK$133,261,000).

Recoverability of consideration receivable

During the year ended 31 March 2013, the Group disposed of its Inner-Mongolia Mining Operation (as defined in note 28). Due to disputes, the counterparty refused to settle certain amount of the consideration. As at 31 March 2016, the carrying amount of the unsettled portion of the consideration was HK$72,120,000 (2015: HK$152,230,000). Since 16 May 2013, the Group and the counterparty had filed several arbitrations and litigations to relevant authorities in the PRC.

The final outcome of these relevant arbitrations and the litigations are not yet concluded as at the date of issuance of these consolidated financial statements. After taking legal advice, in the opinion of the directors of the Company, the Group had fully complied with the terms of the sale and purchase agreement and the Group has a meritorious ground on the arbitrations and litigations. As the risk of not recovering the consideration receivable is minimal after taking legal advice and in view of strong financial ability of the counterparty, therefore no impairment loss was made as at 31 March 2016 and 2015.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Recoverability of consideration receivable (continued)

However, if the final results of the arbitrations and litigations are not favourable to the Group, the Group is required to pay the counterparty HK$131 million as excess portion of the compensation claim demanded by the counterparty and the unsettled consideration receivable of approximately HK$72.1 million (2015: HK$152.2 million) might require a full impairment. The amount of the excess portion of the compensation claim and the impairment loss will be recognised in profit or loss.

Details of the arbitrations and the litigations are set out in note 28.

Recoverability of loan receivables

As at 31 March 2016, the carrying amount of total outstanding loan receivables in respect to the money lending business was HK$827,789,000 (2015: HK$444,015,000). The Group assesses the recoverability of the loan receivables on individual basis, when there is objective evidence of impairment loss on loan receivables, the Group estimates the future cash flows of each loan receivable for impairment testing purpose. The amount of the impairment loss is measured as the difference between the loan receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise in future financial periods.

Estimated impairment loss of unlisted available-for-sale equity investments at cost

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the suitable discount rate.

Where the actual future cash flows are less than expected or where there are changes in facts and circumstances, which resulted in downward revision of estimation of future cash flows, a material impairment loss may arise. During the year ended 31 March 2016, impairment losses on unlisted available-for-sale investments of HK$281,253,000 (2015: nil) was recognised to profit or loss. Details of these impairment losses are set out in note 21.

As at 31 March 2016, the carrying amount of unlisted available-for-sale equity investments stated at cost was HK$81,982,000 (2015: HK$363,235,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Fair value of financial instruments not quoted in an active market

As at 31 March 2016, the fair value of the Group's financial assets designated at FVTPL and derivative financial instruments (2015: derivative financial instruments) were determined by valuation technique as these financial instruments do not have quoted market price. The directors of the Company use their judgments in selecting an appropriate valuation technique. Valuation techniques commonly used by market practitioners are applied. In determining the fair value of these instruments, assumptions are made based on currently available market data adjusted for specific features of these instruments (see note 22 for details). As at 31 March 2016, the fair value of the Group's financial assets designated at FVTPL and derivative financial instruments including derivative financial assets and derivative financial liabilities were HK$24,252,000, HK$466,150,000 and HK$41,515,000 respectively (2015: fair value of derivative financial assets and derivative financial liabilities of HK$585,324,000 and HK$202,601,000 respectively).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company has set up an investment committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent they are available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The investment committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the investment committee's findings to the board of directors of the Company every half year to explain the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 22 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

5. CAPITAL RISK MANAGEMENT

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

As at 31 March 2016, the capital structure of the Group consists of debt, which include borrowings, secured notes and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues, as well as the issue of new debts or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016	2015
	HK$'000	HK$'000
Financial assets		
Financial assets at FVTPL		
– Held for trading	**4,860,141**	2,956,687
– Designated as FVTPL	**24,252**	–
Derivative financial instruments	**466,150**	585,324
Loans and receivables		
(including cash and cash equivalents)	**1,447,137**	1,125,188
Available-for-sale investments	**1,399,486**	1,288,455
	8,197,166	5,955,654
Financial liabilities		
Financial liabilities at FVTPL		
– Derivative financial instruments	**41,515**	202,601
Amortised cost	**946,365**	728,829
	987,880	931,430

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

As at 31 March 2016, the Group's financial instruments include deposits, pledged bank deposits, trade, bills and interest receivables, other receivables, loan receivables, consideration receivable, investments held for trading, financial assets designated at FVTPL, derivative financial instruments, available-for-sale investments, bank balances and cash, other payables and accruals, borrowings, secured notes and other long term liability (2015: deposits, pledged bank deposits, trade, bills and interest receivables, other receivables, loan receivables, consideration receivables, investments held for trading, derivative financial instruments, available-for-sale investments, bank balances and cash, other payables and accruals and borrowings). Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk from prior year.

Market risk

Foreign currency risk management

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities excluding intra-group balances at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States Dollars ("US$")	**650**	16,896	**337,014**	–
Renminbi ("RMB")	**72,161**	158,593	**–**	–

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

Foreign currency risk management (continued)

In addition, as at 31 March 2016, the directors of the Company considered that the Group's exposure to foreign currency risk arose from intra-group balances due to foreign operation of HK$277,950,000 (2015: HK$102,092,000), which were not denominated in the functional currency of the respective group entities. These intra-group loans do not form part of the Group's net investment in foreign operations.

Sensitivity analysis

The Group is mainly exposed to exchange rate fluctuation of HK$, US$ and RMB against the functional currency of respective group entities, which is mainly HK$ and RMB. The directors of the Company considered that, as HK$ is pegged to US$, the subsidiaries with HK$ as functional currency, are subject to insignificant foreign currency risk from change in foreign exchange rate of HK$ against US$, therefore US$ is not considered in the sensitivity analysis.

5% is the sensitivity rate used by the directors of the Company in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis below demonstrates the effect of the foreign exchange differences by a 5% change in exchange rate of the functional currencies against the relevant foreign currencies of the Company and respective subsidiaries, other than US$ for those with HK$ functional currency, assuming all other variables were held constant. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or borrower. A negative (2015: positive) number below indicates a decrease in post-tax profit (2015: an increase in post-tax profit) where the functional currencies weaken 5% against the relevant foreign currencies of the Company and respective subsidiaries, other than US$ (for those with HK$ functional currency). For a 5% strengthening of the functional currencies of the Company and respective subsidiaries, there would be an equal and opposite impact on the results for the year.

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

Foreign currency risk management (continued)

Sensitivity analysis (continued)

	2016	2015
	HK$'000	HK$'000
(Decrease) increase in profit for the year	**(8,592)**	1,372

Interest rate risk management

As at 31 March 2016, the Group is exposed to cash flow interest rate risk in relation to pledged bank deposits, bank balances and variable rate borrowings (2015: pledged bank deposits, bank balances and variable rate borrowings) carrying prevailing market interest rate.

As at 31 March 2016 and 2015, the Group is also exposed to fair value interest rate risk in relation to fixed-rate borrowings and loan receivables.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

Interest rate risk management (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to the variable rate pledged bank deposits, bank balances and borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2015: 50 basis point) increase or decrease is used on variable rate borrowings after considering the impact of volatile financial market conditions. The directors of the Company used 10 basis points (2015: 10 basis points) for assessing interest rate risk on pledged bank deposits and bank balances because they considered that the fluctuations on interest rate on pledged bank deposits and bank balances would be less significant.

If interest rates had been 50 basis points (2015: 50 basis points) higher/lower for variable-rate borrowings and 10 basis points (2015: 10 basis points) higher/lower for pledged bank deposits and balances and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2016 would decrease/increase by HK$1,601,000 (2015: HK$1,342,000).

Price risk management

The management would manage its exposure arising from these investments by closely monitoring the performance of respective listed equity security and derivatives and market conditions. The management would consider diversifying the portfolio of these investments as they consider appropriate.

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

Price risk equity and debt investments

The Group is exposed to other price risk through its listed available-for-sale investments and investments held for trading. For available-for-sale investments measured at cost less impairment as the fair value could not be measured reliably, they have not been included in the sensitivity analysis.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity and debt price risks at the end of the reporting period. The sensitivity analysis included those available-for-sale investments and investments held for trading carried at fair values. If the prices of the respective available-for-sale investments in listed equity securities and investments held for trading had been 10% (2015: 10%) higher, assuming all other variables were held constant, the impact to the Group would be:

	2016 **HK$'000**	2015 HK$'000
Increase in profit for the year	**405,822**	246,884
Increase in other comprehensive income for the year	**131,750**	92,522

If the prices of respective available-for-sale investments and held for trading investments had been 10% (2015: 10%) lower, assuming all other variables were held constant, the impact to the Group would be:

	2016 **HK$'000**	2015 HK$'000
Decrease in profit for the year	**411,444**	246,884
Decrease in other comprehensive income for the year	**126,128**	92,522

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

Price risk equity and debt investments (continued)

Sensitivity analysis (continued)

10% (2015: 10%) change in price represents the directors of the Company's assessment of the reasonably possible change in price.

As at 31 March 2016 and 2015, the Group was exposed to concentration risk on the listed available-for-sale investments and investments held for trading as they comprise equity shares issued by several companies listed in Hong Kong.

Price risk on financial assets designated at FVTPL and derivative financial instruments

As at 31 March 2016, the Group was also exposed to price risk through its financial assets designated at FVTPL and derivative financial instruments (2015: derivative financial instruments).

The sensitivity analysis below has been determined based on the exposure to price risk at the end of the reporting period. If the prices of the listed equity securities, which was used as key input in the valuation of financial assets designated at FVTPL and derivative financial instruments (particulars are set out in note 22), had been 10% higher/lower, assuming all other variables were held constant, the impact to the Group would be:

	2016 **HK$'000**	2015 HK$'000
Increase in post-tax profit for the year	**37,482**	31,957
Decrease in post-tax profit for the year	**(37,482)**	(31,957)

In opinion of the directors of the Company, the sensitivity analysis above is unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of financial assets designated at FVTPL and derivative financial instruments (2015: derivative financial instruments) involves multiple variables and certain variables are interdependent.

6. FINANCIAL INSTRUMENTS (continued)

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

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2016 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. As at 31 March 2016, the Group has concentration of credit risk in respect of financial assets designated at FVTPL, derivative financial instruments, loan receivables and consideration receivable (2015: derivative financial instruments, loan receivables, consideration receivables and trade and bills receivables). As at 31 March 2016, the Group's financial assets designated at FVTPL were due from 1 (2015: nil) counterparty (see note 22); the Group's derivative financial instruments were due from 1 (2015: 1) counterparty (see note 22); the Group's loan receivables were due from 126 (2015: 45) counterparties (see note 26); and the Group's consideration receivable was due from 1 (2015: 1) counterparty (see note 28). As at 31 March 2015, two customers for the Group's trading of commodities represented the entire Group's bills receivables. In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has a concentration of credit risk on liquid funds deposited with a few major banks. The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

As at 31 March 2016, the Group had outstanding consideration receivable of HK$72,120,000 (2015: HK$152,230,000) due from 1 (2015: 1) counterparty buyer in respect to the disposal of subsidiaries (2015: disposal of subsidiaries). The Group is exposed to credit risk for the amount of HK$72,120,000 (2015: HK$152,230,000) which had been due as at 31 March 2016. The management of the Group takes active negotiation and follow-up action to recover the consideration receivables in order to minimise the credit risk. Details are set out in note 28.

6. FINANCIAL INSTRUMENTS (continued)

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

Credit risk *(continued)*

As at 31 March 2016, loan receivables of HK$58,257,000 (2015: HK$27,245,000) were past due. The Group is exposed to credit risk in the event of the loan borrowers fails to perform its obligation to repay the amount in full. The management of the Group takes active negotiation and follow-up action to recover the loan receivables in order to minimise the credit risk. In the opinion of the directors of the Company, the risk of non-recoverability of the amount is minimal, as the loan receivables was secured by sufficient collateral which could recover the amount of the loan receivables in case the loan borrowers fails to perform its obligation.

Liquidity risk

The Group manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

6. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk *(continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities. It has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	On demand or between 1 to 3 months	Between 4 to 12 months	Over 1 year	Total undiscounted cash flows	Carrying amount at 31 March
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2016						
Other payables and accruals	N/A	16,287	-	-	16,287	16,287
Borrowings	4.22	465,182	4,743	213,025	682,950	628,444
Secured notes	21.15	-	21,216	238,721	259,937	203,074
Other long term liability	8.0	-	-	115,000	115,000	98,560
Derivative financial instruments	N/A	-	-	41,515	41,515	41,515
		481,469	25,959	608,261	1,115,689	987,880

6. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk *(continued)*

	Weighted average effective interest rate %	On demand or between 1 to 3 months HK$'000	Between 4 to 12 months HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March HK$'000
2015						
Other payables and accruals	N/A	11,478	–	–	11,478	11,478
Borrowings	6.3	584,483	4,243	195,261	783,987	717,351
Derivative financial instruments	N/A	–	–	202,601	202,601	202,601
		595,961	4,243	397,862	998,066	931,430

Bank loans with a repayment on demand clause are included in the "on demand or between 1 to 3 months" time band in the above maturity analysis. As at 31 March 2016, the aggregate undiscounted principal amounts of these bank loans amounted to HK$429,619,000 (2015: HK$562,801,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid six months after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$430,758,000 (2015: HK$574,467,000).

