BEP International Holdings Limited
百靈達國際控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 2326)

Annual Report
2016

* For identification purpose only

CONTENTS

Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	the Board of Directors of the Company
"Company"	BEP International Holdings Limited
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"HK$" and "cents"	Hong Kong dollars and cents
"US$"	United States dollars
"%"	per cent.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Honghai *(Chairman)*
Mr. Wang Zhonghe *(Vice-Chairman)*
(appointed on 16 May 2016)
Mr. Cheung Ming *(Chief Executive Officer)*
Mr. Ren Haisheng

Independent Non-executive Directors

Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin

AUDIT COMMITTEE

Mr. Ng Tze Kin *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick

REMUNERATION COMMITTEE

Mr. Siu Hi Lam, Alick *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Ng Tze Kin
Mr. Cheung Ming

NOMINATION COMMITTEE

Mr. Chan Kwong Fat, George *(Chairman)*
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin
Mr. Cheung Ming

RISK MANAGEMENT COMMITTEE

(established on 23 November 2015)

Mr. Ng Tze Kin *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. Ren Haisheng

COMPANY SECRETARY

Ms. Hui Yee Ling

AUDITOR

Crowe Horwath (HK) CPA Limited

STOCK CODE

2326

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

Suites 1004-1005, 10th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited, Hong Kong Branch
Bank of China (Hong Kong) Limited
Bank of Jinzhou Co., Ltd.
Bank of Communications Co., Ltd., Hong Kong Branch
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
China Construction Bank Corporation
Chong Hing Bank Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY HOMEPAGE

http://www.bepgroup.com.hk

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

With the dedicated effort of the management in promoting the business of the Group and the adoption of a series of strategies to expand our business, I am pleased to report that the Group recorded satisfactory performance for the year ended 31 March 2016 with impressive growth in both of our revenue and assets.

For the year under review, the Group recorded profit attributable to owners of the Company of HK$177,716,000, which increased by 9.3 times when compared to HK$17,198,000 in last year.

During the year, the Group continued to focus on sourcing and sale of metal minerals and related industrial materials business and has achieved satisfactory progress.

During the year under review, the Group's operation in sale of electrical and electronic consumer products was stagnant owing to the competition in the industry and deteriorating business environment. In addition, with the view to better utilise its resources, the Group disposed of its investment in a subsidiary principally engaged in the sale of electrical and electronic consumer products, and recorded gains from the realisation of such investment.

During the year under review, the Group's logistics services business in Shenzhen experienced lost of major customers. The Group is considering to integrate and expand its logistics services business to accommodate with the development of its trading business, with the base in Northern China, and to offer its customers an one-stop shop logistics and warehousing services.

The Group has seized the market opportunities and completed the acquisitions of 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited)(the "Acid Company") and 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company Limited)(the "Power Company") located in Ningxia Hui Autonomous Region, China in February and March 2016 respectively. The acquisitions of the Acid Company and the Power Company have brought new income streams to the Group, and have facilitated the Group to expand the coverage of its business, which can help to diversify the risks associated with its business, and lay a solid foundation for the development of the enterprise.

The Acid Company operates a sulfuric acid plant with an annual production of 200,000 tonnes. During the production process of sulfuric acid, by using pyrite to produce acid, and to make the best use of resources with the help of cutting-edge dilute acid washing technique and equipment, thus reducing the costs of production as well as the pollution to the environment. In respect of the Power Company, it owns a 36MW waste heat power generation plant (the "36MW Power Plant"), which is a resources comprehensive utilisation power generation project that use waste heat and coal to generate electricity, that has an annual power generation capacity of 174,000,000 kilowatt hours ("kWh") and can supply about 151,000,000 kWh of electricity per year.

BUSINESS REVIEW (continued)

The Power Company in Ningxia acquired a land parcel (the "Land") by way of public auction by the Zhongning County Bureau of Land and Resources of the Ningxia Hui Autonomous Region in Ningxia for a consideration of RMB34,986,000 (equivalent to approximately HK$41,597,000) in May 2016. The Land is planned for industrial use (captive power plant). The Group has been exploring the feasibility of expanding the power operation by developing additional power plant(s) on the Land. The project is subject to the availability of various forms of financing and the relevant regulatory approvals.

PROSPECTS

In light of the challenging economic and operating environment, our Group is not optimistic about the demand and prices of metal minerals and related industrial materials, and will endeavor to expand the scale, range and varieties of our products as well as to expand our markets.

The 36MW Power Plant is expected to commence operation in the second half of 2016, which will be operated in full capacity and generate revenue for the Group, and will become a new source of revenue of the Group. In addition, in order to expand its industrial products business, the Group will also consider increasing the annual production of sulfuric acid.

Looking forward, the global macroeconomic environment continues to be unsettled, the transformation of China's economic structure has slowed down the country's economy, the Group will ensure to make good use of our core competence amid the challenging environment to develop our existing businesses, and will aggressively explore potential investment and expansion opportunities, so as to assure the balance and stable development of our businesses and a tighter connection between them. The Group will also seize business opportunity with better return to create value for our shareholders.

APPRECIATION

The Group has achieved encouraging results for the year ended 31 March 2016. I would like to take this opportunity to thank all our shareholders, business partners, customers and bankers for their continuous support to the Group, and to my fellow directors and staff members for their hard work and contributions during the past year.

Zhang Honghai
Chairman

Hong Kong, 22 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

The year ended 31 March 2016 was a successful year for the Group. The Group achieved significant growth in revenue, profit as well as assets with the management's effort in pursuing its expansion strategy. The Group continued to perform well for its sourcing and sale of metal minerals and related industrial materials and fetched additional business opportunities to the Group through acquisitions of companies.

For the year under review, the Group reported a revenue of HK$2,269,381,000, which showed a remarkable increase of 2.6 times when compared with HK$633,957,000 in the previous year, and gross profit of HK$357,262,000, which jumped by 5.0 times when compared to HK$59,929,000 in last year. The significant growth in the Group's revenue and gross profit were mainly attributed to the contribution from the sourcing and sale of metal minerals and related industrial materials business segment. As a result of the substantial increase in revenue and gross profit of the Group, the Group posted a profit for the year amounting to HK$169,138,000, which increased by 9.8 times compared to last year of HK$15,602,000.

For the year under review, the Group recorded profit attributable to owners of the Company of HK$177,716,000 which increased by 9.3 times when compared to HK$17,198,000 in last year. The Company's earnings per share for the year amounted to HK0.868 cent as compared to the previous year of HK0.085 cent.

The Group's operation in sourcing and sale of metal minerals and related industrial materials delivered very impressive results for the review year. The operation achieved revenue of HK$2,225,538,000 and segment profit of HK$339,960,000, which showed sharp increases of 267% and 484% respectively over their last year comparables of HK$606,369,000 and HK$58,247,000. The successful results achieved were primarily attributable to the increase of products, volume and better pricing of metal minerals and related industrial materials transacted during the year, which was also the results of the management's efforts in expanding the operation's supplier and customer bases. The Group will continue to devote resources to enhance its sales force and explore business opportunities in new products and overseas markets.

OPERATIONS REVIEW (continued)

During the year, the Group's operation in sale of electrical and electronic consumer products was stagnant owing to the increasingly challenging business environment faced by the Group. The operation reported revenue of HK$4,891,000 (2015: HK$23,493,000) representing a decrease of 79% from last year and segment loss of HK$133,000 (2015: HK$1,878,000).

During the year, with the view to better utilise its resources, the Group disposed of a subsidiary principally engaged in the sale of electrical and electronic consumer products. The Group recorded a gain on disposal of a subsidiary of HK$45,000 and recognised as other net income for the year.

During the year, the Group's operation in provision of logistics services showed a substantial decrease in business. The logistics operation posted revenue and gross loss of HK$1,547,000 and HK$5,584,000 respectively as compared to the four months results included in last year (HK$4,181,000 and HK$830,000). Performance of the operation was unsatisfactory mainly due to loss of major customers. The Group has started its logistics operation in Tianjin in February 2016 and shifted its business focus from Shenzhen to northern part of mainland China.

During the year, the Group expanded its businesses to production and sale of industrial products through the acquisition of a company located in 寧夏回族自治區 (literally translated as Ningxia Hui Autonomous Region) with a sulfuric acid production plant in February 2016. The operation of production and sale of industrial products posted revenue and segment profit of HK$37,405,000 and HK$13,971,000 respectively for the two months ended 31 March 2016. Performance of this operation achieved its initial expectation. The Group will explore opportunities to increase the production of sulfuric acid.

OPERATIONS REVIEW (continued)

To further diversify its revenue sources and bring in additional business opportunities to the Group, the Group also completed the acquisition of a company with a 36MW waste heat power generation plant (the "36MW Power Plant") on 31 March 2016. The 36MW Power Plant is located at 寧夏回族自治區中寧縣新材料循環經濟示範園區 (literally translated as Ningxia Hui Autonomus Region Zhongning County New Materials Recycle Economic Demonstration Park). The 36MW Power Plant is expected to commence operation in the second half of 2016.

The above acquisitions contributed mainly to the increase in the Group's property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment, inventories, accruals, deposits and other payables which amounted to HK$226,713,000, HK$3,669,000, HK$31,938,000, HK$40,815,000 and HK$264,837,000 respectively as at 31 March 2016 (2015: HK$1,879,000, nil, nil, HK$8,808,000 and HK$8,347,000). The Group also expect an increase in finance cost with support of the banking facilities available upon the payment of considerations for the acquisition of 寧夏天元發電有限公司(literally translated as Ningxia Tianyuan Power Generation Company Limited).

As for administrative expenses, the amount was HK$114,019,000 which increased by 2.8 times when compared to HK$30,102,000 in last year. The increase was a combination effect of the recognition of the share-based payment expenses relating to share options granted in April 2015, the increase in manpower cost, foreign exchange losses and legal and professional fee. The foreign exchange losses incurred was due to exposure to foreign exchange risk from various currencies. The foreign exchange risk was mainly related to Renminbi and the United State dollars, mostly arising from purchase transactions conducted with overseas suppliers in foreign currencies and sales transactions with Mainland customers in Renminbi. In response to specific customer needs, the Group have the exposure to foreign exchange risk in exchange for better pricing in return. The other operating expenses of HK$15,119,000 (2015: HK$88,000) represented the recognition of impairment losses and/or allowances for goodwill, other intangible asset, trade and other receivables and property, plant and equipment.

During the year, the Group recognised other comprehensive income of HK$1,479,000 (2015: other comprehensive expenses: HK$508,000) being exchange differences on translation of financial statements of overseas subsidiaries with the result that the Group recorded total comprehensive income for the year of HK$170,617,000 compared to total comprehensive income of HK$15,094,000 in the prior year. The Group's total comprehensive income, net of tax, attributable to owners of the Company was HK$179,043,000 for the year under review compared to HK$16,687,000 in the prior year.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

During the year ended 31 March 2016, the Group financed its operations mainly by cash generated from its business activities, credit facilities, advances and loans provided by banks. At 31 March 2016, the Group had current assets of HK$3,314,320,000 (2015: HK$489,561,000) comprising cash and bank balances of HK$80,326,000 (excluding restricted bank deposits) (2015: HK$85,348,000). The Group's current ratio, calculated based on current assets over current liabilities of HK$3,237,459,000 (2015: HK$333,792,000) was at a health ratio of 1.02 (2015: 1.47).

At the year end, the Group's trade and bills receivables amounted to HK$1,842,228,000 (2015: HK$305,382,000), restricted bank deposits amounted to HK$1,271,880,000 (2015: nil), trade and bills payables amounted to HK$1,270,521,000 (2015: HK$21,514,000), bank advances for discounted bills amounted to HK$458,555,000 (2015: HK$299,225,000) and bank loan amounted to HK$1,199,055,000 (2015: HK$309,000). Such increases in the Group's trade and bills receivables, trade and bills payables, bank advances for discounted bills and bank loan were mainly due to the surge in trade volume and extension of credit period of metal minerals and related industrial materials and the discounting of bills with recourse transacted during the year. Details of the trade and bills receivables, trade and bills payables, bank loan and bank advances for discounted bills of the Group as at 31 March 2016 are set out in notes 18, 21, 23 and 24 to the consolidated financial statements.