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31 March 2016 HK$'000	2015 HK$'000	Fair value hierarchy	Valuation techniques and key inputs
Listed equity securities classified as available-for-sale investments	**1,317,504**	925,220	Level 1	Quoted prices in an active market
Listed equity securities classified as investments held for trading	**4,859,871**	2,952,114	Level 1	Quoted prices in an active market
Overseas listed derivatives classified as investments held for trading	**270**	4,573	Level 1	Quoted prices in an active market
Convertible bond classified as financial assets designated at FVTPL	**24,252**	–	Level 3	Discounted cash flow and Binomial Option Pricing Model. Future cash flows are estimated based on the prevailing market rate of interest of similar instruments. The unobservable key input is expected volatility detailed in note 22 (note a)
Derivative financial instruments	**466,150**	585,324	Level 3	Discount cash flow and Black Scholes Option Pricing Model. Future cash flows are estimated based on the prevailing market rate of interest of similar instruments. The unobservable key input is probabilities (2015: expected volatility) detailed in note 22 (note b)

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments (continued)

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Financial liabilities	Fair value as at 31 March 2016 HK$'000	2015 HK$'000	Fair value hierarchy	Valuation techniques and key inputs
Derivative financial instruments	**41,515**	202,601	Level 3	Black Scholes Option Pricing Model. The unobservable key input is expected volatility detailed in note 22 (note c)

Notes:

(a) If the expected volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of convertible bond would increase/decrease by approximately HK$34,000/HK$37,000. In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent price risk as the period end exposure does not reflect the exposure during the year.

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments (continued)

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Notes: (continued)

(b) The fair value as at 31 March 2016 of HK$466,150,000 is determined based on the probabilities of 90%, 9% and 1% for Scenario 1, Scenario 2 and Scenario 3 (as defined in note 22) respectively. If the probabilities of Scenario 1, Scenario 2 and Scenario 3 to the valuation model had been changed to 100%, 0% and 0% respectively and 80%, 19% and 1% respectively while all other variables were held constant, the carrying amount of derivative financial instruments would increase/decrease by approximately HK$24,967,000/HK$22,284,000 (2015: N/A). In the opinion of the directors of the Company, the sensitivity analysis is unpresentative of the inherent price risk as the year end exposure does not reflect the exposure during the year.

For the year ended 31 March 2015, if the expected volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of derivative financial instruments would increase/decrease by approximately HK$521,000/HK$297,000. In the opinion of the directors of the Company, the sensitivity analysis was unpresentative of the inherent price risk as the year end exposure did not reflect the exposure during the year.

(c) If the expected volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of derivative financial instruments would increase/decrease by approximately HK$5,626,000/HK$5,695,000 (2015: HK$2,261,000/HK$1,861,000). In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent price risk as the period end exposure does not reflect the exposure during the year.

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments (continued)

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Of the total gains and losses for the year included in profit or loss, net gain of HK$85,465,000 (2015: net loss of HK$158,094,000) relates to financial assets designated as at FVTPL and derivative financial instruments held at the end of the current year. Fair value gains or losses on financial assets designated as at FVTPL and derivative financial instruments are included in 'other gains and losses'.

	31 March 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Available-for-sale investments	**1,317,504**	**–**	**–**	**1,317,504**
Investments held for trading	**4,860,141**	**–**	**–**	**4,860,141**
Financial assets designated at FVTPL	**–**	**–**	**24,252**	**24,252**
Derivative financial instruments				
– assets	**–**	**–**	**466,150**	**466,150**
– liabilities	**–**	**–**	**(41,515)**	**(41,515)**
	6,177,645	**–**	**448,887**	**6,626,532**

	31 March 2015			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale investments	925,220	–	–	925,220
Investments held for trading	2,956,687	–	–	2,956,687
Derivative financial instruments				
– assets	–	–	585,324	585,324
– liabilities	–	–	(202,601)	(202,601)
	3,881,907	–	382,723	4,264,630

There were no transfer between Level 1 and 2 in both years.

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments (continued)

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Financial assets designated at FVTPL HK$'000	**Derivative financial assets** HK$'000	**Derivative financial liabilities** HK$'000
At 1 April 2014	4,745	550,573	–
Addition	–	–	(5,000)
Total gains or losses recognised in profit or loss			
– Loss on initial recognition	–	–	(68,763)
– Change in fair value	4,756	34,751	(128,838)
Transferred out of Level 3:			
– Disposal	(9,501)	–	–
At 31 March 2015	–	585,324	(202,601)
Addition	25,000	–	(44,301)
Total gains or losses recognised in profit or loss			
– Change in fair value	(748)	(119,174)	205,387
At 31 March 2016	24,252	466,150	(41,515)

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement of financial instruments (continued)

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group obtains transaction price and quoted price from secondary market and counterparty bank, as well as engages third party qualified valuers to perform the valuation on regular basis. The Group's investment committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Group's investment committee reports the valuer's findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the assets. Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE

Revenue represents interest income generated from lending of money to outside borrowers and income from rendering of services. An analysis of the Group's revenue for the year is as follows:

	2016	2015
	HK$'000	HK$'000
Interest income generated from money lending	**129,986**	60,399
Service income generated	**–**	500
	129,986	60,899

8. SEGMENT INFORMATION

The Group is currently organised into below operating divisions and carried out by the following subsidiaries:

(a) Money lending division carried out by Hao Tian Finance Company Limited ("Hao Tian Finance")

(b) Trading of commodities division carried out by Hao Tian Oil & Gas Development Group Limited of which the management is proactive looking for the potential transactions during the year

(c) Securities investment division carried out by Hao Tian Management (Hong Kong) Limited ("Hao Tian Management")

(d) Trading of futures division carried out by Hong Kong Energy & Mining Investment Management Limited

These operating divisions are the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, in order to allocate resources to segments and to assess their performance.

No segment assets and liabilities are presented as the chief operating decision maker does not regularly review segment assets and liabilities.

8. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 31 March 2016

	Money lending HK$'000	Trading of commodities HK$'000	Securities investment HK$'000	Trading of futures HK$'000	Consolidated HK$'000
Gross proceeds from sale of investments held for trading	-	-	767,976	-	767,976
Segment revenue	129,986	-	-	-	129,986
Segment results	117,211	-	1,535,767	970	1,653,948
Other income					7,818
Other gains and losses					(778,037)
Central administration costs					(73,008)
Finance costs					(87,878)
Profit before taxation					722,843

8. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 March 2015

	Money lending HK$'000	Trading of commodities HK$'000	Securities investment HK$'000	Trading of futures HK$'000	Consolidated HK$'000
Gross proceeds from sale of investments held for trading	–	–	208,660	–	208,660
Segment revenue	60,399	51,360	–	–	111,759
Less: Cost of commodities transactions	–	(50,860)	–	–	(50,860)
Revenue as presented in the consolidated statement of profit or loss and other comprehensive income	60,399	500	–	–	60,899
Segment results	58,408	500	1,910,071	18,057	1,987,036
Other income					9,079
Other gains and losses					(11,896)
Central administration costs					(71,674)
Finance costs					(66,354)
Profit before taxation					1,846,191

All of the segment revenue reported for both years were from external customers. The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

Segment results represent the profits earned by each segment without allocation of other income, certain other gains and losses, central administration costs, finance costs and taxation, except for those directly related to operating segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

8. SEGMENT INFORMATION (continued)

Other segment information

	Money lending HK$'000	**Trading of commodities HK$'000**	**Securities investment HK$'000**	**Trading of futures HK$'000**	**Segment total HK$'000**	**Unallocated HK$'000**	**Consolidated HK$'000**
For the year ended 31 March 2016							
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:							
Finance costs	**30,943**	**-**	**3,625**	**-**	**34,568**	**53,310**	**87,878**
Taxation	**10,604**	**-**	**252,333**	**-**	**262,937**	**(6,068)**	**256,869**

	Money lending HK$'000	Trading of commodities HK$'000	Securities investment HK$'000	Trading of futures HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 31 March 2015							
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:							
Finance costs	23,814	199	9,378	–	33,391	32,963	66,354
Taxation	8,634	24	315,155	–	323,813	–	323,813

8. SEGMENT INFORMATION (continued)

Geographical information

The information about the Group's revenue by location of operations and its non-current assets by geographical area in which the assets are located is detailed below:

	Revenue		Non-current assets (note)	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**129,986**	60,899	**76,951**	77,374
The PRC	**–**	–	**152,273**	156,583
	129,986	60,899	**229,224**	233,957

Note: Non-current assets excluded available-for-sale investments, financial assets designated at fair value through profit or loss, derivative financial instruments, loan receivables and deposits.

Information about major customers

There were two (2015: three) customers contributing over 10% of total revenue of the Group and are as follows (note):

	2016	2015
	HK$'000	HK$'000
Customer A	**N/A** *	20,857
Customer B	**N/A** #	11,661
Customer C	**N/A** #	6,248
Customer D	**13,340**	N/A #
Customer E	**13,914**	N/A #

Note: Revenue from money lending business.

* Less than 10% of total revenue of the Group

\# No revenue attributed from the customers

9. OTHER INCOME

	2016 **HK$'000**	2015 HK$'000
Interest earned on bank deposits	**3,007**	1,239
Interest earned on loan receivables (other than money lending business)	**–**	324
Interest earned on financial assets designated at FVTPL	**811**	–
Sundry income	**1,158**	7,219
Dividend income from available-for-sale investments	**2,842**	297
	7,818	9,079

10. OTHER GAINS AND LOSSES

	2016 **HK$'000**	2015 HK$'000
Fair value gain on investments held for trading	**1,540,238**	1,929,896
Initial loss arising from derivative financial instruments	**–**	(68,763)
Fair value gain (loss) on derivative financial instruments	**86,213**	(94,087)
Fair value (loss) gain on financial assets designated at FVTPL	**(748)**	4,756
Gain on disposal of loan and interest receivable	**–**	3,689
Gain (loss) on disposal of property, plant and equipment	**1,183**	(5)
Gain on disposal of available-for-sale investments	**29,264**	141,405
Net foreign exchange (loss) gain	**(21,263)**	1,080
Impairment loss on available-for-sale investments	**(401,426)**	–
Fair value of put option at initial recognition (note 33)	**(5,238)**	–
Gain on disposal of subsidiaries	**–**	29
Loss on issuance of warrants (note)	**(466,022)**	–
	762,201	1,918,000

10. OTHER GAINS AND LOSSES (continued)

Note:

On 10 April 2015, the Company entered into a subscription agreement with Asia Link, the Company's immediate and ultimate holding company. Pursuant to this agreement, the Company issued 588,858,000 warrants of the Company at issue price of HK$0.001 per warrant and the subscription price for each underlying share for each warrant shall be HK$0.50. The subscription was completed on 2 July 2015 and proceeds of HK$589,000 were received on the same date. The share price of the Company on the date of issue was HK$1.21 per share. The fair value of the warrants at date of issue was calculated using the Binomial Option Pricing Model. The inputs into the valuation were as follows:

	At date of issue
Share price of the Company	HK$1.210
Subscription price	HK$0.500
Risk free rate (Note a)	0.004%
Expected life (Note b)	2.000 years
Expected volatility (Note c)	78.846%

As at date of issue, the fair value of the warrants was HK$466,611,000 which represented HK$0.7924 per warrant granted. The difference between the fair value of the warrants and the proceeds received, i.e. HK$466,022,000, was charged to profit or loss during the year ended 31 March 2016. Details of the issue of warrants are set out in the Company's circular dated 31 May 2015.

Notes:

(a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the warrants.

(b) Expected life is the expected remaining life of the warrants.

(c) Expected volatility is estimated by calculating the historical daily share price volatility of the stock price of the Company.

11. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Interest expense on borrowings	**80,609**	66,354
Interest expense on other long term liability	**7,269**	–
	87,878	66,354

12. TAXATION

	2016 HK$'000	2015 HK$'000
Hong Kong:		
Current tax	**10,757**	5,600
Underprovision in prior years	**–**	3,058
PRC:		
Overprovision in prior years	**(6,068)**	–
	4,689	8,658
Hong Kong:		
Deferred tax (note 31)	**252,180**	315,155
Income tax expense	**256,869**	323,813

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

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

12. TAXATION (continued)

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

	2016 **HK$'000**	2015 HK$'000
Profit before taxation	**722,843**	1,846,191
Tax at Hong Kong Profits Tax rate of 16.5%	**119,269**	304,622
Tax effect of expenses not deductible for tax purposes	**172,403**	33,511
Tax effect of income not taxable for tax purposes	**(42,997)**	(28,181)
(Over)underprovision in respect of prior years	**(6,068)**	3,058
Tax effect of estimated tax losses not recognised	**14,262**	10,803
Taxation for the year	**256,869**	323,813

Tax losses of HK$314,381,000 (2015: HK$227,945,000) may be carried forward indefinitely. No provision of deferred taxation has been recognised in respect of the tax losses due to unpredictability of future profit streams.