At the year end, the Group's equity attributable to owners of the Company amounting to HK$347,048,000 (2015: HK$164,154,000). The increase in equity attributable to owners of the Company was mainly due to the profit earned by the Group during the year.

The Group's finance costs for the year under review was HK$8,966,000 (2015: HK$8,798,000) which was primarily interest for bank loans and discounting of bills receivables. The Group's gearing ratio represented its total borrowings over the sum of equity attributable to owners of the Company and total borrowings of the Group. At the year end, the Group's borrowings comprised bank loan and bank advances for discounted bills of HK$1,199,055,000 and HK$458,555,000 respectively (2015: HK$309,000 and HK$299,225,000), as the Group's equity attributable to owners of the Company stood at HK$347,048,000 (2015: HK$164,154,000), the Group's gearing ratio was therefore at about 83% (2015: 65%).

Starting from 9 June 2015, every one issued and unissued share of par value of HK$0.002 each in the share capital of the Company has been subdivided into ten subdivided shares of par value of HK$0.0002 each (the "Share Subdivision"). Upon completion of the Share Subdivision, the issued shares of the Company increased by 18,314,164,926 shares.

During the year, the Company allotted and issued 19,500,000 ordinary shares of par value of HK$0.002 each (before the Share Subdivision) and 205,000,000 ordinary shares of par value of HK$0.0002 each (after the Share Subdivision).

With the amount of liquid assets on hand, credit facilities, advances and loan granted by banks, the management will explore the feasibility of carrying out certain fund-raising exercises, with the support from investment banks and professional advisers, to meet its ongoing operational requirements and business expansion.

FINANCIAL REVIEW (continued)

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintains a strategy in its foreign currency risk management, primarily by including the estimated exchange differences on currency exposure in the pricing of metal minerals trade to minimise the impact of foreign exchange risk on the Group's profit. The Group has also entered into foreign currency forward contracts to hedge against the Group's currency exposure. The Group thus believes the current level of bank balances, certain receivables and payables denominated in Renminbi and United States dollars expose us to a manageable foreign currency risk. The management will pay vigilant attention to the fluctuation of Renminbi and monitor the foreign currency exposure closely. The Group will further consider using any appropriate financial derivatives to hedge against the Group's currency risk and manage its exposure.

Borrowings and Pledge of Assets

As at 31 March 2016, the Group had bank loan and bank advances for discounted bills of HK$1,199,055,000 and HK$458,555,000 respectively (2015: HK$309,000 and HK$299,225,000) which were secured by the same amount of the Group's restricted bank deposits and bills receivables. Details of the borrowings and pledge of assets of the Group as at 31 March 2016 are set out in notes 23, 24 and 18(d) to the consolidated financial statements.

Restricted Bank Deposits

As at 31 March 2016, restricted bank deposits in the amount of HK$1,271,880,000 (2015: nil) mainly refers to the deposits placed at designated bank accounts to secure the trade facilities and bank loan of the Group.

Capital Commitments

As at 31 March 2016, the Group had capital commitments of RMB20,253,000 (equivalent to approximately HK$24,285,000) (2015: nil) mainly for the acquisition of machineries, equipment and their installation works for the 36MW Power Plant.

Contingent Liabilities

As at 31 March 2016, the Group had no material contingent liabilities (2015: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, the Group had a total of about 310 employees and directors (2015: 73). The increase in the Group's headcount was mainly due to the completion of acquisitions of a sulfuric acid production plant as stated in the Company's announcement(s) dated 6 August 2015 and 1 February 2016 and the 36MW Power Plant as stated in the Company's circular dated 11 March 2016. Total staff costs for the year, including directors' remuneration, was HK$37,020,000 (2015: HK$20,869,000). The increase in staff cost was the combination results of increase in head count, increase in salaries and emolument of the staff and directors and the recognition of the share-based payment expenses relating to share options granted in April 2015. Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance, share option scheme and discretionary bonuses.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of HK0.1 cent per share for the year ended 31 March 2016 (2015: HK0.04 cent) subject to approval of shareholders at the forthcoming annual general meeting. The proposed final dividend will be distributed on or about Friday, 4 November 2016 to shareholders whose names appear on the register of members of the Company as at the close of business on Monday, 3 October 2016.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhang Honghai, *Chairman*

Aged 63, joined the Company as an Executive Director in October 2013 and was appointed the Chairman of the Company in January 2014. Mr. Zhang is also a director of several subsidiaries of the Company. He graduated from Peking University in 1982 and subsequently completed a postgraduate programme at the International Business School of Hunan University and was awarded a master degree and the title of Senior Economist. He also obtained an EMBA degree from Guanghua School of Management, Peking University. Mr. Zhang has worked for the Beijing Municipal Government for many years. He was the director of the Foreign Affairs Office of the People's Government of Beijing Municipality and Hong Kong and Macao Affairs Office of the People's Government of Beijing Municipality and was the vice president of the Beijing Chinese Overseas Friendship Association. Mr. Zhang initially worked as deputy general manager and was then promoted to vice chairman and general manager of Beijing International Trust Investment Limited during the period from 1990 to 1998. He was an executive director, the vice chairman and the chief executive officer of Beijing Enterprises Holdings Limited (stock code: 392) during the period from 2003 to 2014. Also, he was an executive director and the chairman of Beijing Enterprises Water Group Limited (stock code: 371) from 2008 to 2014 and was an executive director of Beijing Development (Hong Kong) Limited (stock code: 154) during the period from 2004 to 2015 respectively. He has accumulated extensive experience in corporate management. Currently, Mr. Zhang is an independent non-executive director of China Ground Source Energy Industry Group Limited (stock code: 8128). All of the above companies are listed in Hong Kong.

Mr. Wang Zhonghe, *Vice-Chairman*

Aged 54, joined the Company as an Executive Director and was appointed the Vice-Chairman of the Company in May 2016. Mr. Wang is also a director of several subsidiaries of the Company. Mr. Wang has obtained a Master of Science degree from University of North Texas. He graduated from 中國科學技術大學 (literally translated as University of Science and Technology of China) after completing its curriculum for a master degree in management and has obtained a Master of Engineering degree from 中國科學院系統科學研究所 (literally translated as Institute of Systems Science of Chinese Academy of Sciences). Mr. Wang has also been conferred a Bachelor of Engineering degree by 華南理工大學 (literally translated as South China University of Technology) (formerly called 華南工學院 (literally translated as South China Institute of Technology)).

Mr. Wang has about 25 years of experience in the financial industry with a focus on investment banking, corporate finance and capital markets. He has extensive experience in business development and corporate finance, operation and organizational management. Prior to joining the Company, he served as the deputy chief executive officer of ICBC International Holdings Limited and has also served senior executive positions in other renowned institutions in the financial industry.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung Ming, *Chief Executive Officer, Member of the Nomination Committee and the Remuneration Committee*

Aged 55, joined the Company as an Executive Director in October 2013 and was appointed the Chief Executive Officer of the Company in January 2014. Prior to joining the Company, he had served as the executive director of Hengli & Liqi Furniture Limited ("Hengli"), a Hong Kong company specialising in the production of furniture for sale to Europe markets, and was responsible for the international business development of Hengli. Before joining Hengli, Mr. Cheung had served as the chief executive officer of a Hong Kong based retail company. From 17 May 2011 to 21 October 2011, Mr. Cheung served as an executive director and the chief executive officer of Xinhua News Media Holdings Limited (formerly known as Lo's Enviro-pro Holdings Limited) (stock code: 309), a company listed in Hong Kong. Mr. Cheung has extensive business management experience including over 30 years of experience in retail business and international trade in mainland China, Hong Kong and Taiwan. Mr. Cheung had been leading the companies he served in setting down long-term development blueprints including strategies for corporate and business development as well as brand building to enhance their market competitiveness and profitability, which laid the solid foundation for their sustainable growth in the Greater China and Asia-Pacific regions. Currently, Mr. Cheung is an independent non-executive director of Beijing Development (Hong Kong) Limited (stock code: 154), a company listed in Hong Kong.

Mr. Ren Haisheng, *Member of the Risk Management Committee*

Aged 52, joined the Company as an Executive Director in November 2013. Mr. Ren is also a chief operating officer of a subsidiary of the Company and a director of several subsidiaries of the Company. He holds a Master's Degree from Beijing Forestry University specialising in Agriculture and Forest Economics and a Master of Business Administration Degree from Peking University. He was a lecturer of the School of Economics and Management in Beijing Forestry University. Mr. Ren had also worked as finance manager in the securities department of Beijing International Trust and Investment Corporation (now known as Beijing International Trust Co., Ltd.) and had held executive positions in various departments of a state-owned enterprise group in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kwong Fat, George, *Chairman of the Nomination Committee, Member of the Audit Committee, the Remuneration Committee and the Risk Management Committee*

Aged 56, joined the Company as an Independent Non-executive Director in June 2009. Mr. Chan is the executive director of a consultancy company engaging in providing financial investment consultancy services. Mr. Chan has worked in the finance and commercial field for more than 24 years. He had been the principal corporate planner of Airport Authority Hong Kong and was responsible for corporate planning in the areas of commercial and financial strategies. Mr. Chan obtained his Bachelor degree in Social Sciences from the University of Hong Kong in 1982, Master degree in Business Administration from The Chinese University of Hong Kong in 1987 and Master degree in Accounting from Curtin University of Technology, Australia. Mr. Chan is also a member of the CPA Australia.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Siu Hi Lam, Alick, *Chairman of the Remuneration Committee, Member of the Audit Committee, the Nomination Committee and the Risk Management Committee*

Aged 61, joined the Company as an Independent Non-executive Director in June 2009. Mr. Siu is the managing director of Fortune Take International Limited, a company engaging in providing business consultancy services. Mr. Siu has worked in the finance and banking field for more than 25 years. He had been the senior vice president of AIG Finance (Hong Kong) Limited and the vice president of Bank of America, responsible for business development and credit risk management. Mr. Siu obtained a Master degree in Business Administration from the University of Hull in 1995. Mr. Siu is also an independent non-executive director of Sage International Group Limited (stock code: 8082) and Get Nice Holdings Limited (stock code: 64), both are listed companies in Hong Kong.

Mr. Ng Tze Kin, *Chairman of the Audit Committee and the Risk Management Committee, Member of the Nomination Committee and the Remuneration Committee*

Aged 66, joined the Company as an Independent Non-executive Director in December 2013. Mr. Ng holds a Master's Degree in Commerce from Macquarie University, Sydney and is an Australian Chartered Accountant. Mr. Ng had worked for PWC (previously Lowe Bingham & Matthews) Hong Kong between July 1969 and April 1977. Since January 1983, Mr. Ng has been and is currently the managing director of a certified public accountants firm in Hong Kong. Mr. Ng was the Qualified Accountant for Air China Limited (stock code: 753) for the period from November 2005 to December 2008. Currently, he is an independent non-executive director of Herald Holdings Limited (stock code: 114), a company listed in Hong Kong. Mr. Ng is currently also a fellow of Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Mr. Li Man Wai, *Chief Investment Officer*

Aged 47, joined the Company in March 2016. Mr. Li is the Chief Investment Officer of the Company. He obtained a Bachelor's degree from The University of Leeds in the United Kingdom in 1993. Mr. Li has over 20 years of experience in accounting, banking and finance. He had worked for investment banks ABN AMRO Bank N.V. and Mizuho Securities Asia Limited. Mr. Li is a member of the Institute of Chartered Accountants in England and Wales.

Ms. Hui Yee Ling, *Company Secretary and Chief Financial Officer*

Aged 51, joined the Company in October 2008. Ms. Hui is the Company Secretary and Chief Financial Officer of the Company. She obtained a Master in Business Administration degree from Hong Kong Polytechnic University in 1995. Ms. Hui has over 20 years of experience in the accounting and management fields. She had worked for the international accounting firm KPMG and has extensive experience in auditing, accounting, corporate management and company secretarial practice. Ms. Hui is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

The Directors present their 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. Its subsidiaries are principally engaged in sourcing and sale of metal minerals and related industrial materials, production and sale of industrial products, sale of electrical and electronic consumer products, provision of logistics services and production and sale of utilities.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement section and Management Discussion and Analysis section set out on pages 6 to 7 and pages 8 to 13 of this annual report respectively.

This discussion forms part of this report.

RESULTS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss on page 40.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of HK0.1 cent per share for the year ended 31 March 2016 (2015: HK0.04 cent) subject to approval of shareholders at the forthcoming annual general meeting. The proposed final dividend will be distributed on or about Friday, 4 November 2016 to shareholders whose names appear on the register of members of the Company as at the close of business on Monday, 3 October 2016.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 29 September 2016 to Monday, 3 October 2016, both days inclusive, during which no transfer of shares will be registered. The last day for dealing in the Company's shares cum-entitlement to the proposed final dividend will be Monday, 26 September 2016. In order to qualify for the entitlement to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 28 September 2016.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 138 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Movement in the share capital of the Company during the year ended 31 March 2016 are set out in note 26(b) to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 26(a) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Movements in the distributable reserves of the Company during the year ended 31 March 2016 are set out in note 26(d) to the consolidated financial statements.

DONATIONS

There was approximately HK$847,840 donation made by the Group during the year ended 31 March 2016 (2015: nil).

DIRECTORS

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

Executive Directors:

Mr. Zhang Honghai *(Chairman)*
Mr. Wang Zhonghe *(Vice-Chairman)* (appointed on 16 May 2016)
Mr. Cheung Ming *(Chief Executive Officer)*
Mr. Sue Ka Lok (resigned on 13 July 2015)
Ms. Hu Denger (retired on 20 August 2015)
Mr. Ren Haisheng

Non-executive Director:

Mr. Suen Cho Hung, Paul (resigned on 1 June 2015)

Independent Non-executive Directors:

Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin

In accordance with bye-law 87 of the Company's Bye-laws, Mr. Zhang Honghai, Mr. Cheung Ming and Mr. Ren Haisheng will retire from office by rotation at the forthcoming annual general meeting ("AGM") and being eligible, will offer themselves for re-election at the AGM.

In accordance with bye-law 86 of the Company's Bye-laws, Mr. Wang Zhonghe will hold office until the following AGM and, being eligible, will offer himself for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' EMOLUMENT

Details of the changes in directors' emolument during the financial year are set out in note 8 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in this report of the directors and in note 31 to the consolidated financial statements, no other transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company, or any entity connected with any 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2016, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under 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 (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company

		As at 31 March 2016			
Name of directors	**Capacity and nature of interests**	**Number of shares held**	**Number of share options held**	**Total interests**	**Approximate percentage of the Company's issued share capital** *(Note)*
Mr. Zhang Honghai	Beneficial owner	–	200,000,000	200,000,000	0.97%
Mr. Cheung Ming	Beneficial owner	–	180,000,000	180,000,000	0.88%
Mr. Ren Haisheng	Beneficial owner	46,500,000	100,000,000	146,500,000	0.71%
Mr. Chan Kwong Fat, George	Beneficial owner	10,000,000	–	10,000,000	0.05%
Mr. Siu Hi Lam, Alick	Beneficial owner	8,000,000	–	8,000,000	0.04%
Mr. Ng Tze Kin	Beneficial owner	9,000,000	–	9,000,000	0.04%

Note:

The approximate percentage of the Company's issued share capital was calculated on the basis of 20,554,072,140 shares of the Company as at 31 March 2016.

Save as disclosed above, as at 31 March 2016, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

COMPETING INTEREST OF DIRECTORS AND THEIR RESPECTIVE ASSOCIATES

For the year ended 31 March 2016, none of the Directors or any of their respective associates (as defined under the Listing Rules) is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under the Listing Rules.

SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 27 August 2012 for the purpose of providing incentives to eligible participants and the previous share option scheme of the Company adopted on 6 January 2003 was terminated on the same date.

During the year, no share options under the Share Option Scheme were cancelled or lapsed. A total of 93,000,000 share options were granted on 1 April 2015 under the Share Option Scheme of which 29,600,000 share options (before share subdivision becoming effective on 9 June 2015) and 104,000,000 share options (after share subdivision becoming effective on 9 June 2015) were exercised during the year. As at 31 March 2016, share options were outstanding under the Share Option Scheme entitling the holders to subscribe for 530,000,000 shares of par value HK$0.0002 each in the capital of the Company, which represented approximately 2.58% of the shares in issue.

Details of share options held by the eligible participants and movements in such holdings during the year ended 31 March 2016 were as follows:

		Number of share options												
		Before share subdivision becoming effective on 9 June 2015					After share subdivision becoming effective on 9 June 2015							
Name of category of participants	Date of grant of share options	Granted	Exercised	Cancelled	Lapsed	Adjustment for Share Subdivision	Granted	Exercised	Cancelled	Lapsed	As at 31 March 2016	Approximate percentage of the Company's issue share capital	Exercise price *(Note 1)* *HK$*	Exercise period
Directors														
Mr. Zhang Honghai	1.4.2015	20,000,000	-	-	-	180,000,000	-	-	-	-	200,000,000	0.97%	0.0335	1.4.2015-31.3.2017
Mr. Cheung Ming	1.4.2015	18,000,000	-	-	-	162,000,000	-	-	-	-	180,000,000	0.88%	0.0335	1.4.2015-31.3.2017
Mr. Ren Haisheng	1.4.2015	15,000,000	5,000,000	-	-	90,000,000	-	-	-	-	100,000,000	0.49%	0.0335	1.4.2015-31.3.2017
Mr. Chan Kwong Fat, George	1.4.2015	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	0.0335	1.4.2015-31.3.2017
Mr. Siu Hi Lam, Alick	1.4.2015	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	0.0335	1.4.2015-31.3.2017
Mr. Ng Tze Kin	1.4.2015	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	0.0335	1.4.2015-31.3.2017
Employees														
In aggregate	1.4.2015	22,000,000	16,600,000	-	-	48,600,000	-	4,000,000	-	-	50,000,000	0.24%	0.0335	1.4.2015-31.3.2017

Notes:

1. As a result of the share subdivision, the exercise price of the share options granted on 1 April 2015 was adjusted from HK$0.335 to HK$0.0335.

2. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

3. The closing price of the shares traded on the Stock Exchange on 1 April 2015 was HK$0.033 (adjusted after share subdivision becoming effective on 9 June 2015), being the date on which the relevant options were offered to eligible participants.

4. As at 31 March 2016, the total number of issued shares of the Company was 20,554,072,140 shares.

5. 15,000,000 share options of the Company granted on 1 April 2015 to Ms. Hu Denger and fully exercised during the year ended 31 March 2016, who retired as Executive Director with effect from 20 August 2015.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the above sections headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme", at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2016, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

Name of shareholder	Capacity and nature of interest	Number of shares held as at 31 March 2016	Approximate percentage of the Company's issued share capital *(Note 3)*
Sun Le	Interest of controlled corporation	5,040,000,000 *(Note 1)*	24.52%
Sheen Success Investments Limited	Beneficial owner	5,040,000,000 *(Note 1)*	24.52%
Zhou Qiuhong	Interest of controlled corporation	3,215,322,140 *(Note 2)*	15.64%
Ying Sheng Investment Co., Ltd	Beneficial owner	3,215,322,140 *(Note 2)*	15.64%

Notes:

1. These shares were beneficially owned by Sheen Success Investments Limited which was wholly owned by Sun Le. Accordingly, Sun Le was deemed to be interested in 5,040,000,000 shares under the SFO.

2. These shares were beneficially owned by Ying Sheng Investment Co., Ltd which was wholly owned by Zhou Qiuhong. Accordingly, Zhou Qiuhong was deemed to be interested in 3,215,322,140 shares under the SFO.

3. The approximate percentage of the Company's issued share capital was calculated on the basis of 20,554,072,140 shares of the Company as at 31 March 2016.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 31 March 2016 as required pursuant to section 324 of the SFO. Such other relevant interest or short positions, if notified to the Company, would have to be recorded in the said register of interests required to be kept by the Company pursuant to section 336 of the SFO.

As noted from the notices of disclosure of interest filed with the Stock Exchange (including those so filed on 23 June 2016), as at 31 March 2016, the following parties had interests of 5% or more of the issued share capital of the Company#:

Name of shareholder	**Capacity and nature of interest**	**Number of shares held as at 31 March 2016**	**Approximate percentage of the Company's issued share capital** *(Note 3)*
China Huarong Asset Management Co., Ltd. ("China Huarong Asset Management")	Person having a security interest in shares	1,971,000,000 *(Note 4)*	9.59%

Note:

4. As disclosed in the notices of disclosure of interest filed with the Stock Exchange on 23 June 2016, as at 22 March 2016, Beaverway Limited ("Beaverway") was a wholly-owned subsidiary of Linewear Assets Limited ("Linewear"); Linewear was a wholly-owned subsidiary of Huarong International Financial Holdings Limited ("Huarong International"), which in turn was a 51.00% interest subsidiary of Camellia Pacific Investment Holding Limited ("Camellia"), Camellia was a wholly-owned subsidiary of China Huarong International Holdings Limited ("China Huarong International"), which in turn was a 88.10% interest subsidiary of Huarong Real Estate Co., Ltd. (華融置業有限公司) ("Huarong Real Estate(華融置業)"); and Huarong Real Estate (華融置業) was a wholly-owned subsidiary of China Huarong Asset Management.

   Accordingly, each of Beaverway, Linewear, Huarong International, Camellia, China Huarong International, Huarong Real Estate (華融置業) and China Huarong Asset Management is deemed to be interested in these 1,971,000,000 shares.

The information contained in this paragraph (including Note 4) has only become known to the Directors after the date of this report and does not form part of it.

CONNECTED TRANSACTIONS

The related party transactions as disclosed in note 31 to the consolidated financial statements did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY

The Company's Bye-laws provided that 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 or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and other officers of the Company during the year.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company, no equity-linked agreements were entered into by the Group or exist during the year ended 31 March 2016.

MANAGEMENT CONTRACTS

The Company had not entered into any contract in respect of the management or administration of any business of the Company during the year ended 31 March 2016.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 82% and approximately 92% respectively of the Group's total revenue for the year.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 35% and approximately 63% respectively of the Group's total purchases for the year.

None of the Directors, their associates, or any shareholders, which to the knowledge of the Directors own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers or suppliers during the year.

EMOLUMENT POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market rate. Other employee benefits included provident fund scheme, medical insurance, subsidised training programme, share option scheme as well as discretionary bonus.

The determination of emoluments of the Directors had taken into consideration of their respective responsibilities and contribution to the Company with reference to market conditions.

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 March 2016 had been reviewed by the Audit Committee of the Company (the "Audit Committee") before they were duly approved by the Board under the recommendation of the Audit Committee.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has confirmed that it has maintained a sufficient public float in the market as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events occurring after the reporting period up to the date of this report are set out in note 36 to the consolidated financial statements.

AUDITOR

Crowe Horwath (HK) CPA Limited ("Crowe Horwath") has been appointed as auditor of the Company by the Board with effect from 28 March 2013 to fill the casual vacancy arising from the resignation of Deloitte Touche Tohmatsu on 28 March 2013 and to hold office until the conclusion of the general meeting of the Company held on 10 September 2013.

The consolidated financial statements for the year ended 31 March 2016 have been audited by Crowe Horwath.

A resolution will be proposed at the forthcoming AGM to re-appoint Crowe Horwath as auditor of the Company.

Save for the above, there were no other changes of auditor of the Company in the past three years.

On behalf of the Board

Wang Zhonghe
Vice-Chairman

Hong Kong, 22 June 2016

CORPORATE GOVERNANCE REPORT

The Board is committed to upholding good corporate governance. The Board considers effective corporate governance is essential to protect shareholders' interests and enhance stakeholders' value.

CORPORATE GOVERNANCE

The Board has continued to implement appropriate corporate governance practices to ensure transparency, accountability and effective internal control. The Board has adopted the principles and complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules for the year ended 31 March 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all the Directors, all of them confirmed that they have complied with the required standards set out in Model Code during the year.