13. PROFIT FOR THE YEAR

	2016 **HK$'000**	2015 HK$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,400**	1,200
Amortisation of prepaid lease payment	**358**	–
Amortisation of premium over prepaid lease payment	**2,719**	–
Depreciation of property, plant and equipment	**5,586**	5,487
Operating lease rentals in respect of rented premises	**12,486**	13,151
Staff costs:		
Directors' emoluments	**11,696**	5,538
Chief executive's emoluments	**893**	2,449
Other staff costs		
– salaries, bonus and other allowances	**22,331**	18,899
– retirement benefit scheme contributions	**799**	629
– share-based payments and share award expense	**1,766**	5
	37,485	27,520

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the directors and chief executive of the Company were as follows:

	2016							2015					
	Fee HK$'000	Salaries and other allowances HK$'000	Performance based bonuses HK$'000 (note e)	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000	Share award HK$'000	Total HK$'000	Fee HK$'000	Salaries and other allowances HK$'000	Performance based bonuses HK$'000 (note e)	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors													
Xu Hai Ying	-	600	-	-	-	200	800	–	600	–	–	–	600
Ou Zhiliang	-	650	-	-	-	200	850	–	650	–	–	–	650
Fok Chi Tak	-	1,888	2,000	18	-	5,000	8,906	–	1,729	2,000	17	2	3,748
	-	3,138	2,000	18	-	5,400	10,556	–	2,979	2,000	17	2	4,998
Independent non-executive directors													
Ma Lin (note a)	-	-	-	-	-	-	-	90	–	–	–	–	90
Chan Ming Sun, Jonathan	180	-	-	-	-	200	380	180	–	–	–	–	180
Lam Kwan Sing	180	-	-	-	-	200	380	180	–	–	–	–	180
Lee Chi Hwa, Joshua (note b)	180	-	-	-	-	200	380	90	–	–	–	–	90
	540	-	-	-	-	600	1,140	540	–	–	–	–	540
Controlling shareholder													
Ms. Li (note c)	-	2,301	-	18	-	370	2,689	–	2,431	–	18	–	2,449
Total	540	5,439	2,000	36	-	6,370	14,385	540	5,410	2,000	35	2	7,987

Notes:

(a) On 30 September 2014, Mr. Ma Lin resigned as a director of the Company.

(b) On 30 September 2014, Mr. Lee Chi Hwa, Joshua was appointed as an independent non-executive director of the Company.

(c) Ms. Li is the chief executive of the Company and including in the remuneration disclosed above, HK$893,000 (2015: HK$2,449,000) represents those for services rendered by her as chief executive. Ms. Li is also a substantial shareholder who can exercise significant influence to the Group. On 1 September 2015, Ms. Li resigned from the chief executive and acts as the senior consultant of the Company.

(d) The emoluments of executive directors of the Company, including Mr. Xu Hai Ying, Mr. Ou Zhiliang and Mr. Fok Chi Tak were for their services in connection with the management of the affairs of the Company and the Group. The emoluments of remaining directors of the Company were for their services as directors of the Company.

(e) On 22 June 2016, the Group provided a special bonus of HK$2,000,000 (2015:HK$2,000,000) to Mr. Fok Chi Tak in respect of the performance of his service rendered to the Group.

During the year, no emoluments were paid by the Group to any of the directors or chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or chief executive of the Company has waived any emoluments during both years.

15. EMPLOYEE'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2015: two) were director or the chief executive of the Company whose emoluments were included in the disclosures in note 14 above. The emoluments of the remaining three (2015: three) individuals were as follows:

	2016 HK$'000	2015 HK$'000
Salaries and other allowances	**4,054**	4,098
Discretionary or performance based bonus	**3,104**	1,537
Retirement benefit scheme contributions	**45**	46
	7,203	5,681

The emoluments were within the following bands:

	2016 Number of employees	2015 Number of employees
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	2
HK$2,000,001 to HK$2,500,000	**1**	1
HK$3,000,001 to HK$3,500,000	**1**	–

During both years, no emoluments or discretionary bonus were paid by the Group to the above highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. DIVIDEND

No dividend was paid or proposed by the directors of the Company for both years nor has any dividend been proposed since the end of the reporting period.

17. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2016	2015
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to the owners of the Company)	**524,398**	1,522,565

	2016	2015
	'000	'000
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**3,550,867**	2,440,192

The weighted average number of ordinary shares for the year ended 31 March 2015 has been adjusted to reflect the impact of the bonus issue.

For the year ended 31 March 2016, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options and warrants (2015: share options) because the exercise prices of these share options and warrants (2015: share options) were higher than the average market price for shares for the year.

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For the year ended 31 March 2016

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Art works HK$'000	Motor vehicles HK$'000	Yacht HK$'000	Total HK$'000
COST						
At 1 April 2014	3,952	2,044	–	12,988	65,054	84,038
Exchange adjustments	25	3	–	14	–	42
Additions	–	563	14,758	–	147	15,468
Acquisition of subsidiaries (note 38)	–	–	–	1,166	–	1,166
Disposal	–	–	–	(1,449)	(323)	(1,772)
At 31 March 2015	3,977	2,610	14,758	12,719	64,878	98,942
Exchange adjustments	(25)	(68)	–	(163)	–	(256)
Additions	201	474	4,038	763	155	5,631
Disposal	–	–	–	(3,440)	–	(3,440)
At 31 March 2016	**4,153**	**3,016**	**18,796**	**9,879**	**65,033**	**100,877**
DEPRECIATION AND IMPAIRMENT						
At 1 April 2014	2,857	614	–	3,902	3,255	10,628
Exchange adjustments	5	1	–	2	–	8
Provided for the year	86	494	–	1,644	3,263	5,487
Disposal	–	–	–	(93)	(23)	(116)
At 31 March 2015	2,948	1,109	–	5,455	6,495	16,007
Exchange adjustments	(5)	(16)	–	(32)	–	(53)
Provided for the year	86	453	–	1,765	3,282	5,586
Disposal	–	–	–	(2,865)	–	(2,865)
At 31 March 2016	**3,029**	**1,546**	**-**	**4,323**	**9,777**	**18,675**
CARRYING VALUES						
At 31 March 2016	**1,124**	**1,470**	**18,796**	**5,556**	**55,256**	**82,202**
At 31 March 2015	1,029	1,501	14,758	7,264	58,383	82,935

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Leasehold improvements	20%
Furniture, fixtures and equipment	20%
Motor vehicles	10% to 25%
Yacht	5%

Art works are stated at cost less any identified impairment loss (if any).

As at 31 March 2016, the Group has pledged a yacht with a carrying amount of HK$55,256,000 (2015: HK$58,383,000) to secure a bank loan granted to the Group.

19. PREPAID LEASE PAYMENT

The prepaid lease payment comprises:

	2016 **HK$'000**	2015 HK$'000
Leasehold land outside Hong Kong:		
Medium-term lease	**16,850**	18,131
Analysed for reporting purposes as:		
Current portion	**370**	370
Non-current portion	**16,480**	17,761
	16,850	18,131

The leasehold land is amortised on a straight-line basis over the remaining term of the lease.

20. PREMIUM OVER PREPAID LEASE PAYMENT

	HK$'000
COST	
At 1 April 2014	–
Acquisition of subsidiaries (note 38)	133,261
At 31 March 2015 and 2016	133,261
AMORTISATION	
At 1 April 2014 and 31 March 2015	–
Provided for the year	2,719
At 31 March 2016	**2,719**
CARRYING VALUES	
At 31 March 2016	**130,542**
At 31 March 2015	133,261

During the year ended 31 March 2015, the Group acquired the entire interest of Access Profit Global Enterprises Group Limited and its subsidiaries (collectively referred as the "Access Profit Group") at a consideration of HK$150,000,000. The principal asset of the Access Profit Group is a land located in Urumqi, the capital city of the Uyghur Autonomous Region of Xinjiang in the PRC. The land is designated for logistics and warehousing development purpose. In the opinion of the directors of the Company, it is probable that the future economic benefits will flow to the Group as a result of engaging in the logistics and warehousing development on this land. At the date of acquisition, the excess of the fair value of the land, determined based on a valuation performed as on 31 March 2015 by Roma Appraisals Limited, over the amount prepaid by Access Profit Group when it acquired the land use right, is recognised as premium over prepaid lease payment in accordance with HKAS 38 "Intangible Assets".

At the date of the completion of the acquisition, the Group recorded HK$18,131,000 and HK$133,261,000 as prepaid lease payment and premium over prepaid lease payment respectively. The premium over prepaid lease payment is amortised on a straight-line basis over the remaining term of the leases of the prepaid lease payment of 49 years.

21. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	HK$'000	HK$'000
Available-for-sale investments include:		
Equity securities listed in Hong Kong, at fair value	**1,317,504**	925,220
Unlisted equity securities, at cost	**363,235**	363,235
Less: accumulated impairment loss	**(281,253)**	–
Unlisted equity securities, at cost less accumulated impairment loss	**81,982**	363,235
	1,399,486	1,288,455

Fair values of listed equity securities are based on quoted market bid prices in the active market.

Unlisted equity securities represent investments in unlisted securities issued by two private entities. The business of these companies is investments holding. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the year ended 31 March 2016, one of the Group invested private entities incurred significant losses due to the diminution of the value of this entity's investment portfolio. Accordingly, the Group recognised impairment loss of HK$265,178,000 to profit or loss for the year ended 31 March 2016 in respect of the investment in this entity with reference to the latest financial information of this entity available to the Group. As at 31 March 2016, the carrying amount of the investment is HK$36,822,000 (2015: HK$302,000,000).

During the year ended 31 March 2016, impairment of HK$16,075,000 measured as the difference between another private entity's carrying amount and the present value of estimated future cash flows discounted at a suitable discount rate is recognised to profit or loss for the year ended 31 March 2016.

As at 31 March 2016, the Group has pledged certain available-for-sale investments of HK$463,733,000 (2015: HK$442,785,000) and nil (2015: HK$326,400,000) to secure a bank loan and securities margin loans granted to the Group respectively. Details are set out in note 32.

22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL INSTRUMENTS

	2016	2015
	HK$'000	HK$'000
Financial assets designated at FVTPL		
Jimei Bond (note i)	**24,252**	–
Derivative financial instruments		
Financial assets:		
Options consideration (note ii)		
Non-current	**–**	585,324
Current	**466,150**	–
	466,150	585,324
Financial liabilities:		
Option granted (note iii)	**–**	202,601
CIFG Option (note iv)	**28,503**	–
HTF Warrants (note iv)	**13,012**	–
	41,515	202,601

Notes:

(i) On 5 November 2015, the Group subscribed an unlisted 8% coupon convertible bond issued by Jimei International Entertainment Group Limited, a company listed in the Stock Exchange ("Jimei Bond") with principal amount of HK$25 million at a consideration of HK$25 million. The Jimei Bond is denominated in HK$ and matured on 2 December 2018. The Group had the right to convert the Jimei Bond to ordinary shares of Jimei International Entertainment Group Limited, at any time before the maturity date, at a conversion price of HK$5 per share. Jimei International Entertainment Group Limited may also redeem part or all of the Jimei Bond at any time before the maturity date at principal amount. The Group designated the entire Jimei Bond as financial assets designated at FVTPL at initial recognition.

22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(i) (continued)

The fair value of the debt component of the Jimei Bond was determined based on the present value of the estimated future cash flows discounted at the prevailing market rate of interest of similar instruments. The fair value of the embedded options was calculated using the Binomial Option Pricing Model. The inputs into the valuation of the Jimei Bond were as follows:

	At 31 March 2016	At date of issue
Share price of Jimei International Entertainment Group Limited	**HK$2.560**	HK$4.990
Conversion price	**HK$5.000**	HK$5.000
Risk free rate (note a)	**0.689%**	0.751%
Expected life (note b)	**2.672 years**	3 years
Expected volatility (note c)	**60.390%**	57.990%
Discount rate	**10.830%**	10.220%

As at 31 March 2016, the fair value of the Jimei Bond was HK$24,252,000, with a fair value loss of HK$748,000 charged to profit or loss.

Notes:

(a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the bond.

(b) Expected life is the expected remaining life of the bond.

(c) Expected volatility is estimated by reference to the volatility of other companies which shares are listed on the Stock Exchange and engaged in similar industry of Jimei International Entertainment Group Limited.

22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(ii) On 12 October 2012, the Group and Up Energy Mining Limited, an independent third party, entered into a sale and purchase agreement ("S&P Agreement"). Pursuant to the S&P Agreement, the Group conditionally agreed to dispose of its entire interest in Champ Universe Limited and its subsidiaries (collectively referred as the "Champ Universe Group"), which operated the Group's coal mines in the Xinjiang Uygur Autonomous Region in the PRC (the "Xinjiang Coal Mining Operation") and to assign HK$1.6 billion shareholder's loan at a consideration of HK$1,580,000,000 subject to adjustments pursuant to the terms of the S&P Agreement (the "Champ Universe Disposal"). The Champ Universe Disposal was completed on 28 June 2013.