BOARD OF DIRECTORS

The Board is responsible for the overall management, leadership and control of the Group. The Board's primary responsibilities are to formulate long-term corporate strategies, to establish policies and plans, to oversee the management of the Group, to evaluate the performance of the Group, to assess the achievement of targets set by the Board periodically and to review and approve annual and interim results and other significant financial and operational matters under the leadership of the chairman of the Group. The Board is directly accountable to the shareholders of the Company. The responsibility of day-to-day management and operations of the Group are delegated to the senior management of the Company.

As at the date of this annual report, the Board comprises seven Directors including four Executive Directors, namely Mr. Zhang Honghai (Chairman), Mr. Wang Zhonghe (Vice-Chairman), Mr. Cheung Ming (Chief Executive Officer) and Mr. Ren Haisheng and three Independent Non-executive Directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. Ng Tze Kin.

BOARD OF DIRECTORS (continued)

Changes in the composition of the Board, audit committee ("Audit Committee"), remuneration committee ("Remuneration Committee"), nomination committee ("Nomination Committee") and risk management committee ("Risk Management Committee") of the Company during the year ended 31 March 2016 and up to the date of this annual report are detailed on pages 28 to 34 of this annual report.

The section "Biographical Details of Directors and Senior Management" sets out the biographical details of the current Directors and senior management from pages 14 to 17 of this annual report. Save as disclosed in the aforesaid, none of the Directors has any financial, business, family or other material/relevant relationship between the Chairman and the Chief Executive Officer and among members of the Board.

The Company has received the annual confirmation of independence from each of the independent non-executive directors of the Company ("Independent Non-executive Directors") as required under Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent under the guidelines set out in the Listing Rules.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his/her first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the Directors. Continuing briefing and professional development for Directors are arranged where necessary.

All Directors have full and timely access to all relevant information, including monthly Board updates from the management, regular reports from the Board committees and briefings on significant legal, regulatory or accounting issues affecting the Group.

BOARD OF DIRECTORS (continued)

During the year ended 31 March 2016, seven regular Board meetings and the 2015 Annual General Meeting were held. The attendance of each director is set out as follows:

	Number of attendance	
Name of Director	**Board meetings**	**2015 Annual General Meeting**
Executive Directors		
Mr. Zhang Honghai	7/7	1/1
Mr. Cheung Ming	7/7	1/1
Mr. Sue Ka Lok (resigned on 13 July 2015)	1/1	0/0
Ms. Hu Denger (retired on 20 August 2015)	2/2	0/1
Mr. Ren Haisheng	7/7	1/1
Non-executive Director		
Mr. Suen Cho Hung, Paul (resigned on 1 June 2015)	1/1	0/0
Independent Non-executive Directors		
Mr. Chan Kwong Fat, George	7/7	1/1
Mr. Siu Hi Lam, Alick	7/7	1/1
Mr. Ng Tze Kin	7/7	1/1

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Currently the Chairman and the Chief Executive Officer of the Company are Mr. Zhang Honghai and Mr. Cheung Ming respectively. Their roles are separated such that the Chairman is responsible for managing and providing leadership to the Board and the Chief Executive Officer is responsible for managing the day-to-day operations of the Group.

NON-EXECUTIVE DIRECTORS

Each of the Independent Non-executive Directors is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the Independent Non-executive Directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's Bye-laws.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Remuneration Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Siu Hi Lam, Alick, Mr. Chan Kwong Fat, George and Mr. Ng Tze Kin, and one executive Director, namely Mr. Cheung Ming. Mr. Siu Hi Lam, Alick is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration; determining the remuneration packages of individual executive directors and senior management and making recommendations to the Board on remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The full terms of reference of the Remuneration Committee are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met twice during the year ended 31 March 2016 to review the remuneration of the directors. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Siu Hi Lam, Alick	4/4
Mr. Chan Kwong Fat, George	4/4
Mr. Ng Tze Kin	4/4
Mr. Cheung Ming	4/4

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Nomination Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. Ng Tze Kin, and one Executive Director, namely Mr. Cheung Ming. Mr. Chan Kwong Fat, George is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of directors, evaluation of board composition, assessment of the independence of independent non-executive directors and the management of the Board succession. The full terms of reference of the Nomination Committee are available on the Company's website and the Stock Exchange's website.

NOMINATION COMMITTEE (continued)

The Nomination Committee met once during the year ended 31 March 2016 to review the structure, size and composition of the Board; assess the independence of the Independent Non-executive Directors of the Company; make recommendations to the Board on the re-election of directors. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Chan Kwong Fat, George	1/1
Mr. Siu Hi Lam, Alick	1/1
Mr. Ng Tze Kin	1/1
Mr. Cheung Ming	1/1

The Board has adopted a board diversity policy (the "Policy") in September 2013 which set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board. Selection of candidates will be based on range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will monitor the implementation of the Policy and will from time to time review the Policy, as appropriate, to ensure the effectiveness of the Policy.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Audit Committee comprises all the three Independent Non-executive Directors, namely Mr. Ng Tze Kin, Mr. Chan Kwong Fat, George and Mr. Siu Hi Lam, Alick. Mr. Ng Tze Kin is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for assisting the Board in applying financial reporting and internal control principles and in maintaining an appropriate relationship with the Company's auditor. The Audit Committee is also delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. The full terms of reference of the Audit Committee are available on the Company's website and the Stock Exchange's website.

AUDIT COMMITTEE (continued)

The Audit Committee met twice during the year ended 31 March 2016 and the attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Ng Tze Kin	2/2
Mr. Chan Kwong Fat, George	2/2
Mr. Siu Hi Lam, Alick	2/2

The summary of work performed by the Audit Committee during the year:

- reviewed and discussed the audited financial statements of the Group for the year ended 31 March 2015 and recommended to the Board for approval;
- reviewed the corporate governance compliance with the CG Code and the disclosure requirements for the corporate governance report;
- reviewed and considered the terms of the connected transactions;
- reviewed and discussed the unaudited financial statements of the Group for the six months ended 30 September 2015 and recommended to the Board for approval;
- reviewed and discussed with the management and auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit;
- reviewed the effectiveness of the internal control system of the Group; and
- reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor.

Subsequent to the year end, the Audit Committee reviewed the annual report and the annual results announcement for the year ended 31 March 2016, with a recommendation to the Board for approval.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee with specific written terms of reference was established by the Company on 23 November 2015. As at the date of this annual report, the Risk Management Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Ng Tze Kin, Mr. Chan Kwong Fat, George, and Mr. Siu Hi Lam, Alick and one Executive Director, namely Mr. Ren Haisheng. Mr. Ng Tze Kin is the Chairman of the Risk Management Committee.

The Risk Management Committee is mainly responsible for reviewing the general goals and fundamental policies of the risk and compliance management, internal control and risk management and internal audit functions of the Group and made recommendations to the Board on the same. The full terms of reference of the Risk Management Committee are available on the Company's website and the Stock Exchange's website.

Since its establishment and up to the date of this annual report, the Risk Management Committee has met once, among other things, to review and recommend to the Board the report on risk management and internal control. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Ng Tze Kin	1/1
Mr. Chan Kwong Fat, George	1/1
Mr. Siu Hi Lam, Alick	1/1
Mr. Ren Haisheng	1/1

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 March 2016 is set out in the section headed "Independent Auditor's Report" on pages 38 to 39 of this annual report.

During the year, the following fees were paid or payable to Crowe Horwath (HK) CPA Limited ("Crowe Horwath"), the auditor of the Company:

	HK$'000
Fees for audit services *(Note a)*	1,000
Fees for non-audit services *(Note b)*	120
Total	1,120

Notes:

(a) The audit services provided by Crowe Horwath.

(b) The non-audit services provided by Crowe Horwath.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Company for the year ended 31 March 2016.

CORPORATE GOVERNANCE FUNCTIONS

In order to establish the duties and responsibilities of the Board in performing its corporate governance functions, the Board has delegated certain corporate governance functions to the Audit Committee which include the following:

(a) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

(b) reviewing and monitoring the training and continuous professional development of directors and senior management;

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and

(e) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its responsibilities for maintaining adequate systems of risk management and internal control to safeguard the Group's assets and shareholders' interests. The systems, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguarding assets against unauthorised use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication. The systems are set up to provide reasonable, but not absolute, assurance against material misstatement of financial statements or lost of assets and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

During the year, the Board conducted a follow-up review of the effectiveness of the internal control system of the Group. SHINGWING Risk Services Limited, an independent third party, will be engaged shortly at the request of the Board to conduct an internal control system review for the Group over a period of three financial years for 2016/17, 2017/18 and 2018/19 respectively.

COMPANY SECRETARY

Ms. Hui Yee Ling ("Ms. Hui") was appointed as the Company Secretary of the Company on 8 October 2008. The biographical details of Ms. Hui are set out under the section headed "Biographical Details of Directors and Senior Management" on page 17 of this annual report. Ms. Hui has taken no less than 15 hours of the relevant professional training during the year ended 31 March 2016.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene a special general meeting

According to bye-law 58 of the Company's Bye-laws, shareholders 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 shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting 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 requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

Procedures for shareholders to put forward proposals at general meetings

Pursuant to the Companies Act, any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or not less than one hundred shareholders, can request the Company in writing to:

(a) give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting;

(b) circulate to shareholders of the Company entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

SHAREHOLDERS' RIGHTS (continued)

Procedures for shareholders to propose a person for election as a director of the Company

According to bye-law 88 of the Company's Bye-laws, no person other than a Director retiring at the general meeting of the Company shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting of the Company unless a notice signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the Company's head office in Hong Kong or at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary of the Company at the Company's head office in Hong Kong at Suites 1004-1005, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.bepgroup.com.hk.

CONSTITUTION DOCUMENTS

During the year, there was no change in the Company's constitutional documents.

INDEPENDENT AUDITOR'S REPORT

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BEP INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of BEP International Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 40 to 137, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 22 June 2016

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Revenue	4(a)	**2,269,381**	633,957
Cost of sales		**(1,912,119)**	(574,028)
Gross profit		**357,262**	59,929
Other revenue and other net income	5	**5,156**	3,492
Selling and distribution costs		**(9,048)**	(4,390)
Administrative expenses		**(114,019)**	(30,102)
Other operating expenses		**(15,119)**	(88)
Profit from operations		**224,232**	28,841
Finance costs	6(a)	**(8,966)**	(8,798)
Profit before taxation	6	**215,266**	20,043
Income tax	7(a)	**(46,128)**	(4,441)
Profit for the year		**169,138**	15,602
Attributable to:			
Owners of the Company		**177,716**	17,198
Non-controlling interests		**(8,578)**	(1,596)
Profit for the year		**169,138**	15,602
		HK cent	*HK cent*
Earnings per share	11		
Basic		**0.868**	0.085
Diluted		**0.844**	0.085

The notes on pages 47 to 137 form part of these financial statements.

Details of dividend payables to owners of the Company attributable to profit for the year are set out in note 10.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 *HK$'000*	2015 *HK$'000*
Profit for the year	**169,138**	15,602
Other comprehensive income/(expenses) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**1,479**	3
Reclassification adjustments relating to overseas subsidiaries disposed of during the year	**–**	(511)
Other comprehensive income/(expenses) for the year (net of nil tax (2015: nil))	**1,479**	(508)
Total comprehensive income for the year	**170,617**	15,094
Attributable to:		
Owners of the Company	**179,043**	16,687
Non-controlling interests	**(8,426)**	(1,593)
	170,617	15,094

The notes on pages 47 to 137 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	**2016 HK$'000**	2015 HK$'000
Non-current assets			
Property, plant and equipment	13	**226,713**	1,879
Prepaid land lease payments	14	**3,617**	–
Deposit paid for acquisition of property, plant and equipment	19	**31,938**	–
Goodwill	15	**–**	5,368
Other intangible asset	16	**–**	3,362
Deferred tax assets	25(b)	**84**	80
Rental deposit	19	**697**	640
		263,049	11,329
Current assets			
Inventories	17	**40,815**	8,808
Trade and bills receivables	18	**1,842,228**	305,382
Prepayments, deposits and other receivables	19	**77,688**	90,023
Prepaid land lease payments	14	**52**	–
Tax recoverable	25(a)	**1,331**	–
Restricted bank deposits	20(b)	**1,271,880**	–
Cash and cash equivalents	20(a)	**80,326**	85,348
		3,314,320	489,561
Current liabilities			
Trade and bills payables	21	**1,270,521**	21,514
Accruals, deposits and other payables	22	**264,837**	8,347
Bank loan	23	**1,199,055**	309
Bank advances for discounted bills	24	**458,555**	299,225
Tax payable	25(a)	**44,491**	4,397
		3,237,459	333,792
Non-current liabilities			
Deferred tax liabilities	25(b)	**94**	591
Net assets		**339,816**	166,507
Equity			
Equity attributable to owners of the Company			
Share capital	26(b)	**4,111**	4,031
Reserves		**342,937**	160,123
		347,048	164,154
Non-controlling interests		**(7,232)**	2,353
Total equity		**339,816**	166,507

Approved and authorised for issue by the Board of Directors on 22 June 2016.