The consideration was satisfied by: (i) issue of 367,500,000 shares of Up Energy Development Group Limited ("Up Energy"), ultimate holding company of Up Energy Mining Limited with its shares listed on the Stock Exchange, at an issue price of HK$2 per share ("Up Energy Share(s)"). However, if as at the third anniversary of the completion date of this disposal ("Third Anniversary Date"), the average closing price of Up Energy Share for the five trading days immediately preceding and including the Third Anniversary Date is less than HK$2 per share, Up Energy shall allot and issue additional new Up Energy Share to the Company (the "Top-up Options"); (ii) HK$845,000,000 by way of cash payment; (iii) put option granted to the Company, pursuant to which, as at the Third Anniversary Date, the Company has the right to request Up Energy to arrange for the sale of Up Energy Shares (the "Put Options"), up to a maximum of 140,000,000 shares by way of placing through an independent qualified placing agent nominated by Up Energy at a price to be agreed between Up Energy and such placing agent ("Placing Price"). If the Placing Price is less than HK$2.2 per share, Up Energy shall pay the shortfall as cash compensation to the Company.

On 19 January 2016, Up Energy announced that it has defaulted on the payment of its convertible bonds issued on 18 January 2011 that matured on 18 January 2016. This also triggered some other cross defaults and other provisions of some outstanding loans and other indebtedness (the "Cross Default Indebtedness"). On 19 February 2016, being the end of the remedial period when Up Energy could remedy such default, Up Energy announced that none of the principal amounts have been settled and the Cross Default Indebtedness became immediately repayable on demand.

22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(ii) (continued)

In accordance to the announcements dated 29 March 2016, 31 March 2016 and 23 May 2016 by Up Energy, Up Energy has received a writ of summons, winding up petitions and demand letters from its creditors and the controlling shareholders to demand for full settlement of the outstanding principal with interest accrued of the Cross Default Indebtedness (the "Outstanding Indebtedness").

In accordance to the announcements dated 13 April 2016 and 23 May 2016 by Up Energy, Up Energy is looking for new funding and is in the process of formulating a reorganisation plan and will implement a scheme of arrangement (the "Scheme") in the Supreme Court of Bermuda for sanction. The reorganisation plan is subject to the approval by the creditors and shareholders of Up Energy and the relevant authorities.

Therefore, a scenario-based analysis assessing the probabilities of successful reorganisation and unsuccessful reorganisation was adopted to determine the fair value of the Top-up Options and the Put Options as at 31 March 2016. The fair value of the Top-up Options and the Put Options are determined based on the aggregated probability-weighted average value of each scenarios including i) the discounted fair value determined by the Black Scholes Option Pricing Model if the reorganisation succeeds and completed after 1.5 years ("Scenario 1"); ii) the discounted recoverable value determined based on the net asset value of Up Energy as at 31 March 2015 with deep discount if the reorganisation fails and the Group is able to receive the proceeds from the sale of Up Energy's assets after 2 years ("Scenario 2"); and iii) zero if the reorganisation fails and the Group is unable to receive the proceeds from the sale of Up Energy's assets ("Scenario 3").

The directors of the Company applied probabilities to each scenario based on their judgement and their understanding on the recent development of the reorganisation. However, if the reorganisation are not successful or completed with significant delay, the fair value of the Top-up Options and the Put Options as at 31 March 2016 could be significantly affected. The probabilities applied to each scenario would be adjusted to reflect the most recent development of the reorganisation in the future.

22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(ii) (continued)

The inputs into the valuation were as follows:

Top-up Options

	At 31 March 2016	At 31 March 2015
Share price of Up Energy	**HK$0.153**	HK$0.480
Strike price	**HK$2.000**	HK$2.000
Risk free rate (note a)	**0.069%**	0.180%
Expected life (note b)	**0.243 years**	1.245 years
Expected volatility (note c)	**112.587%**	53.495%
Discount rate for Scenario 1	**27.450%**	N/A
Discount rate for Scenario 2	**31.890%**	N/A
Probability for Scenario 1	**90%**	N/A
Probability for Scenario 2	**9%**	N/A
Probability for Scenario 3	**1%**	N/A

Put Options

	At 31 March 2016	At 31 March 2015
Share price of Up Energy	**HK$0.153**	HK$0.480
Strike price	**HK$2.200**	HK$2.200
Risk free rate (note a)	**0.082%**	0.193%
Expected life (note b)	**0.325 years**	1.327 years
Expected volatility (note c)	**106.182%**	52.889%
Discount rate for Scenario 1	**27.450%**	N/A
Discount rate for Scenario 2	**31.890%**	N/A
Probability for Scenario 1	**90%**	N/A
Probability for Scenario 2	**9%**	N/A
Probability for Scenario 3	**1%**	N/A

22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(ii) (continued)

As at 31 March 2016, the fair value of the Top-up Options and Put Options were HK$277,146,000 (2015: HK$345,140,000) and HK$189,004,000 (2015: HK$240,184,000) respectively, with an aggregate fair value loss of HK$119,174,000 (2015: an aggregate fair value gain of HK$34,751,000) recognised in profit and loss. Up to the date of this report, the reorganisation plan is still in progress.

Notes:

(a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the options.

(b) Expected life is the expected remaining life of the options.

(c) Expected volatility is estimated by calculating the historical daily share price volatility of the stock price of Up Energy.

(iii) During the year ended 31 March 2015, the Group entered into a call option deed (the "Call Option Deed") with an independent third party (the "Optionholder"). Pursuant to the Call Option Deed, the Optionholder is granted a right to purchase up to 240,000,000 shares of Imperial Pacific International Holdings Limited ("Imperial Pacific"), whose shares are listed on the Stock Exchange, at an exercise price of HK$0.55 per share. The Group received a premium of HK$5,000,000 for this transaction. The Optionholder is entitled to exercise the option at any time before 3 July 2016. As at date of issue, the fair value of the option was HK$73,763,000, an initial loss of HK$68,763,000 was recognised to profit or loss.

During the year ended 31 March 2016, Imperial Pacific proposed a bonus issue of shares of Imperial Pacific on the basis of fifteen bonus shares of Imperial Pacific for every one existing share of Imperial Pacific held by the qualifying shareholders of Imperial Pacific (the "Proposed IP Bonus Issue"). The Proposed IP Bonus Issue was completed on 3 July 2015.

On 5 August 2015, the Group received a call option exercise notice from the Optionholder to purchase 3,840,000,000 shares of Imperial Pacific at a total sum of HK$132,000,000 (the "Optionholder's Request"). The Optionholder's Request was served by assuming the number of shares and the exercise price stated in the Call Option Deed would be adjusted for the Proposed IP Bonus Issue. However, in the opinion of the directors of the Company, there is no provision in the Call Option Deed relating to adjustment of the number of Option Shares. Hence, the Optionholder's Request was denied by the Group.

22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(iii) (continued)

On 20 August 2015, the Group received a letter from the legal representative of the Optionholder to reiterate the Call Option Deed is eligible to adjust for the Proposed IP Bonus Issue. On 27 August 2015, the Group, through its legal representative, replied to the Optionholder and reaffirmed that the Proposed IP Bonus Issue has no impact on the Call Option Deed as there is no pricing adjustment mechanism in the Call Option Deed.

Since the receipt of the Optionholder's Request, the Group and the Optionholder have several communications, through respective legal representatives, to reiterate their own view.

The fair value of the option was calculated using the Black Scholes Option Pricing Model, on the basis that the Optionholder is granted a right to purchase up to 240,000,000 Option Shares. The inputs into the valuation were as follows:

	At 31 March 2016	At 31 March 2015
Share price of Imperial Pacific	**HK$0.156**	HK$1.360
Strike price	**HK$0.550**	HK$0.550
Risk free rate (note a)	**0.065%**	0.182%
Expected life (note b)	**0.257 years**	1.259 years
Expected volatility (note c)	**64.306%**	66.418%

As at 31 March 2016, the fair value of the option was nil (2015: HK$202,601,000). The change in fair value of gain HK$202,601,000 (2015: loss HK$128,838,000) was recognised to profit or loss.

Notes:

(a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the option.

(b) Expected life is the expected remaining life of the option.

(c) Expected volatility is estimated by calculating the historical daily share price volatility of the stock price of Imperial Pacific.

22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(iv) During the year ended 31 March 2016, the Group granted the CIFG Option and HTF Warrants (as defined and detailed in note 30) to an independent third party. The fair value of the CIFG Option was calculated using the Black Scholes Option Pricing Model. The inputs into the valuations were as follows:

CIFG Option	**At 31 March 2016**	At date of issue
Share price of CIFG	**HK$0.950**	HK$1.040
Strike price	**HK$1.440**	HK$1.440
Risk free rate (note a)	**0.607%**	0.702%
Expected life (note b)	**2.286 years**	3.001 years
Expected volatility (note c)	**84.180%**	57.162%

As at date of issue, the fair value of the CIFG Option was HK$24,253,000. As at 31 March 2016, the fair value of the CIFG Option was HK$28,503,000. The change in fair value of HK$4,250,000 was charged to profit or loss.

Notes:

(a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the option.

(b) Expected life is the expected remaining life of the option.

(c) Expected volatility is estimated by calculating the historical daily share price volatility of the stock price of CIFG.

22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(iv) (continued)

The fair value of the HTF Warrants were calculated using the Binomial Option Pricing Model. The inputs into the valuations were as follows:

HTF Warrants	**At 31 March 2016**	At date of issue
Equity value (note a)	**HK$1.049**	HK$1.182
Risk free rate (note b)	**0.608%**	0.686%
Expected life (note c)	**2.291 years**	3.001 years
Expected volatility (note d)	**17.565%**	19.915%

As at date of issue, the fair value of the HTF Warrants were HK$20,048,000. As at 31 March 2016, the fair value of the HTF Warrants were HK$13,012,000. The change in fair value of HK$7,036,000 was credited to profit or loss.

Notes:

(a) Being equity value of Hao Tian Finance determined by reference to the net asset value of Hao Tian Finance as at date of issue and 31 March 2016 respectively with adjustment on marketability and minority discount.

(b) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the warrants.

(c) Expected life is the expected remaining life of the warrants.

(d) Expected volatility is estimated by reference to the volatility of other companies which shares are listed on the Stock Exchange and engaged in similar industry of Hao Tian Finance.

23. DEPOSITS

	2016 HK$'000	2015 HK$'000
Deposits for purchase of property, plant and equipment	**964**	1,017

24. INVENTORIES

	2016 HK$'000	2015 HK$'000
Consumables and others	**407**	1,239

25. OTHER CURRENT FINANCIAL ASSETS

Trade, bills and interest receivables

	2016 HK$'000	2015 HK$'000
Trade receivables	**–**	7,615
Bills receivables arising from trading of commodities	**–**	5,783
	–	13,398
Interest receivables in relation to money lending business	**36,226**	17,569
	36,226	30,967

As at 31 March 2015, included in the Group's trade, bills and interest receivables were receivables of HK$5,783,000 denominated in the currency other than the functional currency of the respective group entities.

25. OTHER CURRENT FINANCIAL ASSETS (continued)

Trade, bills and interest receivables (continued)

The Group allows credit period of 90 days to its customers of trading of commodities business, and 120 to 180 days to its customers of sale of coal. The aged analysis of trade and bills receivables presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates, is stated as follows:

	2016	2015
	HK$'000	HK$'000
61 to 90 days	**–**	1,511
91 to 180 days	**–**	4,272
Over 365 days	**–**	7,615
	–	13,398

Interest in relation to money lending business is accrued on a time basis, by reference to the principal outstanding (see note 26) and at effective interest rate applicable. Settlement of interest receivables is in accordance with the terms stated in agreements entered with its customers ranges from 1 month to 6 months (2015: 1 month to 6 months).

As at 31 March 2016, HK$7,893,000 (2015: nil) interest receivables in relation to money lending business was past due of which HK$691,000 was settled up to the date of report.

The interest receivables are secured by properties pledged to the Group. The Group assessed the fair value of the pledged properties, in the opinion of the directors of the Company, the risk of non-recoverability of the amount is minimal, and no impairment is required as at 31 March 2016.

25. OTHER CURRENT FINANCIAL ASSETS (continued)

Trade, bills and interest receivables (continued)

In determining the recoverability of trade and bills receivables as at 31 March 2015, the Group considered any change in the credit quality of the trade and bills receivables from the date credit was initially granted up to the report date. The Group considered that trade and bills receivables were determined to be impaired if they were aged for more than 180 days based on the management past experience that balances were not recoverable. The directors of the Company believed that there was no further credit provision required as at 31 March 2015.

Included in the Group's trade and bills receivables balance were debtors with aggregate carrying amount of HK$7,615,000 as at 31 March 2015, which were past due at the end of the reporting period for which the Group had not provided for impairment loss as there had not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances. The average age of these trade and bills receivables was 471 days as at 31 March 2015.

Ageing of trade and bills receivables which were past due but not impaired

	2016	2015
	HK$'000	HK$'000
Overdue by 181 to 365 days	**–**	7,615

Other receivables, deposits and prepayments

Other receivables and deposits comprise amounts receivable from third parties and recoverable within one year.

Included in the Group's other receivables, deposits and prepayments are the funds deposits to financial institutions for securities investment and trading of futures purposes of HK$33,096,000 (2015: HK$245,566,000).

25. OTHER CURRENT FINANCIAL ASSETS (continued)

Bank balances and cash and pledged bank deposits

As at 31 March 2016, bank deposits amounting to HK$167,424,000 (2015: HK$45,276,000) have been pledged to banks as security, carrying effective interest of 0.10% (2015: 0.48%) per annum.

Bank balances and cash comprise cash held by the Group and short-term bank deposits with original maturity date less than three months, carrying effective interest at 1.14% (2015: 0.33%) per annum.

The bank balances and cash of HK$691,000 (2015: HK$17,476,000) are denominated in currencies other than the functional currency of the respective group entities.

26. LOAN RECEIVABLES

	2016 HK$'000	2015 HK$'000
Non-current:		
Secured, fixed-rate loan receivables (Note)	**112,961**	56,365
Unsecured, fixed-rate loan receivables	**5,608**	–
	118,569	56,365
Current:		
Secured, fixed-rate loan receivables (Note)	**636,508**	272,310
Unsecured, fixed-rate loan receivables	**72,712**	115,340
	709,220	387,650
	827,789	444,015

Note: The loan receivables are secured by properties and equity held by the borrowers. Included in the Group's loan receivables are debtors, with carrying amount of HK$58,257,000 (2015: HK$27,245,000) which are past due at the reporting date. The loan receivables are secured by properties and equity pledged to the Group. The Group assessed the fair value of the pledged assets, in the opinion of the directors of the Company, the risk of non-recoverability of the amount is minimal, and no impairment is required as at 31 March 2016 and 2015.

27. INVESTMENTS HELD FOR TRADING

	2016 HK$'000	2015 HK$'000
Investments held for trading include:		
Equity securities listed in Hong Kong, at fair value	**4,859,871**	2,952,114
Derivatives listed outside Hong Kong, at fair value (Note)	**270**	4,573
	4,860,141	2,956,687

Note: Amount represents the fair value of the Group's outstanding position of trading of futures related to commodities and currencies as at 31 March 2016 and 2015.

Fair values of listed investments held for trading were based on quoted market bid price in the active market.

As at 31 March 2016, included in investments held for trading, HK$4,550,500,000 (2015: HK$2,619,600,000) represents the Group's investment in 24.81% (2015: 26.20%) of the equity interests of CIFG. The investment in CIFG is classified as investments held for trading, as in the opinion of the directors of the Company, the investment is owned for short-term trading purpose and the Group irrevocably undertake to CIFG that the Group shall not to participate or otherwise exercise any influence over the management or the operating and financial policy decisions of the CIFG and shall not nominate any directors to or remove any directors from the board of directors of CIFG. On 14 July 2015, the Group entered into a call option deed with an individual third party, in connection with the SN Notes (as defined and detailed in note 30) issued by the Group during year ended 31 March 2016. The Group granted a right to this individual third party to purchase up to 80,729,170 shares of CIFG at an exercise price of HK$1.44 per share. Details of the option are set out in notes 22(iv) and 30.

As at 31 March 2016, included in the Group's investments held for trading, carrying amount of HK$1,422,000,000 (2015: HK$849,600,000) and HK$864,500,000 (2015: nil) (the "Pledged Shares") are pledged to secure a banking facility of HK$450,000,000 with a term of twelve months and the SN Notes respectively. The Pledged Shares as security will be released upon the full repayment of the loan. Details of the SN Notes and the banking facility are disclosed in notes 30 and 32 respectively.

In addition, as at 31 March 2015, included in the Group's investments held for trading, carrying amount of HK$2,061,041,000 were pledged to a security house to secure securities margin loans.

27. INVESTMENTS HELD FOR TRADING (continued)

Details of the Group's material listed equity security as at 31 March 2016 and 2015 is as follow:

Name of investment	Country of establishment	Paid up registered capital	Proportion of nominal value of registered capital held by the Company (Note)
CIFG	Bermuda	HK$4,827,612 (2015: HK$4,235,930)	27.14% (2015: 28.87%)

Note: 24.81% (2015: 26.20%) of the equity interests of CIFG were included in investments held for trading whereas 2.33% (2015: 2.67%) were included in available-for-sale investments (note 21).

28. CONSIDERATION RECEIVABLE

	2016 HK$'000	2015 HK$'000
Consideration receivable in respect of:		
Menggang Group Disposal	**72,120**	152,230

On 7 September 2011, the Group entered into a sale and purchase agreement with an independent third party not connected with the Group, Inner-Mongolia Shuangxin Resources Group Co., Ltd. (the "Purchaser"). Pursuant to this sale and purchase agreement, the Group agreed to dispose of Wuhai City Menggang Industrial Development Co., Ltd. and its subsidiaries (collectively referred to as the "Menggang Group") (the "Menggang Group Disposal"), which operated the Group's coal mines in the Inner-Mongolia Autonomous Region in the PRC ("Inner-Mongolia Mining Operation"), for a cash consideration of RMB1,503,000,000 ("Total Consideration"). The Menggang Group Disposal was completed on 30 May 2012. The Total Consideration shall be satisfied by four instalments: RMB781,560,000 by completion; RMB420,840,000 by 90 days subsequent to the completion; RMB225,450,000 by 180 days subsequent to the completion and the remaining RMB75,150,000 by fifteen months subsequent to the completion. On 19 November 2012, the Group and the Purchaser entered into a supplemental agreement in relation to the Menggang Group Disposal ("Supplemental Agreement"), pursuant to which the Group and the Purchaser agreed to reduce the Total Consideration by RMB75,000,000. Such reduction shall be settled by deducting the third installment by RMB40,000,000 and deducting the final installment by RMB35,000,000.

28. CONSIDERATION RECEIVABLE (continued)

On 6 December 2012, the Purchaser received a notice (the "Notice") from the tax bureau of Wuhai City Hainan District in the Inner-Mongolia Autonomous Region (the "Tax Bureau"), pursuant to which, the Tax Bureau requested the Purchaser to withhold additional business tax of RMB80 million. The directors of the Company are of the view that such additional business tax is not applicable to this transaction. Hence the Group negotiated with the Tax Bureau and finally the Tax Bureau revoked the Notice on 3 April 2013. However, the Purchaser continues to withhold this RMB80 million from the third installment.

On 16 May 2013, an arbitration (the "First Arbitration") was filed by the Group to China International Economic and Trade Arbitration Commission (the "Commission") to claim this unsettled amount. On 8 August 2013, the Purchaser has provided its written defence to the arbitration court and argued that the Notice issued by the Tax Bureau did not clearly state that additional business tax is not applicable to this transaction and the Tax Bureau's revocation of the Notice could not remove the obligation for the Purchaser to withhold and pay the additional business tax.

On 30 August 2013, the final installment of the Total Consideration, RMB40,150,000 has been due. On 8 October 2013, the Purchaser filed a counter arbitration request ("Counter-claim") to the Commission and claimed that the Group had failed to fulfil certain terms and obligations in accordance with the sale and purchase agreement. Due to this non-compliance, the Purchaser has to incur additional costs before the Menggang Group's coal mines could be put into operations. Therefore, the Purchaser withheld the final installment of the Total Consideration and claimed an aggregate compensation amount of approximately RMB65 million (approximately HK$82 million).

On 13 January 2014, the Group filed another arbitration to the Commission to claim the unsettled final installment (the "Second Arbitration").

On 27 June 2014, the decision of the First Arbitration was concluded by the Commission. The decision is in favour of the Group and the Commission ordered the Purchaser to settle the unsettled portion of the third instalment of RMB80 million and dismissed the Counter-claim. The Purchaser, however, filed a litigation to the Beijing Second Intermediate People's Court (the "Beijing Court") to request the Beijing Court to void the decision made in the First Arbitration and applied to temporarily suspend the Second Arbitration.

28. CONSIDERATION RECEIVABLE (continued)

On 22 September 2014, the Purchaser revoked its request about the temporarily suspension of the Second Arbitration. On 23 October 2014, the Group requested the Commission to re-open the Second Arbitration. On 18 December 2014, the Beijing Court rejected the request from the Purchaser to void the decision made in the First Arbitration.

On 6 February 2015, the Group has submitted a mandatory enforcement to Ordos Intermediate People's Court (the "Ordos Court") to execute the decision of the First Arbitration (the "First Execution"), which require the Purchaser to settle the remaining portion of the third instalment of RMB80 million. On 22 September 2015, RMB20 million (approximately HK$24,358,000) as part of unsettled portion of the third installment was received by the Group. The First Execution is under process.

On 3 August 2015, the decision of the Second Arbitration was concluded by the Commission. The decision is in favour of the Group and the Commission ordered the Purchaser to settle the unsettled final instalment of RMB40 million. On 8 September 2015, the Group has submitted a mandatory enforcement to Ordos Court to execute the decision of the Second Arbitration (the "Second Execution"). On 29 December 2015, the Purchaser settled the final installment of RMB40 million and withhold the Enterprise Income Tax of RMB10 million, which previously the Group provided and included in tax payable. Net cash inflow from this settlement was RMB30 million (approximately HK$36,027,000). Overdue interests, penalty and relevant arbitration expenses of RMB4,115,000 (approximately HK$4,896,000) was received by the Group from the Purchaser and was recognised as other income.

However, on 21 August 2014, the Purchaser filed a litigation to the Inner-Mongolia Autonomous Regional High People's Court ("the Inner-Mongolia Court") and claimed for an aggregate amount of approximately RMB103 million (approximately HK$131 million), based on similar facts under the Counter-claim. On 6 February 2015, the Group received a writ of summons from the Inner-Mongolia Court regarding this litigation which was dated 29 December 2014. On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Court (the "Objection"). On 2 June 2015, the Inner-Mongolia Court turned down the Group's Objection. On 7 August 2015, the Group filed an appeal to the Inner-Mongolia Court and reaffirmed its Objection. On 25 December 2015, the Inner-Mongolia Court turned down the Group's Objection. On 22 March 2016, the Purchaser applied to the Inner-Mongolia Court to temporarily suspend the First Execution and the decision of the Inner-Mongolia Court is in favour of the Purchaser. The First Execution is temporarily suspended. On 30 March 2016, the Group filed an appeal to the Inner-Mongolia Court and requested to void the decision on temporarily suspending the First Execution. The hearing is pending for scheduling.

28. CONSIDERATION RECEIVABLE (continued)

Up to the date of the report, the decision from the Inner-Mongolia Court have not been announced. In view of the Notice was revoked by the Tax Bureau, the decision of the First Arbitration, Second Arbitration and the Beijing Court, the directors of the Company considered that the Group had fully complied with the terms of the sale and purchase agreement. After taking legal advice, in the opinion of the directors of the Company, the Group has a meritorious ground on the arbitration and litigation, so the risk of not recovering the amount is minimal, and no impairment loss is required as at 31 March 2016.

As at 31 March 2016, the remaining unsettled consideration of RMB60,000,000 (or equivalent to HK$72,120,000) (2015: RMB120,120,000 (or equivalent to HK$152,230,000)), was included in the consolidated statement of financial position as consideration receivable.

29. OTHER CURRENT FINANCIAL LIABILITIES

Other payables, deposits received and accruals

Other payables principally comprise amounts outstanding for ongoing costs.

Included in the Group's other payables, deposits received and accruals are other payables of HK$4,321,000 (2015: nil) denominated in the currency other than the functional currency of the respective group entities.

30. SECURED NOTES

On 6 July 2015, the Group entered into a subscription agreement (the "SN Subscription Agreement") with an independent third party (the "SN Subscriber"). Pursuant to the SN Subscription Agreement, the Group agreed to issue and the SN Subscriber agreed to subscribe for notes (the "SN Notes") in the aggregate principal amount of up to US$30,000,000 (or approximately HK$232,499,000). The maturity date of the SN Notes is two years after the issue date. The SN Notes bear fixed coupon rate at 9% per annum. As at 31 March 2016, the SN Notes are secured by certain of the Group's investments held for trading with fair value of HK$864,500,000 as at 31 March 2016.

30. SECURED NOTES (continued)

Pursuant to the SN Subscription Agreement, the SN Subscriber has the right to request the Group to redeem the SN Notes in whole or in part at the sum of (a) the principal amount outstanding on the SN Notes; (b) the outstanding interest up to the date of redemption; (c) any default interest; and (d) any other outstanding amount due but unpaid under that SN Notes at any time but no later than 45 days before maturity. Hence, the SN Notes are recognised as current liabilities in the consolidated statement of financial position.

As part of the SN Subscription Agreement, the Group entered into a call option deed (the "CIFG Call Option Deed") and a warrant agreement (the "HTF Warrant Agreement") with the SN Subscriber. Pursuant to the CIFG Call Option Deed, the SN Subscriber is granted a right to purchase up to 80,729,170 shares of CIFG at an exercise price of HK$1.44 per share (the "CIFG Option"). The SN Subscriber is entitled to exercise the option at any time before 14 July 2018.

Pursuant to the HTF Warrant Agreement, the SN Subscriber is granted a right to subscribe in aggregate up to a maximum amount of US$15,000,000 worth of the shares of Hao Tian Finance (the "HTF Warrants") in the period from the grant of the HTF Warrants until three years after such grant. The exercise price will be determined (i) if the HTF Warrants are exercised before the consolidated audited accounts of the Company for the year ending 31 March 2017 are delivered by the Company, the net assets value per Hao Tian Finance share as at 31 March 2016; or (ii) if the HTF Warrants are exercised after the consolidated audited accounts of the Company for the year ending 31 March 2017 are delivered by the Company, the lower of (a) the net assets value per Hao Tian Finance share as at 31 March 2016; or (b) net assets value per Hao Tian Finance share as at 31 March 2017.