Zhang Honghai
Director

Wang Zhonghe
Director

The notes on pages 47 to 137 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Statutory surplus reserve HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2014	4,031	174,518	(1,522)	8,173	706	-	-	513	(34,921)	151,498	1,009	152,507
Profit/(loss) for the year	-	-	-	-	-	-	-	-	17,198	17,198	(1,596)	15,602
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	-	-	-	-	-	-	3	3
Reclassification adjustments relating to overseas subsidiaries disposed of during the year	-	-	-	-	-	-	-	(511)	-	(511)	-	(511)
Total comprehensive (expenses)/income for the year	-	-	-	-	-	-	-	(511)	17,198	16,687	(1,593)	15,094
Acquisition of a non-wholly owned subsidiary *(note 29)*	-	-	-	-	-	-	-	-	-	-	2.421	2,421
Transfer from share premium to contributed surplus *(note 26 (c)(i))*	-	(174,518)	-	-	-	-	174,518	-	-	-	-	-
Transfer to accumulated losses upon disposal of subsidiary	-	-	-	-	(706)	-	-	-	706	-	-	-
Set off accumulated losses with contributed surplus *(note 26 (c)(vi))*	-	-	-	-	-	-	(55,719)	-	55,719	-	-	-
Dividend declared and paid during the current year *(note 10(a))*	-	-	-	-	-	-	(4,031)	-	-	(4,031)	-	(4,031)
Increase in non-controlling interests arising on disposal of interests in a non-wholly-owned subsidiary *(note 30)*	-	-	-	-	-	-	-	-	-	-	516	516
At 31 March 2015	4,031	-	(1,522)	8,173	-	-	114,768	2	38,702	164,154	2,353	166,507

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Statutory surplus reserve HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2015	4,031	–	(1,522)	8,173	–	–	114,768	2	38,702	164,154	2,353	166,507
Profit/(loss) for the year	–	–	–	–	–	–	–	–	177,716	177,716	(8,578)	169,138
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	1,327	–	1,327	152	1,479
Total comprehensive income/(expenses) for the year	–	–	–	–	–	–	–	1,327	177,716	179,043	(8,426)	170,617
Recognition of equity-settled share-based payments	–	–	–	–	–	11,001	–	–	–	11,001	–	11,001
Shares issued under share option scheme *(note 26(b)(ii))*	80	18,069	–	–	–	(4,749)	–	–	–	13,400	–	13,400
Transfer from contributed surplus to accumulated losses *(note 26(c)(vi))*	–	–	–	–	–	–	(20,550)	–	20,550	–	–	–
Dividend declared and paid in respect of the previous year *(note 10(b))*	–	–	–	–	–	–	–	–	(8,220)	(8,220)	–	(8,220)
Dividend declared and paid during the current year *(note 10(a))*	–	–	–	–	–	–	–	–	(12,330)	(12,330)	(1,159)	(13,489)
At 31 March 2016	4,111	18,069	(1,522)	8,173	–	6,252	94,218	1,329	216,418	347,048	(7,232)	339,816

The notes on pages 47 to 137 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
OPERATING ACTIVITIES			
Profit before taxation		**215,266**	20,043
Adjustments for:			
Finance costs	6(a)	**8,966**	8,798
Loss on disposal of property, plant and equipment	6(c)	**–**	20
Written off of property, plant and equipment	6(c)	**18**	35
Gain on disposal of subsidiaries	5	**(45)**	(1,575)
Gain on a bargain purchase	5	**(4,538)**	–
Reversal of impairment allowance for trade receivables	5	**–**	(30)
Equity-settled share-based payments	6(b)	**11,001**	–
Amortisation of other intangible asset	6(c)	**420**	840
Amortisation of prepaid land lease payments	6(c)	**12**	–
Depreciation for property, plant and equipment	6(c)	**2,016**	387
Impairment loss for goodwill	6(c)	**5,368**	–
Impairment loss for other intangible asset	6(c)	**2,942**	–
Impairment allowance for trade receivables	6(c)	**72**	88
Impairment allowance for other receivables	6(c)	**5,660**	–
Impairment loss for property, plant and equipment	6(c)	**1,077**	–
Fair value loss on derivative financial instruments	6(c)	**13,601**	–
Interest income	5	**(431)**	(483)
		46,139	8,080
		261,405	28,123
CHANGES IN WORKING CAPITAL			
Decrease in inventories		**23,328**	4,807
Increase in trade and bills receivables		**(1,539,596)**	(235,135)
Decrease/(increase) in prepayments, deposits and other receivables		**79,652**	(68,821)
(Increase)/decrease in restricted bank deposits on operating activities		**(1,271,880)**	124,152
Increase/(decrease) in trade and bills payables		**1,204,305**	(106,272)
Increase in accruals, deposits and other payables		**10,562**	888
		(1,493,629)	(280,381)
CASH USED IN OPERATIONS		**(1,232,224)**	(252,258)
Income taxes paid			
Hong Kong	25(a)	**(9,487)**	(1,729)
Income taxes recovered			
Hong Kong	25(a)	**139**	535
		(9,348)	(1,194)
NET CASH USED IN OPERATING ACTIVITIES		**(1,241,572)**	(253,452)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Notes	**2016** ***HK$'000***	2015 *HK$'000*
INVESTING ACTIVITIES			
Payment for the purchase of property, plant and equipment	13	**(762)**	(486)
Proceeds from sale of property, plant and equipment		**–**	11
Acquisition of subsidiaries, net of cash acquired	29	**(108,525)**	(11,832)
Interest received		**431**	314
Disposal of subsidiaries, net of cash disposed of	30	**2,718**	170
NET CASH USED IN INVESTING ACTIVITIES		**(106,138)**	(11,823)
FINANCING ACTIVITIES			
Interest paid		**(8,966)**	(5,424)
Proceeds from bank advances for discounted bills		**475,932**	299,225
Repayment of bank advances for discounted bills		**(313,837)**	–
Proceeds from issuance of ordinary shares		**13,400**	–
Proceeds from new bank loan		**1,199,055**	–
Repayment of bank loan		**(309)**	(10,912)
Dividends paid to owners of the Company	10	**(20,550)**	(4,031)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**1,344,725**	278,858
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(2,985)**	13,583
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**85,348**	71,756
EFFECT OF FOREIGN EXCHANGE RATES CHANGES		**(2,037)**	9
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	20(a)	**80,326**	85,348

The notes on pages 47 to 137 form part of these financial statements.

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. The addresses of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business and head office of the Company are Suites 1004-1005, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong respectively.

The Company is an investment holding company. Its subsidiaries are principally engaged in sourcing and sale of metal minerals and related industrial materials, production and sale of industrial products, sale of electrical and electronic consumer products, provision of logistics services and production and sale of utilities.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars, rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional currency and the Group's presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments are stated at their fair value as explained in note 2(f).

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 37.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests (continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income or expenses for the year between non-controlling interests and the owners of the Company. Total comprehensive income or expenses of subsidiaries 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. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a lost of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for the control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

– a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carryforwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are recognised and measured in accordance with HKAS 12 *Income Taxes*;

– assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business combinations (continued)

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Goodwill (continued)

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. If some or all of the goodwill allocated to the CGU was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On the disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(g) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses (see note 2(j)).

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment loss and estimated residual value over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Moulds	30%
Machinery and equipment	10%-25%
Furniture and fixtures	20%-25%
Office equipment	20%-33%
Computer equipment	20%-33%
Motor vehicles	20%-30%
Leasehold improvements	Over the shorter of the remaining term of the lease and the estimated useful life of 4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such property, plant and equipment are classified as construction in progress and are reclassified to the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(h) Intangible assets (other than goodwill)

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 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 accumulated impairment losses.

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– customer relationship 5 years

Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

(iii) Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump sum upfront payments) are allocated between the land and the building elements in proportion to their relative fair values at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid land lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and bills receivables, other receivables and other financial assets carried at amortised cost, 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 financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(i) Impairment of receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and bills receivables and other receivables included within prepayments, deposits and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and bills receivables and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepaid land lease payments;
- other intangible asset;
- goodwill;
- deposits and prepayments; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (that is, a CGU).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of the CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (see notes 2(j)(i) and 2(j)(ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(j)).

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payables, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Equity-settled share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share option reserve within equity. The fair value is measured at grant date using the Binomial Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised when it is transferred to the share premium account or the option expires (when it is released directly to retained profits).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    – the same taxable entity; or

    – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (that is, the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(r)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(r)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial guarantees issued, provisions and contingent liabilities (continued)

(iii) Other provisions and contingent liabilities (continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and returns.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Logistics related service income

Logistics related service income are recognised when the related services are rendered.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving lost 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.

In the case of a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(v) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

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

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(f) The entity is controlled or jointly controlled by a person identified in (i).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Related parties (continued)

(ii) An entity is related to the Group if any of the following conditions applies: (continued)

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(h) The entity or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief executive officer (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised HKFRSs issued by the 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 Group has not applied any new HKFRSs that is not yet effective for the current accounting period. Except as described below, 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.

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related Party Disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents the sales value of goods supplied and services rendered to customers. The amount of each significant category of revenue recognised during the year is as follows:

	2016 ***HK$'000***	2015 *HK$'000*
Sourcing and sale of metal minerals and related industrial materials	**2,225,538**	606,369
Production and sale of industrial products	**37,405**	–
Sale of electrical and electronic consumer products	**4,891**	23,493
Provision of logistics services	**1,547**	4,095
Production and sale of utilities	**–**	–
	2,269,381	633,957

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

The Group manage its businesses by divisions, which are organised by business lines. During the year ended 31 March 2016, the Group has acquired 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) and 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company Limited). Consequently, two new segments, production and sale of industrial products and production and sale of utilities, have been included in the segment reporting.

In a manner consistent with the way in which information is reported internally to the Group's chief executive officer (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Sourcing and sale of metal minerals and related industrial materials;

(ii) Production and sale of industrial products;

(iii) Sale of electrical and electronic consumer products;

(iv) Provision of logistics services; and

(v) Production and sale of utilities.

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief executive officer monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment, goodwill, other intangible asset, inventories, trade and bills receivables, prepayments, deposits and other receivables, tax recoverable, deferred tax assets and restricted bank deposits of each segment. Segment liabilities include trade and bills payables, accruals, deposits and other payables, bank loan, bank advances for discounted bills, tax payable and deferred tax liabilities of each segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is gross profit less selling and distribution costs of each segment.

In addition to receiving segment information concerning segment profits, the chief executive officer is provided with segment information concerning revenue, depreciation, amortisation of other intangible asset and prepaid land lease payments, impairment of property, plant and equipment, goodwill, other intangible asset, trade receivables and other receivables, reversal of impairment allowance for trade receivables, finance costs, income tax expense or income and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to price charged to external parties for similar orders.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2.