As at date of issue, the fair value of the SN Notes, the CIFG Option and the HTF Warrants were HK$188,198,000, HK$24,253,000 and HK$20,048,000 respectively.

The SN Notes represent the present value of the contractually determined stream of future cash flows discounted at the rate of interests, on initial recognition, of instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the CIFG Option and the HTF Warrants. The effective interest rate of the SN Notes is 21.157% per annum. The SN Notes also include the value of the early repayment option as the option is closely related to the host debt instrument. The SN Notes are classified as financial liabilities as defined under HKAS 39 and were carried in the consolidated statement of financial position at amortised cost in accordance with HKAS 39.

30. SECURED NOTES (continued)

The CIFG Option and the HTF Warrants were carried in the consolidated statement of financial position as derivative financial instruments. The fair values of the CIFG Option and the HTF Warrants were detailed in note 22(iv).

During the year ended 31 March 2016, an imputed interest on the SN Notes of HK$16,148,000 is recognised as finance costs in the consolidated statement of profit or loss and other comprehensive income.

31. DEFERRED TAX LIABILITY

The following is the major deferred tax liability recognised and movement thereon during the current year:

	Fair value change of investments held for trading
	HK$'000
At 1 April 2014	–
Charge to profit or loss	(315,155)
At 31 March 2015	(315,155)
Charge to profit or loss	(252,180)
At 31 March 2016	**(567,335)**

32. BORROWINGS

	2016	2015
	HK$'000	HK$'000
Bank overdrafts – secured (note a)	**34,275**	26,000
Bank loans – secured (note b)	**429,619**	345,283
Corporate bonds and notes – unsecured (note c)	**164,550**	144,550
Securities margin loans – secured (note d)	**–**	201,518
	628,444	717,351
Carrying amount repayable (based on the scheduled repayment dates set out in loan agreements):		
Within one year (note e)	**463,894**	572,801
More than two years but not more than five years	**19,550**	9,550
More than five years	**145,000**	135,000
	628,444	717,351
Comprising:		
Amounts due within one year shown under current liabilities	**463,894**	572,801
Amounts shown under non-current liabilities	**164,550**	144,550
	628,444	717,351

Notes:

(a) The bank overdrafts are secured by pledged bank deposits of HK$35,204,000 (2015: HK$45,276,000). The bank overdrafts carry floating rates of Hong Kong Interbank Offered Rate (the "HIBOR") plus 1% or prime rate plus 2%, i.e. effective interest rate of 2.27% to 7% per annum (2015: HIBOR plus 1% or prime rate plus 1%, i.e. effective interest rate of 1.84% to 6% per annum).

(b) The Group's bank borrowings of HK$300,000,000 (2015: HK$293,000,000) are secured by certain assets of the Group, including the Group's available-for-sale investments of HK$463,733,000, investments held for trading of HK$1,422,000,000, a yacht of HK$55,256,000 and the entire issued share capital of the Group's subsidiaries, Hao Tian Finance and Guo Guang Limited (2015: available-for-sale investments of HK$442,785,000, investments held for trading of HK$849,600,000, a yacht of HK$58,383,000 and the entire issued share capital of the Group's subsidiaries, Hao Tian Finance and Guo Guang Limited). The bank borrowings carry floating rates of HIBOR plus 2.7% (2015: HIBOR plus 3.7%) per annum, i.e. effective interest of 3.73% (2015: 4.35%) per annum.

32. BORROWINGS (continued)

Notes: (continued)

(b) (continued)

As at 31 March 2016, the Group's bank borrowings of approximately HK$129,619,000 are secured by a standby letter of credit issued by a bank. The letter of credit was secured by a bank deposit of approximately RMB110,000,000 (or equivalent to HK$132,220,000). The bank borrowing carry floating rates of London Interbank Offered Rate plus 1.4% per annum, i.e. effective interest rate of 1.714% per annum.

As at 31 March 2015, the Group's bank borrowings of HK$52,283,000 were secured by standby letters of credit to be issued by the banks. The bank borrowings carried floating rates of HIBOR plus 2.7% per annum, i.e. effective interest of 2.94% per annum.

(c) The borrowings are unsecured, carries fixed rate ranges from 2.25% to 7.5% per annum (2015: 3.25% to 7.5% per annum) and will mature in year 2017 to 2023 (2015: year 2017 to 2022).

(d) These represented securities margin financing received from securities broking houses and were secured by certain investments held for trading as collateral. During the year ended 31 March 2016, the Group settled the entire securities margin loans.

As at 31 March 2015, the entire loans were repayable on demand and carried fixed interest rate of 8% per annum. HK$326,400,000 available-for-sale investments and HK$2,061,041,000 investments held for trading were pledged to the respective security house to secure the outstanding securities margin loans. These charges were released during the 31 March 2016.

(e) Included in the Group's borrowings are borrowings, with carrying amount of HK$429,619,000 (2015: HK$562,801,000) which contain a repayment on demand clause.

Included in the Group's borrowings are borrowings of HK$129,619,000 (2015: nil) denominated in the currency other than the functional currency of the respective group entities.

33. CHANGE OF GROUP'S INTEREST IN A SUBSIDIARY/OTHER LONG TERM LIABILITY

On 9 April 2015, Hao Tian Finance, entered into a subscription agreement (the "First Subscription Agreement") with Rui Sheng Global Holdings Limited ("RSGHL"), an independent third party. Pursuant to the First Subscription Agreement, RSGHL agreed to subscribe for and Hao Tian Finance agreed to issue, Hao Tian Finance's new shares at a consideration of HK$100 million (the "First Subscription"). The First Subscription was completed on 13 May 2015. Upon completion of the First Subscription, Hao Tian Finance becomes an indirect non-wholly owned subsidiary of the Company and will be owned as to approximately 90.1% and approximately 9.9% by the Company and RSGHL respectively.

On 28 April 2015, Hao Tian Finance entered into a subscription agreement (the "Second Subscription Agreement") with Century Golden Resources Investment Co., Ltd ("CGRICL"), an independent third party. Pursuant to the Second Subscription Agreement, CGRICL agreed to subscribe for, and Hao Tian Finance agreed to issue, Hao Tian Finance's new shares at a consideration of HK$200 million (the "Second Subscription"). The Second Subscription was completed on 15 May 2015. Upon completion of the Second Subscription, Hao Tian Finance remains an indirect non-wholly owned subsidiary of the Company and will be owned as to approximately 75%, 8.33% and 16.67% by the Company, RSGHL and CGRICL respectively.

This change in Group's interest in Hao Tian Finance did not result in a loss of control over Hao Tian Finance and was accounted for as an equity transaction, whereby adjustments were made to reflect an increase in non-controlling interests of approximately HK$300,750,000 and a debit to other reserve of approximately HK$750,000 upon the completion of the First Subscription and the Second Subscription.

As part of the First Subscription Agreement, the Company granted RSGHL a right with a consideration of HK$1.00 that on the occurrence of Hao Tian Finance and the Company fails to have all the shares of Hao Tian Finance to be listed on either the Main Board or the Growth Enterprise Market of the Stock Exchange within three years after the completion of the First Subscription (the "Event"), RSGHL shall have the right to request the Company to purchase all or part of the shares at a price of HK$1.15 per share (the "HTF Put Option") at any time within three months after occurrence of the Event. As at date of issue, the fair value of gross liability of HK$91,291,000 of the HTF Put Option has been accounted for as other long term liability in the consolidated statement of financial position. The effective interest rate of the other long-term liability is 8.00% per annum.

During the year ended 31 March 2016, an imputed interest on the other long term liability of HK$7,269,000 (2015: nil) is recognised as finance costs in the consolidated statement of profit or loss and other comprehensive income.

33. CHANGE OF GROUP'S INTEREST IN A SUBSIDIARY/OTHER LONG TERM LIABILITY (continued)

The HTF Put Option is classified as an equity instrument. The fair value of the HTF Put Option was calculated using the Binomial Option Pricing Model. The inputs into the valuations were as follows:

	At date of issue
Equity value (note a)	HK$0.903
Strike price	HK$1.150
Risk free rate (note b)	0.639%
Expected life (note c)	3.253 years
Expected volatility (note d)	16.030%
Probability of failure (note e)	20%

Notes:

(a) Being the equity value of Hao Tian Finance determined by reference to the net asset value of Hao Tian Finance as at the date of issue with adjustment on marketability and minority discount.

(b) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the options.

(c) Expected life is the expected remaining of the options.

(d) Expected volatility is estimated by reference to the volatility of other companies which shares are listed on the Stock Exchange and engaged in similar industry of Hao Tian Finance.

(e) Probability of failure is the probability that Hao Tian Finance will not able to be listed on the Stock Exchange within three years after the completion of issuance of the new shares as estimated by the directors of the Company.

As at the date of issue, the fair value of the HTF Put Option was HK$5,238,000 which was charged to the consolidated statement of profit or loss and other comprehensive income.

34. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees of the Group in Hong Kong. The assets of the Scheme are held separately in an independently administrated fund. The Group has chosen to follow the minimum statutory contribution requirement of 5% of eligible Hong Kong employees' monthly relevant income but limited to the cap of HK$1,500 per month starting from 1 June 2014 (prior to 1 June 2014: HK$1,250). The contributions are charged to profit or loss.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by respective local governments. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year, the total amounts contributed by the Group to the schemes and cost charged to profit or loss of HK$835,000 (2015: HK$664,000) represent contribution paid or payable to the schemes by the Group at rates specified in the rules of the schemes.

35. SHARE CAPITAL

	Nominal value per share HK$	**Number of shares**	**Share capital** HK$'000
Ordinary shares			
Authorised:			
At 1 April 2014	0.05	10,000,000,000	500,000
Decrease in authorised share capital (note a)		(9,000,000,000)	–
Increase in authorised share capital (note b)		49,000,000,000	–
At 31 March 2015 and 31 March 2016	**0.01**	**50,000,000,000**	**500,000**
Issued and fully paid:			
At 1 April 2014	0.05	3,972,035,804	198,602
Capital Reorganisation (note a)		(3,574,832,224)	(194,630)
Shares issued upon exercise of warrants (note c)	0.01	561,085,200	5,611
Open offer with bonus issue (note d)	0.01	1,588,814,320	15,888
Placing of shares (note e)	0.01	397,200,000	3,972
At 31 March 2015	0.01	2,944,303,100	29,443
Shares issued upon exercise of warrants (note c)	0.01	100,000,000	1,000
Top-up placing of new shares (note f)	0.01	240,000,000	2,400
Bonus issue (note g)	0.01	328,430,310	3,284
Issue of new shares under share award (note h)	0.01	29,614,906	296
At 31 March 2016	**0.01**	**3,642,348,316**	**36,423**

35. SHARE CAPITAL (continued)

Details of the changes in the Company's share capital for the years ended 31 March 2015 and 2016 are as follows:

(a) On 14 August 2014, the Company completed capital reorganisation which comprised of i) share consolidation; ii) the capital reduction; and iii) the share subdivision (collectively known as the "Capital Reorganisation"). Every ten shares of nominal value of HK$0.05 each in issued and unissued of the Company is consolidated into one share of nominal value of HK$0.50 each (the "Consolidated Shares"). The nominal value, HK$0.50, of each the Consolidated Share is reduced to HK$0.01 each by the cancellation of HK$0.49 on each of the issued Consolidated Shares.

(b) Pursuant to special resolution passed on 12 May 2014, each of the Company's issued and unissued shares of par value HK$0.50 each were subdivided into fifty subdivided shares of par value of HK$0.01 each ("Share Subdivision"). The Share Subdivision was effective on 14 August 2014 and the authorised share capital of the Company was divided into 50,000,000,000 shares of HK$0.01 each.

(c) During the year ended 31 March 2016, a total of 100,000,000 (2015: 561,085,200) new ordinary shares of the Company of HK$0.01 (2015: HK$0.01) each were issued upon the exercise of 100,000,000 (2015: 561,085,200) warrants at HK$0.50 (2015: HK$0.215) per share.

(d) During the year ended 31 March 2015, the Company issued 794,407,160 new shares by way of open offer to qualifying shareholders (the "Open Offer") at HK$0.25 per share, and issued 794,407,160 bonus shares (the "Bonus Issue") based on one bonus share for every one offer share taken up. Details are stated in the Company's prospectus issued on 12 August 2014. The Open Offer and Bonus Issue were completed on 2 September 2014.

(e) On 23 October 2014, private placements to independent private investors of 397,200,000 new shares of HK$0.01 each in the Company were completed, at placing price of HK$0.48 per share.

(f) On 28 July 2015, a top-up placing transaction of 240,000,000 new ordinary shares of HK$0.01 each in the Company at placing price of HK$0.90 per share to independent third party investors was completed.

(g) On 28 December 2015, the directors of the Company proposed a bonus issue on the basis of one bonus share for every ten existing shares held. The bonus issue was approved by the shareholders on 14 January 2016 and 328,430,310 bonus shares were issued on 5 February 2016.

35. SHARE CAPITAL (continued)

(h) On 29 January 2016, the directors of the Company proposed a share award, with no vesting condition, of 29,614,906 new ordinary shares of HK$0.01 each in the Company at issue price of HK$0.318 representing the average quoted price of five consecutive trading days immediately preceding 29 January 2016, per share to the directors and selected employees of the Company. Details are stated in the Company's circular issued on 4 March 2016. The share award was approved by the shareholders on 22 March 2016 and 29,614,906 shares were issued on 23 March 2016 and the share price at that day is HK$0.28.

All the shares which were issued during both years rank pari passu with the then existing shares in all respects.

36. RESERVES

Share premium

	2016 HK$'000	2015 HK$'000
At the beginning of year	**3,302,172**	2,824,309
Issue of new shares	**219,437**	369,398
Issue of new shares upon exercise of warrants	**128,134**	122,191
Transaction costs attributable to issue of new shares upon placing, open offer, bonus issue and share award	**(2,537)**	(13,726)
At the end of year	**3,647,206**	3,302,172

Warrant reserve

	2016 HK$'000	2015 HK$'000
At the beginning of year	**–**	7,169
Issue of warrants	**466,611**	–
Transaction costs attributable to issue of warrants	**(627)**	–
Exercise of warrants	**(79,134)**	(7,169)
At the end of the year	**386,850**	–

36. RESERVES (continued)

Statutory surplus reserve

	2016 HK$'000	2015 HK$'000
At the beginning and the end of year	**3,539**	3,539

Share option reserve

	2016 HK$'000	2015 HK$'000
At the beginning of year	**7,178**	42,208
Transfer to accumulated (losses) profits upon forfeiture of share options lapsed	**(3,087)**	(35,037)
Recognition of equity-settled share-based payments	**129**	7
At the end of year	**4,220**	7,178

Asset revaluation reserve

	2016 HK$'000	2015 HK$'000
At the beginning of year	**561,598**	203,749
Fair value changes on available-for-sale investments	**435,841**	499,254
Reclassification adjustment to profit or loss on impairment loss	**120,173**	–
Reclassification adjustment to profit or loss upon disposal	**(29,264)**	(141,405)
Share to non-controlling interests	**34,078**	–
At the end of year	**1,122,426**	561,598

Special reserve

	2016 HK$'000	2015 HK$'000
At the beginning and the end of year	**(5,754)**	(5,754)

36. RESERVES (continued)

Translation reserve

	2016 HK$'000	2015 HK$'000
At the beginning of year	**1,635**	1,814
Exchange differences arising on translation of foreign operations	**(2,845)**	(165)
Reclassification adjustments relating to foreign exchange operations disposed of	**–**	(14)
At the end of year	**(1,210)**	1,635

Other reserve

	2016 HK$'000	2015 HK$'000
At the beginning of year	**–**	–
Capital injection from non-controlling interests	**(750)**	–
Issue of written put option	**(91,291)**	–
At the end of year	**(92,041)**	–

Put option reserve

	2016 HK$'000	2015 HK$'000
At the beginning of year	**–**	–
Issue of written put option	**5,238**	–
At the end of year	**5,238**	–

37. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Hao Tian Hua Chen International Group Limited ("Hua Chen")

During the year ended 31 March 2015, the Group disposed of its entire equity interest in Hua Chen to an independent third party at a cash consideration of HK$4,783,000.

Analysis of assets over which control was lost:

	HK$'000
Assets disposed of:	
Other receivables, deposits and prepayments	8,774
Bank balances and cash	761
	9,535
Gain on disposal of subsidiary:	
Cash consideration	4,783
Assets disposed of	(9,535)
Non-controlling interests	4,767
Gain on disposal of a subsidiary	15
Net cash inflow arising on disposal:	
Cash consideration	4,783
Less: bank balances and cash disposed of	(761)
	4,022

The impact of Hua Chen on the Group's results and cash flows for the year ended 31 March 2015 was insignificant.

37. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of Baicheng Hao Tian Huasheng Trading Limited* ("Hao Tian Huasheng")

During the year ended 31 March 2015, the Group disposed of its entire equity interest in Hao Tian Huasheng to an independent third party at a cash consideration of HK$1,837,000 (RMB1,450,000).

Analysis of assets over which control was lost:

	HK$'000
Assets disposed of:	
Other receivables, deposits and prepayments	1,818
Bank balances and cash	5
	1,823
Gain on disposal of subsidiary:	
Cash consideration	1,837
Assets disposed of	(1,823)
Gain on disposal of a subsidiary	14
Net cash inflow arising on disposal:	
Cash consideration	1,837
Less: bank balances and cash disposed of	(5)
	1,832

The impact of Hao Tian Huasheng on the Group's results and cash flows for the year ended 31 March 2015 was insignificant.

* English name is translated for identification purpose only.

38. PURCHASE OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

On 21 December 2012, the Group entered into a memorandum of understanding with Sunshine Zhong Xing Capital Holdings Limited ("Sunshine Zhong Xing"), a company wholly owned by two individuals who are directors and key management personnel of certain inactive subsidiaries of the Group pursuant to which, the Group intended to acquire a land use right situated in the PRC through acquisition of a company owned by Sunshine Zhong Xing. A refundable deposit of HK$150,000,000 has been paid. On 27 June 2013, the Group entered into a sale and purchase agreement with Sunshine Zhong Xing to acquire its wholly-owned subsidiaries, the Access Profit Group at a consideration of HK$300,000,000 in cash, which would be subject to change by reference to the valuation of Access Profit which would be prepared by independent valuer. On 20 June 2014, the Group entered into a supplemental sale and purchase agreement with Sunshine Zhong Xing to finalise the total consideration to be HK$150,000,000. The acquisition was completed during the year ended 31 March 2015 and was accounted for as acquisition of a group of assets that does not constitute a business under HKFRS 3 "Business Combinations" as Access Profit Group does not have operation since its incorporation.

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Property, plant and equipment	1,166
Prepaid lease payment	18,131
Premium over prepaid lease payment	133,261
Deposits, prepayments and other receivables	1
Bank balances and cash	43
Accruals and other payables	(2,602)
Net assets acquired	150,000
Consideration satisfied by:	
Cash deposit paid and included in deposits as at 31 March 2014	150,000

Cash inflow arising on acquisition:

	HK$'000
Cash consideration paid during the year ended 31 March 2015	–
Bank balances and cash acquired	43
	43

39. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

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

	2016	2015
	HK$'000	HK$'000
Within one year	**16,332**	12,264
In the second to fifth year inclusive	**16,071**	6,048
	32,403	18,312

Operating lease payments represent rentals payable by the Group for certain of its office and residential premises. Leases are negotiated for lease term of two to five years and rentals are fixed over the relevant lease term.

(b) Capital commitment:

	2016	2015
	HK$'000	HK$'000
Capital expenditure in respect of addition of property, plant and equipment:		
– contracted for but not provided in the consolidated financial statements (note)	**140,397**	–
– authorised but not contracted for	**53,961**	237,138

Note: During the year ended 31 March 2016, a wholly-owned subsidiary of the Group has entered into contractual agreement for the development of the logistics warehousing business in the PRC. Total contract sum was approximately RMB116,803,000 (or equivalent to HK$140,397,000).

40. SHARE OPTION/AWARD SCHEMES

(a) New Share Option Scheme

Upon passing of an ordinary resolution on 25 September 2015, the Company adopted a share option scheme (the "New Share Option Scheme") and whereupon the Share Option Scheme (as defined below) adopted on 16 May 2006 was terminated, while the options granted under the Share Option Scheme are still exercisable until their expiry. The major terms of the New Share Option Scheme are set out below:

(i) The purpose was to provide incentives to the participants;

(ii) The participants included any full-time or part-time employees, executives and officers of the Company and any of its subsidiaries (including executives, non-executive directors and independent non-executive directors of the Company and any of its subsidiaries) and business consultants and legal and other professional advisors of the Company or its subsidiaries which, in the opinion of the Company's board of directors, has or had made contribution to the Group;

(iii) The maximum number of shares in respect of which options might be granted under the New Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders;

(iv) In relation to each grantee of the options granted under the New Share Option Scheme, the right of the grantee to exercise the option shall be in accordance with the terms of the New Share Option Scheme and the period to be notified by the board of directors of the Company to each grantee which shall not exceed 10 years from the date upon which the options is deemed to be granted and accepted;

40. SHARE OPTION/AWARD SCHEMES (continued)

(a) New Share Option Scheme (continued)

(v) The exercise price of an option will be determined by the board of directors of the Company and will not be less than the highest of:

- the closing price of the share on the date of grant;
- the average closing price of the share for the five business days immediately preceding the date of grant; and
- the nominal value of the share.

(vi) A consideration of HK$1 is payable on acceptance of the offer of grant of options.

(b) Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was adopted on 16 May 2006. The Share Option Scheme was expired and terminated on 25 September 2015 and was replaced by the New Share Option Scheme. The major terms of the Share Option Scheme are set out below:

(i) The purpose was to provide incentives to the participants;

(ii) The participants included any full-time or part-time employees, executives and officers of the Company and any of its subsidiaries (including executives, non-executive directors and independent non-executive directors of the Company and any of its subsidiaries) and business consultants and legal and other professional advisors of the Company or its subsidiaries which, in the opinion of the Company's board of directors, has or had made contribution to the Group;

40. SHARE OPTION/AWARD SCHEMES (continued)

(b) Share Option Scheme (continued)

(iii) The maximum number of shares in respect of which options might be granted under the Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders;

(iv) In relation to each grantee of the options granted under the Share Option Scheme, the right of the grantee to exercise the option shall vest in three stages: 30% of share options granted (rounded down to the nearest whole number of shares) will vest from the expiry of one year from the acceptance date of the option (the "Acceptance Date") up to the day immediately before the fourth anniversary of the Acceptance Date; 30% of share options granted (rounded down to the nearest whole number of shares) will vest from the expiry of two years from the Acceptance Date up to the day immediately before the fifth anniversary of the Acceptance Date; and 40% of the share options granted (round down to the nearest whole number of shares) will vest from the expiry of three years from the Acceptance Date up to the day immediately before the sixth anniversary of the Acceptance Date;

(v) The exercise price of an option will be determined by the board of directors of the Company and will not be less than the highest of:

- the closing price of the share on the date of grant;
- the average closing price of the share for the five business days immediately preceding the date of grant; and
- the nominal value of the share.

(vi) A consideration of HK$1 is payable on acceptance of the offer of grant of options.

40. SHARE OPTION/AWARD SCHEMES (continued)

(c) Share Award Scheme

The Company's share award scheme (the "Share Award Scheme") was adopted on 27 September 2013. The major terms of the Share Award Scheme are set out below:

(i) The purpose was to provide incentives to the participants;

(ii) The participants included any full-time or part-time employees, executives and officers of the Company and any of its subsidiaries (including executives, non-executive directors and independent non-executive directors of the Company and any of its subsidiaries) and business consultants and legal and other professional advisors of the Company or its subsidiaries which, in the opinion of the Company's board of directors, has or had made contribution to the Group;

(iii) The number of shares issued and to be issued in respect of which awards granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at the date of passing of the issue mandated at the annual general meeting of the Company for a financial year during the term of the Share Award Scheme. The aggregate value of shares which may be issued to any individual at any one time shall not exceed HK$5,000,000 as at the date of such award granted under the Share Award Scheme (the "Awards"). The number of shares to satisfy the Awards shall be allotted and issue by the directors of the Company by obtaining a separate shareholder's approval at a general meeting or utilising the general mandate granted by shareholders at a general meeting of the Company from time to time;

(iv) In relation to each grantee of the awards granted under the Share Award Scheme, the Awards shall vest in a period to be determined by the directors of the Company where the period must be at least six months;

40. SHARE OPTION/AWARD SCHEMES (continued)

(c) Share Award Scheme (continued)

(v) The number of shares to be granted will be determined by the board of directors of the Company by reference to:

- monthly salary of eligible employee;
- the average closing price of the share for the five business days immediately preceding the date of grant; and
- duration of employment of eligible employee.