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Information regarding the Group's reportable segments as provided to the Group's chief executive officer for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2016 and 2015 is set out below:

	2016					
	Sourcing and sale of metal minerals and related industrial materials HK$'000	Production and sale of industrial products HK$'000	Sale of electrical and electronic consumer products HK$'000	Provision of logistics services HK$'000	Production and sale of utilities HK$'000	Total HK$'000
Reportable segment revenue	2,225,538	37,405	4,891	1,547	–	2,269,381
Reportable segment profit/(loss)	339,960	13,971	(133)	(5,584)	–	348,214
Depreciation for property, plant and equipment	–	(1,532)	–	(169)	–	(1,701)
Amortisation of:						
– other intangible asset	–	–	–	(420)	–	(420)
– prepaid land lease payments	–	(12)	–	–	–	(12)
Impairment of:						
– goodwill	–	–	–	(5,368)	–	(5,368)
– other intangible asset	–	–	–	(2,942)	–	(2,942)
– property, plant and equipment	–	–	–	(1,077)	–	(1,077)
– trade receivables	–	–	–	(72)	–	(72)
– other receivables	–	–	–	(5,660)	–	(5,660)
Finance costs	(8,959)	–	–	(7)	–	(8,966)
Income tax (expense)/income	(43,036)	(3,384)	–	340	–	(46,080)
Reportable segment assets	3,087,573	136,987	2	971	262,351	3,487,884
Additions to non-current segment assets during the year	–	58,196	–	7	203,928	262,131
Reportable segment liabilities	(2,938,394)	(29,647)	(1,158)	(3,772)	(91,970)	(3,064,941)

There are no inter-segment sales during the year ended 31 March 2016.

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

	2015			
	Sourcing and sale of metal minerals and related industrial materials *HK$'000*	Sale of electrical and electronic consumer products *HK$'000*	Provision of logistics services *HK$'000*	Total *HK$'000*
Revenue from external customers	606,369	23,493	4,095	633,957
Inter-segment revenue	–	–	86	86
Reportable segment revenue	606,369	23,493	4,181	634,043
Reportable segment profit/(loss)	58,247	(1,878)	(830)	55,539
Depreciation for property, plant and equipment	–	(166)	(58)	(224)
Amortisation of other intangible asset	–	–	(840)	(840)
Impairment allowance for trade receivables	–	(88)	–	(88)
Reversal of impairment allowance for trade receivables	–	30	–	30
Finance costs	(8,595)	–	(203)	(8,798)
Income tax (expense)/income	(4,760)	(12)	508	(4,264)
Reportable segment assets	383,496	11,620	18,728	413,844
Additions to non-current segment assets during the year	–	–	10,996	10,996
Reportable segment liabilities	(316,099)	(9,416)	(6,261)	(331,776)

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items:

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Total reportable segment revenue	**2,269,381**	634,043
Elimination of inter-segment revenue	**–**	(86)
Consolidated revenue	**2,269,381**	633,957
Profit		
Total reportable segment profit derived from the Group's external customers	**348,214**	55,539
Other revenue and other net income	**5,156**	3,492
Depreciation of reportable segment not included in measurement of segment profit	**(169)**	(174)
Amortisation of other intangible asset	**(420)**	(840)
Amortisation of prepaid land lease payments	**(12)**	–
Impairment loss for property, plant and equipment	**(1,077)**	–
Impairment loss for goodwill	**(5,368)**	–
Impairment loss for other intangible asset	**(2,942)**	–
Impairment allowance for trade receivables	**(72)**	(88)
Impairment allowance for other receivables	**(5,660)**	–
Finance costs	**(8,966)**	(8,798)
Unallocated head office and corporate expenses		
– Depreciation for property, plant and equipment	**(315)**	(163)
– Staff costs (including directors' emoluments)	**(21,815)**	(17,762)
– Legal and professional fee	**(28,301)**	(2,406)
– Equity-settled share-based payments	**(11,001)**	–
– Net foreign exchange loss	**(29,516)**	(1,761)
– Fair value loss on derivative financial instruments	**(13,601)**	–
– Others	**(8,869)**	(6,996)
Consolidated profit before taxation	**215,266**	20,043

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items: (continued)

	2016 HK$'000	2015 HK$'000
Assets		
Total reportable segment assets	**3,487,884**	413,844
Elimination of inter-segment receivable	**–**	(19)
	3,487,884	413,825
Unallocated head office and corporate assets		
– Cash and cash equivalents	**80,326**	85,348
– Others	**9,159**	1,717
Consolidated total assets	**3,577,369**	500,890
Liabilities		
Total reportable segment liabilities	**3,064,941**	331,776
Elimination of inter-segment payable	**–**	(19)
	3,064,941	331,757
Unallocated head office and corporate liabilities		
– Consideration payable for acquisition of a subsidiary	**153,908**	–
– Others	**18,704**	2,626
Consolidated total liabilities	**3,237,553**	334,383

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items (continued)

	2016 HK$'000	2015 HK$'000
Other items		
Depreciation for property, plant and equipment		
Reportable segment total	**1,701**	224
Unallocated head office and corporate total	**315**	163
Consolidated total	**2,016**	387
Income tax expense		
Reportable segment total	**46,080**	4,264
Unallocated head office and corporate total	**48**	177
Consolidated total	**46,128**	4,441
Additions to non-current segment assets during the year		
Reportable segment total	**262,131**	10,996
Unallocated head office and corporate total	**773**	1,126
Consolidated total	**262,904**	12,122

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2016 HK$'000	2015 HK$'000
Metal minerals and related industrial materials	**2,225,538**	606,369
Industrial products	**37,405**	–
Electrical and electronic consumer products	**4,891**	23,493
Logistics services	**1,547**	4,095
Utilities	**–**	–
	2,269,381	633,957

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Geographic information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment, goodwill, other intangible asset and non-current rental deposit. The geographical location of customers is based on the location at which the goods were delivered or the services were provided. The geographical locations of property, plant and equipment, deposit paid for acquisition of property, plant and equipment, prepaid land lease payments and non-current rental deposit are based on the physical location of the assets under consideration. In the case of goodwill and other intangible asset, it is based on the location of the operation to which they are allocated.

	Revenue from external customers		**Non-current assets**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**195,602**	14,795	**1,594**	9,883
PRC except Hong Kong	**1,973,558**	612,913	**261,371**	1,366
Other Asian countries	**9,589**	–	**–**	–
Europe	**88,349**	4,823	**–**	–
Others	**2,283**	1,426	**–**	–
	2,269,381	633,957	**262,965**	11,249

Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group are as follows:

	2016	2015
	HK$'000	*HK$'000*
Largest customer *(note)*	**1,861,253**	568,275

Note:

Revenue from the above customer arose from the businesses of sourcing and sale of metal minerals and related industrial materials and production and sale of industrial products for the year ended 31 March 2016 (2015: sourcing and sale of metal minerals and related industrial materials).

5. OTHER REVENUE AND OTHER NET INCOME

	2016 HK$'000	2015 HK$'000
Other revenue		
Interest income on bank deposits	**112**	301
Interest income on loan receivable	**319**	182
Total interest income on financial assets not at fair value through profit or loss	**431**	483
Sundry income	**142**	1,326
Rental income	**–**	78
	573	1,887
Other net income		
Gain on disposal of subsidiaries *(note 30)*	**45**	1,575
Gain on a bargain purchase *(note 29)*	**4,538**	–
Reversal of impairment allowance for trade receivables *(note 18(b))*	**–**	30
	4,583	1,605
	5,156	3,492

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the followings:

	2016 HK$'000	2015 HK$'000
(a) Finance costs		
Interest on bank loans and overdrafts	**707**	203
Bills discount charges	**8,259**	8,595
Total interest expense on financial liabilities not at fair value through profit or loss	**8,966**	8,798

6. PROFIT BEFORE TAXATION (continued)

Profit before taxation is arrived at after charging the followings: (continued)

	2016 **HK$'000**	2015 *HK$'000*
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**24,909**	20,259
Contributions to defined contribution retirement plans	**1,110**	610
Equity-settled share-based payments	**11,001**	–
	37,020	20,869

	2016 **HK$'000**	2015 *HK$'000*
(c) Other items		
Cost of inventories #	**1,904,989**	569,017
Auditors' remuneration	**1,200**	796
Amortisation of other intangible asset	**420**	840
Amortisation of prepaid land lease payments	**12**	–
Depreciation for property, plant and equipment	**2,016**	387
Operating lease charges: minimum lease payments	**8,897**	4,800
Loss on disposal of property, plant and equipment	**–**	20
Written off of property, plant and equipment	**18**	35
Impairment allowance for trade receivables*	**72**	88
Impairment allowance for other receivables*	**5,660**	–
Impairment loss for property, plant and equipment*	**1,077**	–
Impairment loss for goodwill*	**5,368**	–
Impairment loss for other intangible asset *	**2,942**	–
Net foreign exchange loss	**29,516**	1,761
Fair value loss on derivative financial instruments	**13,601**	–

Cost of inventories includes HK$3,804,000 (2015: HK$899,000) relating to staff costs, depreciation and operating lease charges for the years ended 31 March 2016 and 2015 which amounts are also included in the respective total amounts disclosed separately in notes 6(b) and 6(c) for each of these types of expenses.

* These items are included in "other operating expenses" on the face of the consolidated statement of profit or loss.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	2016	2015
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax *(note (i))*	**43,036**	4,942
– PRC Enterprise Income Tax ("EIT") *(note (ii))*	**3,384**	–
	46,420	4,942
Under/(over)-provision in respect of prior years		
– Hong Kong Profits Tax	**209**	(346)
Deferred tax		
– Origination and reversal of temporary differences *(note 25(b)(i))*	**(501)**	(155)
Total	**46,128**	4,441

Notes:

(i) The provision for Hong Kong Profits Tax for 2016 is calculated at 16.5% (2015: 16.5%) of estimated assessable profits for the year.

(ii) PRC subsidiaries are subject to PRC EIT at 25% (2015: 25%).

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Dividend distributed out of the profits generated thereafter shall be subject to the EIT at 5% or 10% and withheld by the PRC entities.

(iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Samoa and the British Virgin Islands for the years ended 31 March 2016 and 2015.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(b) Reconciliation between tax expense and accounting profit at the applicable tax rates:

	2016 ***HK$'000***	2015 *HK$'000*
Profit before taxation	**215,266**	20,043
Notional tax on profit before taxation, calculated at the domestic income tax rate of 16.5% (2015: 16.5%)	**35,519**	3,307
Tax effect of non-deductible expenses	**8,675**	2,801
Tax effect of non-taxable income	**(1,046)**	(2,358)
Effect of different tax rates arising from other tax jurisdictions	**1,151**	(478)
Tax effect of utilisation of unused tax losses not recognised in prior years	**(44)**	(93)
Tax effect of unused tax losses not recognised	**1,673**	1,632
Under/(over)-provision in prior years	**209**	(346)
Tax reduction	**(57)**	(66)
Others	**48**	42
Actual tax expense	**46,128**	4,441

8. DIRECTORS' EMOLUMENTS

	2016					
	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits scheme contributions	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Zhang Honghai	–	3,720	930	233	2,354	7,237
Mr. Cheung Ming	–	3,120	780	18	2,119	6,037
Mr. Sue Ka Lok (resigned on 13 July 2015)	–	188	–	9	–	197
Ms. Hu Denger (retired on 20 August 2015)	–	465	–	7	1,766	2,238
Mr. Ren Haisheng	–	1,872	468	18	1,766	4,124
Non-executive director						
Mr. Suen Cho Hung, Paul (resigned on 1 June 2015)	–	16	–	1	–	17
Independent non-executive directors						
Mr. Chan Kwong Fat, George	150	–	–	–	118	268
Mr. Siu Hi Lam, Alick	150	–	–	–	118	268
Mr. Ng Tze Kin	150	–	–	–	118	268
	450	9,381	2,178	286	8,359	20,654

8. DIRECTORS' EMOLUMENTS (continued)

	2015					
	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits scheme contributions	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Zhang Honghai	–	2,400	740	53	–	3,193
Mr. Cheung Ming	–	1,800	630	18	–	2,448
Mr. Sue Ka Lok (resigned on 13 July 2015)	–	715	–	36	–	751
Ms. Hu Denger (retired on 20 August 2015)	–	600	100	–	–	700
Mr. Ren Haisheng	–	1,150	370	–	–	1,520
Non-executive director						
Mr. Suen Cho Hung, Paul (resigned on 1 June 2015)	–	120	–	6	–	126
Independent non-executive directors						
Mr. Chan Kwong Fat, George	114	–	–	–	–	114
Mr. Siu Hi Lam, Alick	114	–	–	–	–	114
Mr. Ng Tze Kin	114	–	–	–	–	114
	342	6,785	1,840	113	–	9,080

No director of the Company has waived any emoluments and no emoluments were paid or payable by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2016 and 2015.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2015: three) are directors of the Company whose emoluments are disclosed in note 8. The aggregate of the emoluments of the remaining one (2015: two) individual is as follows:

	2016 **HK$'000**	2015 HK$'000
Salaries, allowances and benefits in kind	**1,372**	1,512
Discretionary bonuses	**360**	505
Retirement benefits scheme contributions	**87**	78
Share-based payments expenses	**600**	–
	2,419	2,095

The emoluments of the one (2015: two) individual with the highest emoluments is within the following bands:

	2016 **Number of individuals**	2015 Number of individuals
Nil to HK$1,000,000	**–**	1
HK$1,000,001 – HK$1,500,000	**–**	1
HK$2,000,001 – HK$2,500,000	**1**	–

No emoluments were paid or payable by the Group to any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2016 and 2015.

10. DIVIDENDS

(a) Dividends paid/payable to owners of the Company attributable to the years are as follows:

	2016 **HK$'000**	2015 HK$'000
Interim dividend declared and paid of HK0.06 cent per ordinary share (2015: HK0.02 cent per ordinary share *(note)*)	**12,330**	4,031
Final dividend proposed after the end of the reporting period of HK0.1 cent per ordinary share (2015: HK0.04 cent per ordinary share)	**20,554**	8,180
	32,884	12,211

Note: The dividend per share was adjusted for the effect of share subdivision (the "Share Subdivision") of one share of par value of HK$0.002 each subdivided into ten shares of par value of HK$0.0002 each in June 2015.

A final dividend of HK0.1 cent per ordinary share in respect of the year ended 31 March 2016 (2015: HK0.04 cent per ordinary share) was proposed by the Board on 22 June 2016. Such final dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

The consolidated financial statements do not reflect this dividend payable.

(b) Dividends paid to owners of the Company attributable to the previous financial year, approved and paid during the year are as follows:

	2016 **HK$'000**	2015 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year ended 31 March 2016, of HK0.04 cent per ordinary share (2015: nil)	**8,220**	–

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2016	2015
Earnings		
Profit for the year attributable to owners of the Company (HK$'000)	**177,716**	17,198
Number of shares		
Weighted average number of ordinary shares in issue	**20,466,801,648**	20,154,072,140
Basic earnings per share (HK cent per share)	**0.868**	0.085

Note: The number of ordinary shares for both years for the purpose of calculating basic earnings per share has been adjusted for the effect of Share Subdivision.

11. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the number of dilutive potential ordinary shares under the share option scheme.

	2016	2015
Earnings		
Profit for the year attributable to owners of the Company (HK$'000)	**177,716**	17,198
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	**20,466,801,648**	20,154,072,140
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**596,763,353**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**21,063,565,001**	20,154,072,140
Diluted earnings per share (HK cent per share)	**0.844**	0.085

12. EMPLOYEE RETIREMENT BENEFITS

The Group has arranged its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees make monthly contributions to the scheme at 5% of the employees' relevant income. The contributions from each of the employer and employees are subject to a cap of HK$1,500 per month and thereafter contributions are voluntary. Contributions to the plan vest immediately.

The Group also participates in a defined contribution state-managed retirement benefit scheme. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK$'000	Moulds HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Construction in progress HK$'000	Total HK$'000
Cost									
At 1 April 2014	1,262	1,722	480	601	263	75	39	–	4,442
Additions	–	–	46	17	69	–	354	–	486
Derecognised on disposal of subsidiaries *(note 30)*	(1,258)	–	(15)	(582)	(37)	(44)	(39)	–	(1,975)
Acquisition through business combination *(note 29)*	–	–	330	–	83	1,013	–	–	1,426
Written off	–	(1,722)	–	–	–	–	–	–	(1,722)
Disposal	–	–	–	–	–	(31)	–	–	(31)
Effect of foreign currency exchange differences	(4)	–	(1)	–	(1)	(1)	–	–	(7)
At 31 March 2015 and 1 April 2015	–	–	840	36	377	1,012	354	–	2,619
Additions	39	–	18	15	282	395	13	–	762
Acquisition through business combination *(note 29)*	54,200	–	–	323	–	–	–	171,990	226,513
Written off	–	–	–	–	(36)	–	–	–	(36)
Effect of foreign currency exchange differences	704	–	(16)	4	(4)	(50)	–	–	638
At 31 March 2016	54,943	–	842	378	619	1,357	367	171,990	230,496
Accumulated depreciation and impairment									
At 1 April 2014	303	1,617	476	349	71	–	5	–	2,821
Charge for the year	61	70	24	35	77	38	82	–	387
Eliminated on disposal of subsidiaries *(note 30)*	(363)	–	(12)	(368)	(31)	–	(6)	–	(780)
Written off	–	(1,687)	–	–	–	–	–	–	(1,687)
Effect of foreign currency exchange differences	(1)	–	–	–	–	–	–	–	(1)
At 31 March 2015 and 1 April 2015	–	–	488	16	117	38	81	–	740
Charge for the year	1,504	–	47	35	109	230	91	–	2,016
Impairment loss recognised in profit or loss	–	–	270	–	46	761	–	–	1,077
Written off	–	–	–	–	(18)	–	–	–	(18)
Effect of foreign currency exchange differences	(26)	–	(1)	–	(1)	(4)	–	–	(32)
At 31 March 2016	1,478	–	804	51	253	1,025	172	–	3,783
Carrying amounts									
At 31 March 2016	53,465	–	38	327	366	332	195	171,990	226,713
At 31 March 2015	–	–	352	20	260	974	273	–	1,879

13. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year ended 31 March 2016, because of the lost of major customers for the segment of provision of logistics services, the directors consider the recoverable amount of the CGU engaged in provision of logistics services of Shing Kee International Logistics Holdings Limited ("SKIL") together with its subsidiary, Shing Kee Sea-land Logistics & Warehousing (Shenzhen) Co., Ltd. (literally translation of 勝記海陸物流倉(深圳)有限公司) ("Sealand") (collectively the "SKIL Group") to which certain plant and equipment belonged, which was determined based on value in use calculations with key assumption of pre-tax discount rate is 16.88%, to drop to nil. In addition, these plant and equipment have no or little commercial value as quoted from the market. An impairment loss for the property, plant and equipment of HK$1,077,000 was recognised in "other operating expenses" in the consolidated statement of profit or loss.

14. PREPAID LAND LEASE PAYMENTS

	2016 **HK$'000**	2015 HK$'000
Carrying amount at beginning of the year	**–**	–
Acquisition through business combination *(note 29)*	**3,634**	–
Amortisation for the year	**(12)**	–
Effect of foreign currency exchange differences	**47**	–
Carrying amount at end of the year	**3,669**	–
Current portion	**(52)**	–
Non-current portion	**3,617**	–

Note:

The Group's leasehold land is held under medium-term leases and is situated in mainland China.

15. GOODWILL

	2016	2015
	HK$'000	*HK$'000*
Cost		
At beginning of the year	**5,368**	819
Arising on acquisition of subsidiaries during the year *(note 29)*	**–**	5,368
Derecognised on disposal of subsidiaries *(note 30)*	**–**	(819)
At end of the year	**5,368**	5,368
Accumulated impairment losses		
At beginning of the year	**–**	819
Impairment loss	**(5,368)**	–
Derecognised on disposal of subsidiaries *(note 30)*	**–**	(819)
At end of the year	**(5,368)**	–
Carrying amount	**–**	5,368

Logistics services segment:

For purposes of impairment testing, goodwill has been allocated to a CGU. The SKIL Group, are principally engaged in logistics businesses comprising warehousing, transportation and cargo handling in Hong Kong and the PRC. The management considered SKIL Group is the CGU as synergies are derived in such arrangement.

During the year ended 31 March 2015, the recoverable amount of the CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions for the value in use calculations are gross margin, long-term growth rate and pre-tax discount rate during the financial budget period. The Group, with reference to the valuation performed by a firm of independent professional qualified valuers, estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU by considering the weighted average cost of capital of the CGU with reference to comparable companies, as adjusted by a premium with reference to the size of such comparable companies. The key assumptions of gross margin, long-term growth rate and pre-tax discount rate used in value in use calculations are 37%, 3% and 16.88% respectively.

15. GOODWILL (continued)

Logistics services segment: (continued)

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development. The long-term growth rates used are consistent with the industry growth forecasts. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

For the year ended 31 March 2016, because of the lost of major customers, the directors consider the foreseeable reduced profit will result the recoverable amount of the CGU, which was determined based on value in use calculations with key assumption of pre-tax discount rate at 16.88%, to drop to nil. An impairment loss on goodwill of HK$5,368,000 was recognised in "other operating expenses" in the consolidated statement of profit or loss.

16. OTHER INTANGIBLE ASSET

	Customer relationship *HK$'000*
Cost	
At 1 April 2014	–
Acquisition through business combination *(note 29)*	4,202
At 31 March 2015, 1 April 2015 and 31 March 2016	4,202
Accumulated amortisation and impairment	
At 1 April 2014	–
Amortisation for the year	840
At 31 March 2015 and 1 April 2015	840
Amortisation for the year	420
Impairment loss recognised in profit or loss	2,942
At 31 March 2016	4,202
Carrying amount	
At 31 March 2016	–
At 31 March 2015	3,362

16. OTHER INTANGIBLE ASSET (continued)

The amortisation for the year is included in "administrative expenses" in the consolidation statement of profit or loss.

During the year ended 31 March 2016, because of the lost of major customers for the segment of provision of logistics services, the directors consider the recoverable amount of the CGU engaged in provision of logistics services of the SKIL Group to which the customer relationship belonged, which was determined based on value in use calculations with key assumption of pre-tax discount rate at 16.88%, to drop to nil, an impairment loss on the other intangible asset of HK$2,942,000 was recognised in "other operating expenses" in the consolidated statement of profit or loss.

17. INVENTORIES

	2016	2015
	HK$'000	*HK$'000*
Merchandise	**–**	8,808
Raw materials	**40,815**	–
	40,815	8,808

18. TRADE AND BILLS RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade and bills receivables	**1,842,388**	305,470
Less: Allowance for doubtful debts *(note (b))*	**(160)**	(88)
	1,842,228	305,382

All of the trade and bills receivables are expected to be recovered within one year.

18. TRADE AND BILLS RECEIVABLES (continued)

Notes:

(a) Age analysis

The following is an analysis of trade and bills receivables by age, presented based on the invoice date, shipment date or the bills issue date, and net of allowance for doubtful debts:

	2016	2015
	HK$'000	*HK$'000*
0 – 60 days	**363,608**	169,247
61 – 120 days	**579,186**	74,259
121 – 180 days	**390,744**	61,075
181 – 360 days	**508,690**	801
	1,842,228	305,382

Trade and bills receivables are due within 30 to 360 days (2015: 30 to 180 days) from the date of billing or shipment date. Further details on the Group's credit policy are set out in note 28(a).

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly (see note 2(j)).

Movements in the allowance for doubtful debts

		2016	2015
	Notes	***HK$'000***	*HK$'000*
At beginning of the year		**88**	860
Impairment allowance recognised	(i)	**72**	88
Amount written off upon disposal of subsidiaries	(ii)	**–**	(470)
Uncollectible amount written off	(iii)	**–**	(360)
Reversal of impairment allowance	(iv)	**–**	(30)
At end of the year	(i)	**160**	88

18. TRADE AND BILLS RECEIVABLES (continued)

Notes: (continued)

(b) Impairment of trade and bills receivables (continued)

(i) At 31 March 2016, trade receivables of the Group amounting to HK$160,000 (2015: HK$88,000) were individually determined to be impaired. The individually impaired receivables were outstanding for over 360 days at the end of the reporting period or were due from customers with financial difficulties. Accordingly, specific allowances for doubtful debts of HK$72,000 (2015: HK$88,000) were recognised.

(ii) Upon disposal of subsidiaries during the year ended 31 March 2016, no trade receivables individually determined to be impaired in prior year were written off (2015: HK$470,000).