Details of the share options outstanding under the Share Option Scheme and the New Share Option Scheme and movements during the two years were as follows:

			Number of share options										
Grantee	Date of grant	Exercising period	Exercise price per share (note b) HK$	Outstanding at 1 April 2014	Lapsed during the year	Forfeited during the year	Adjusted during the year (note c)	Outstanding at 31 March 2015	Granted during the year	Lapsed during the year	Forfeited during the year	Adjusted during the year (note c)	Outstanding at 31 March 2016
Director													
Fok Chi Tak	8.4.2011	8.4.2012 to 8.4.2015	0.888	600,000	–	–	(145,680)	454,320	–	(454,320)	–	–	–
	8.4.2011	8.4.2013 to 8.4.2016	0.888	600,000	–	–	(145,680)	454,320	–	–	–	45,432	499,752
	8.4.2011	8.4.2014 to 8.4.2017	0.888	800,000	–	–	(194,240)	605,760	–	–	–	60,576	666,336
Controlling shareholder													
Ms. Li (note a)	27.9.2010	27.9.2011 to 26.9.2014	0.961	5,700,000	(4,316,040)	–	(1,383,960)	–	–	–	–	–	–
	27.9.2010	27.9.2012 to 26.9.2015	0.961	5,700,000	–	–	(1,383,960)	4,316,040	–	(4,316,040)	–	–	–
	27.9.2010	27.9.2013 to 26.9.2016	0.961	7,600,000	–	–	(1,845,280)	5,754,720	–	–	–	575,472	6,330,192
Other employees	1.4.2010	1.4.2012 to 31.3.2014	1.443	6,000,000	–	(4,543,200)	(1,456,800)	–	–	–	–	–	–
	1.4.2010	1.4.2013 to 31.3.2015	1.443	8,000,000	–	(6,057,600)	(1,942,400)	–	–	–	–	–	–
	27.8.2010	27.8.2011 to 26.8.2014	0.888	1,950,000	–	(1,950,000)	–	–	–	–	–	–	–
	27.8.2010	27.8.2012 to 26.8.2015	0.888	1,950,000	–	(1,476,540)	(473,460)	–	–	–	–	–	–
	27.8.2010	27.8.2013 to 26.8.2016	0.888	2,600,000	–	(1,968,720)	(631,280)	–	–	–	–	–	–
	27.9.2010	27.9.2011 to 26.9.2014	0.888	13,170,000	(4,481,264)	(5,491,060)	(3,197,676)	–	–	–	–	–	–
	27.9.2010	27.9.2012 to 26.9.2015	0.888	13,170,000	(2,810,572)	(3,443,900)	(3,197,676)	3,717,852	–	(3,717,852)	–	–	–
	27.9.2010	27.9.2013 to 26.9.2016	0.888	17,560,000	–	–	(4,263,568)	13,296,432	–	(3,573,984)	–	972,245	10,694,693
	8.4.2011	8.4.2012 to 8.4.2015	0.961	1,350,000	–	–	(327,780)	1,022,220	–	(113,580)	(908,640)	–	–
	8.4.2011	8.4.2013 to 8.4.2016	0.961	1,350,000	–	–	(327,780)	1,022,220	–	–	(908,640)	11,358	124,938
	8.4.2011	8.4.2014 to 8.4.2017	0.961	1,800,000	–	–	(437,040)	1,362,960	–	–	(1,211,520)	15,144	166,584
	29.1.2016	3.2.2017 to 2.2.2020 (note d)	0.318	–	–	–	–	–	5,000,000	–	–	–	5,000,000
				89,900,000	(11,607,876)	(24,931,020)	(21,354,260)	32,006,844	5,000,000	(12,175,776)	(3,028,800)	1,680,227	23,482,495
Weighted average exercise price				0.858	1.057	1.282	1.135	1.045	0.318	0.958	0.961	0.956	0.820
Exercisable at the end of the year				87,300,000				32,006,844					18,482,495

40. SHARE OPTION/AWARD SCHEMES (continued)

(c) Share Award Scheme (continued)

Notes:

(a) Ms. Li is a controlling shareholder and the former Chief Executive Officer of the Company. On 1 September 2015, Mr. Li resigned from the Chief Executive Officer and acts as the senior consultant of the Company.

(b) The exercise price per share option was adjusted upon the bonus issue.

(c) The numbers of share options were adjusted upon the bonus issue (2015: (i) completion of Capital Reorganisation; and (ii) completion of the Open Offer with the Bonus Issue).

(d) During the year ended 31 March 2016, 5,000,000 options were granted to employees of the Group on 29 January 2016 for the provision of services to the Group. The vesting period of the options is from 3 February 2016 to 2 February 2017. The fair value of the share options at the date of grant was calculated using the Trinomial Option Pricing Model. The inputs into the valuation of the share options were as follows:

Share price at grant date	HK$0.300
Exercise price	HK$0.318
Risk free rate (note i)	1.230%
Expected life (note ii)	3 years
Expected volatility (note iii)	91.510%

Notes:

(i) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the share option.

(ii) Expected life is the exercise period of the share option.

(iii) Expected volatility is estimated by calculating the historical daily share price volatility of the stock price of the Company.

The fair value of the share option granted on 29 January 2016 is HK$800,000.

In the current year, share option expenses of approximately HK$129,000 (2015: HK$7,000) were recognised in profit or loss with a corresponding credit in the Group's share option reserve.

41. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties:

(a) On 10 April 2015, the Company entered into a subscription agreement with Asia Link, the Company's immediate and ultimate holding company. Pursuant to this agreement, the Company issued 588,858,000 warrants of the Company at issue price of HK$0.001 per warrant and the subscription price for each underlying share for each warrant shall be HK$0.50. The subscription was completed on 2 July 2015. Details are set out in note 13.

(b) During the year ended 31 March 2015, the Group purchased assets through acquisition of the Access Profit Group from Sunshine Zhong Xing, which is controlled by directors and key management personnel of subsidiary. Details are set out in note 38.

The remuneration of directors of the Company and other members of key management during the year was as follows:

	2016 **HK$'000**	2015 HK$'000
Salaries and other short-term benefits	**15,137**	12,954
Post-employment benefits	**81**	76
Share-based payments and share award expense	**6,370**	2
	21,588	13,032

The remuneration of directors of the Company and key executive is determined by the remuneration committee having regard to the performance of individuals and market trends.

42. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2015, the consideration of HK$150,000,000 for purchase of assets through acquisition of the Access Profit Group was satisfied by cash deposit paid in prior year.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) Details of the Company's principal subsidiaries at 31 March 2016 and 2015 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Class of shares held	Issued and fully paid up share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company 2016 Directly	2016 Indirectly	2015 Directly	2015 Indirectly	Principal activities
Win Team Investments Limited	BVI	Ordinary	US$1	**100%**	**-**	100%	–	Investment holding
Merrymaking Investment Limited	BVI	Ordinary	US$10,000	**-**	**100%**	–	100%	Investment holding
Pleasing Results Limited	BVI	Ordinary	US$50,000	**-**	**100%**	–	100%	Investment holding
Hao Tian Management	Hong Kong	Ordinary	HK$10,000	**-**	**100%**	–	100%	Securities investment, investment holding and provision of management services
Hao Tian Finance (note i)	Hong Kong	Ordinary	HK$1,210,000,000 (2015: HK$900,000,000)	**-**	**75%**	–	100%	Money lending
Esteem Ocean Limited	BVI	Ordinary	US$1	**-**	**75%**	–	100%	Investment holding
Hong Kong Energy & Mining Investment Management Limited	Hong Kong	Ordinary	HK$1	**-**	**100%**	–	100%	Trading of futures
Hao Tian Oil & Gas Development Group Limited	Hong Kong	Ordinary	HK$1	**-**	**100%**	–	100%	Trading of commodities
Access Profit Global Enterprises Group Limited	BVI	Ordinary	US$1,000	**-**	**100%**	–	100%	Investment holding
New Style Corporation Limited	Hong Kong	Ordinary	HK$1,000	**-**	**100%**	–	100%	Investment holding
Xinjiang Xinpin Logistics Co., Ltd.* (note ii)	PRC	Registered	RMB15,000,000	**-**	**100%**	–	100%	Inactive
Hao Tian Investment (China) Co., Limited* (note ii)	PRC	Registered	RMB50,000,000	**-**	**100%**	–	100%	Investment holding
Beijing Hao Tian Investment Fund Management Co., Limited* (note ii)	PRC	Registered	US$370,000	**-**	**100%**	–	100%	Investment holding
Hao Tian Hua Tong (Beijing) Trading Co., Limited* (note ii)	PRC	Registered	RMB5,000,000	**-**	**100%**	–	100%	Investment holding

* English names are translated for identification purpose only.

Notes:

(i) During the year ended 31 March 2016, the share capital of Hao Tian Finance was resolved to be enlarged to HK$1,210,000,000 (2015: HK$900,000,000). As at 31 March 2016, HK$1,210,000,000 (2015: HK$900,000,000) ordinary shares were in issue, of which HK$300,000,000 ordinary shares were issued to non-controlling shareholders as stated in note 33.

(ii) These entities are wholly foreign owned enterprises established in the PRC.

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

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) (continued)

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

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong and PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activity	Principal place of business	Number of subsidiaries	
		2016	2015
Investment holding	Hong Kong	**29**	28
	PRC	**2**	3
		31	31

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	**2016**	2015	**2016**	2015
				HK$'000	HK$'000	**HK$'000**	HK$'000
Hao Tian Finance and its subsidiary	Hong Kong	**25%**	N/A	**(58,424)**	N/A	**208,248**	N/A

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Hao Tian Finance and its subsidiary

	2016 **HK$'000**
Current assets	**1,610,379**
Non-current assets	**388,051**
Current liabilities	**(908,283)**
Non-current liabilities	**(98,560)**
Equity attributable to owners of the Company	**(783,339)**
Non-controlling interests	**(208,248)**
Revenue	**129,601**
Expenses	**(51,613)**
Loss for the year	**(229,977)**
Loss for the year attributable to:	
– owners of the Company	**(171,553)**
– non-controlling interests	**(58,424)**
Loss for the year	**(229,977)**
Total comprehensive expense attributable to:	
– owners of the Company	**(56,265)**
– non-controlling interests	**(92,502)**
Total comprehensive expense for the year	**(148,767)**
Net cash outflow from operating activities	**(244,599)**
Net cash outflow from investing activities	**(114,778)**
Net cash inflow from financing activities	**437,389**
Net cash inflow	**78,012**

44. EVENTS AFTER THE REPORTING PERIOD

(a) On 22 May 2016, an indirect wholly-owned subsidiary of the Company, Hao Tian Management, has entered into a subscription agreement (the "Hao Tian Management Subscription Agreement") with Vandi Investments Limited, a wholly-owned subsidiary of CCB International Asset Management Ltd (the "Investor"), independent third party to allot new shares of Hao Tian Management (the "Hao Tian Management Allotment") for a cash consideration up to USD40 million (the "Hao Tian Management Consideration"), which will be accounted for an equity transaction. The Hao Tian Management Consideration was determined by reference to the unaudited net asset value of Hao Tian Management as at 31 March 2016. Upon the completion, the Company's equity interest in Hao Tian Management from 100% to approximately 92.41%. The Hao Tian Management Allotment is subject to the approval of the shareholders of the Company.

Upon the completion of the Hao Tian Management Allotment, the Company, Hao Tian Management shall enter into a call option deed (the "Hao Tian Management Call Option Deed") with the Investor. Pursuant to the Hao Tian Management Call Option Deed, the Investor is granted a right to require the Company to allot and issue up to 389,940,000 new shares ("HTD Option Shares"), representing (i) approximately 9.33% of the existing issued share capital of the Company as at 22 May 2016 and (ii) approximately 8.53% of the issued share capital of the Company as enlarged by the allotment and issue of the HTD Option Shares (assuming that there is no change in the issued share capital of the Company from the date of the this report to the completion of the allotment and issue of the Option Shares save for the Option Shares) of the Company at an exercise price of HK$0.80 per share. The Investor is entitled to exercise the option in whole or in part, on one or more occasions at any time commencing from the date of the Hao Tian Management Call Option Deed and ending on the date that falls on the fifth anniversary thereof. The option shall be assignable. Up to the date of issuance of these consolidated financial statements, Hao Tian Management Allotment and Hao Tian Management Call Option Deed are not yet completed.

(b) On 7 June 2016, Hao Tian Investments (China) Co., Limited ("Hao Tian Investment"), an indirectly wholly owned subsidiary of the Company, entered into an investment framework agreement with the People's Government of Qingliu County, Fujian Province, the PRC relating to an Innovative Camellia Oleifera Health Industry Project（創新型油茶健康產業項目）(the "Project"), which involves the establishment of a base for the cultivation of camellia oleifera and the production of camellia oleifera-related products in Qingliu County, Fujian Province, the PRC. Hao Tian Investment plans to invest a total sum of not more than RMB380 million in the Project. Details of the Project were disclosed in the announcement dated 7 June 2016. Up to the date of issuance of the Group's consolidated financial statements, no binding agreement has been signed.

(c) The Company intends to issue a written notice to Up Energy exercising the Put Option as detailed in note 22 which requires Up Energy to arrange for the sale and disposal of 140,000,000 shares in Up Energy held by the Company by way of placing through an independent qualified placing agent.

Financial Summary

RESULTS

	Year ended 31 March				
	2012	2013	2014	2015	**2016**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	143,079	145,510	201,768	60,899	**129,986**
(Loss) profit for the year attributable to:					
– owners of the Company	(378,458)	(219,324)	(12,415)	1,522,565	**524,398**
– non-controlling interests	–	(2)	(44)	(187)	**(58,424)**
(Loss) profit for the year	(378,458)	(219,326)	(12,459)	1,522,378	**465,974**

ASSETS AND LIABILITIES

	As at 31 March				
	2012	2013	2014	2015	**2016**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	4,314,591	2,689,216	2,830,127	6,193,193	**8,428,362**
Total liabilities	(1,580,030)	(241,913)	(276,270)	(1,267,883)	**(1,560,233)**
	2,734,561	2,447,303	2,553,857	4,925,310	**6,868,129**
Equity attributable to owners of the Company	2,734,561	2,442,305	2,548,903	4,925,310	**6,659,881**