(iii) As at 31 March 2016, no bad debts (2015: HK$360,000) were written off against trade receivables directly as the Group assessed recovery of the amount is remote.

(iv) None (2015: HK$30,000) of the trade receivables previously impaired was recovered during the year. Therefore, the impairment allowance was reversed.

(c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,842,073**	303,678
Past due but not impaired		
Less than 1 month past due	**52**	684
1 to 3 months past due	**9**	185
Over 3 months past due	**94**	835
	155	1,704
	1,842,228	305,382

Receivables that were neither past due nor impaired relate to bills receivables and customers for whom there was no significant history of default.

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

18. TRADE AND BILLS RECEIVABLES (continued)

Notes: (continued)

(d) Transfer of financial assets

As at 31 March 2016, in so far as bills receivables of the Group discounted by banks during the year ended 31 March 2016 are concerned, the carrying amount of the bills receivables discounted was HK$500,479,000 (2015: HK$299,225,000), the amount of cash proceeds obtained by the Group was HK$458,555,000 (2015: HK$299,225,000) and the extent to which the bills receivables were pledged was HK$458,555,000 (2015: HK$299,225,000). If the bills receivables are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the discounting as secured bank advances.

At the end of the reporting period, the carrying amount of the bills receivables that has been discounted but has not been derecognised amounted to HK$500,479,000 (2015: HK$299,225,000) and the carrying amount of the associated liability is HK$458,555,000 (2015: HK$299,225,000).

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 ***HK$'000***	2015 *HK$'000*
Amount due from a non-controlling interest *(note (a))*	**5,648**	6,106
Loan receivable *(note (b))*	**–**	601
Other receivables	**33,962**	5,324
Less: Impairment allowance *(note (c))*	**(5,660)**	–
	33,950	12,031
Trade deposits paid *(note (e))*	**7,888**	77,444
Deposit paid for acquisition of property, plant and equipment *(note (d))*	**31,938**	–
Other deposits and prepayments	**2,575**	1,188
Other tax prepayments *(note (f))*	**33,972**	–
	110,323	90,663
Representing:		
Current	**77,688**	90,023
Non-current *(note (d))*	**32,635**	640
	110,323	90,663

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes:

(a) The amount is secured by the shares in certain private limited companies incorporated in Hong Kong, one of which being SKIL, a non-wholly-owned subsidiary of the Group. It was interest-bearing at 5.01% per annum and repayable date is extended to 30 September 2016.

(b) The loan receivable due from an independent third party was unsecured, interest-bearing at 5.51% per annum and repayable on 30 April 2015. During the year ended 31 March 2016, the amount was assigned to a non-controlling interest of SKIL Group and incorporated as part of the amount due from non-controlling interest with the same terms as described in note 19(a).

(c) Impairment of other receivables
Impairment losses in respect of other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against other receivables directly (see note 2(j)).

Movements in the allowance for doubtful debts

	Notes	**2016** *HK$'000*	2015 *HK$'000*
At beginning of the year		**–**	21
Impairment allowance recognised	(i)	**5,660**	–
Uncollectible amount written off	(ii)	**–**	(21)
At end of the year	(i)	**5,660**	–

Notes:

(i) At 31 March 2016, other receivables of the Group amounting to HK$5,660,000 (2015: nil) were individually determined to be impaired. The individually impaired receivables were outstanding for over 1 year at the end of the reporting period and were due from a non-controlling interest with financial difficulties. Accordingly, specific allowances for doubtful debts of HK$5,660,000 (2015: nil) were recognised.

(ii) During the year ended 31 March 2016, no bad debts (2015: HK$21,000) were written off against other receivables directly as the Group assessed recovery of the amount is remote.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes: (continued)

(d) Except for rental deposits of HK$697,000 (2015: HK$640,000) and deposit paid for the acquisition of property, plant and equipment of HK$31,938,000 (2015: nil) which are expected to be recovered after more than one year, all other receivables are expected to be recovered within one year and other deposits and prepayments are expected to be recovered or recognised as expenses within one year.

(e) At 31 March 2016, trade deposits of HK$7,888,000 (2015: HK$77,444,000) was paid by the Group to a supplier.

(f) The other tax prepayments represent the prepaid value-added tax in the PRC which can be utilized to offset the value-added tax payable arising from the future sales of the subsidiaries operating in the PRC.

20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

(a) Cash and cash equivalents

	2016	2015
	HK$'000	*HK$'000*
Cash at banks and on hand	**80,326**	85,348
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**80,326**	85,348

Note:

The interest rates on the cash at banks ranged from 0.01% to 0.35% (2015: 0.01% to 0.35%) per annum.

20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS (continued)

(b) Restricted bank deposits

At 31 March 2016, the Group's restricted bank deposits of HK$1,271,880,000 comprise of:

(i) Deposits of HK$72,825,000 placed at banks to secure the bills payables (note 21) without any deposit interest, which will be released upon the settlement of relevant bills payables.

(ii) A deposit of HK$1,199,055,000 placed at a bank as security for bank loan (note 23), which is interest-bearing at 1.5% per annum and with a maturity of one year.

There is no restricted bank deposits as at 31 March 2015.

21. TRADE AND BILLS PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade and bills payables	**1,270,521**	21,514

Notes:

(a) Trade and bills payables are expected to be settled within one year.

(b) At 31 March 2016, included within trade and bills payables were bills payables of HK$186,061,000 (2015: nil) being secured by the restricted bank deposits of HK$72,825,000 (2015: nil) *(note 20(b)(i))*.

(c) The following is an analysis of trade and bills payables by age, presented based on the invoice date or the bills issue date:

	2016	2015
	HK$'000	*HK$'000*
0 – 60 days	**288,304**	4,112
61 – 120 days	**378,016**	1,180
121 – 180 days	**334,031**	213
181 – 360 days	**269,285**	16,009
Over 360 days	**885**	–
	1,270,521	21,514

22. ACCRUALS, DEPOSITS AND OTHER PAYABLES

	2016 **HK$'000**	2015 *HK$'000*
Consideration payable for acquisition of a subsidiary *(note 29)*	**153,908**	–
Accruals and other payables	**95,211**	8,347
Trade deposits received	**2,117**	–
Derivative financial instruments – forward foreign exchange contracts *(note 28(d))*	**13,601**	–
	264,837	8,347

Note:

All of the consideration payable for acquisition of a subsidiary, accruals and other payables, trade deposits received and derivative financial instruments are expected to be settled or recognised as income within one year or are repayable on demand.

23. BANK LOAN

	2016 **HK$'000**	2015 *HK$'000*
Term loan due for repayment within 1 year	**1,199,055**	309

Note:

During the year ended 31 March 2016, the Group drew down a bank loan which according to the loan contract signed is to be used for the purchase of metal minerals.

At 31 March 2016, the bank loan carried at amortised cost is secured by the Group's restricted bank deposits (note 20(b)(ii)) amounting to HK$1,199,055,000, interest-bearing at 7% per annum and repayable within one year.

At 31 March 2015, the term loan carried at amortised cost was guaranteed by a non-controlling shareholder of a non-wholly-owned subsidiary. It was interest-bearing at 4.8% per annum and repayable within one year with a repayment on demand clause. The loan was fully repaid during the year ended 31 March 2016.

The carrying amounts of the bank loans approximate their fair values.

24. BANK ADVANCES FOR DISCOUNTED BILLS

At 31 March 2016, the bank advances for discounted bills of HK$458,555,000 (2015: HK$299,225,000) are secured by the bills receivables, interest-bearing ranged from 1.73% to 6.3% (2015: 1.57% to 4.75%) per annum and repayable within the next financial year with a repayment on demand clause.

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2016 *HK$'000*	2015 *HK$'000*
At beginning of the year	**4,397**	(13)
Tax payable assumed through business combinations *(note 29)*	**1,517**	1,008
Derecognised on disposal of a subsidiary *(note 30)*	**(1)**	–
Provision for the year		
– Hong Kong Profits Tax	**43,036**	4,942
– PRC EIT	**3,384**	–
	46,420	4,942
Under/(over)-provision in respect of prior years		
– Hong Kong Profits Tax	**209**	(346)
Income tax paid during the year		
– Hong Kong Profits Tax	**(9,487)**	(1,729)
Income tax recovered during the year		
– Hong Kong Profits Tax	**139**	535
Effect of foreign currency exchange differences	**(34)**	–
At end of the year	**43,160**	4,397
Representing:		
Tax recoverable	**(1,331)**	–
Tax payable	**44,491**	4,397
At end of the year	**43,160**	4,397

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised

(i) The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Depreciation allowances in excess of related depreciation *HK$'000*	Depreciation in excess of related depreciation allowances *HK$'000*	Fair value adjustment of other intangible asset *HK$'000*	Total *HK$'000*
At 1 April 2014	31	(58)	–	(27)
Acquisition of subsidiaries *(note 29)*	–	–	693	693
Charged/(credited) to profit or loss *(note 7(a))*	6	(22)	(139)	(155)
At 31 March 2015 and 1 April 2015	37	(80)	554	511
Charged/(credited) to profit or loss *(note 7(a))*	57	(4)	(554)	(501)
At 31 March 2016	94	(84)	–	10

(ii) Reconciliation to the consolidated statement of financial position:

	2016 ***HK$'000***	2015 *HK$'000*
Deferred tax assets recognised in the consolidated statement of financial position	**(84)**	(80)
Deferred tax liabilities recognised in the consolidated statement of financial position	**94**	591
	10	511

(c) Deferred tax assets not recognised

As at 31 March 2016, the Group has unused tax losses of HK$3,228,000 (2015: HK$2,003,000) and HK$23,368,000 (2015: HK$16,104,000) available for offset against future profits that may be carried forward indefinitely and with expiry date of within 5 years, respectively. No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profit streams.

(d) Deferred tax liabilities not recognised

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

At 31 March 2016, temporary differences relating to the undistributed profits of subsidiaries amounted to HK$10,153,000 (2015: nil). Deferred tax liabilities of HK$508,000 (2015: nil) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

26. CAPITAL AND RESERVES

(a) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Capital reserve *HK$'000*	Share option reserve *HK$'000*	Contributed surplus *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2014	4,031	174,518	(1,522)	7,851	–	–	(49,174)	135,704
Loss for the year	–	–	–	–	–	–	(6,545)	(6,545)
Total comprehensive expenses for the year	–	–	–	–	–	–	(6,545)	(6,545)
Transfer from share premium to contributed surplus *(note 26(c)(i))*	–	(174,518)	–	–	–	174,518	–	–
Set off accumulated losses with contributed surplus *(note 26(c)(vi))*	–	–	–	–	–	(55,719)	55,719	–
Dividend declared and paid during the current year *(note 10(a))*	–	–	–	–	–	(4,031)	–	(4,031)
At 31 March 2015	4,031	–	(1,522)	7,851	–	114,768	–	125,128
At 1 April 2015	**4,031**	**-**	**(1,522)**	**7,851**	**-**	**114,768**	**-**	**125,128**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(23,420)**	**(23,420)**
Total comprehensive expenses for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(23,420)**	**(23,420)**
Recognition of equity-settled share-based payments	**-**	**-**	**-**	**-**	**11,001**	**-**	**-**	**11,001**
Shares issued under share option scheme *(note 26(b)(ii))*	**80**	**18,069**	**-**	**-**	**(4,749)**	**-**	**-**	**13,400**
Transfer from contributed surplus to accumulated losses *(note 26(c)(vi))*	**-**	**-**	**-**	**-**	**-**	**(20,550)**	**20,550**	**-**
Dividend declared and paid in respect of the previous year *(note 10(b))*	**-**	**-**	**-**	**-**	**-**	**-**	**(8,220)**	**(8,220)**
Dividend declared and paid during the current year *(note 10(a))*	**-**	**-**	**-**	**-**	**-**	**-**	**(12,330)**	**(12,330)**
At 31 March 2016	**4,111**	**18,069**	**(1,522)**	**7,851**	**6,252**	**94,218**	**(23,420)**	**105,559**

26. CAPITAL AND RESERVES (continued)

(b) Share capital

	Notes	2016 Number of shares	2016 Amount HK$'000	2015 Number of shares	2015 Amount HK$'000
Authorised:					
At the beginning of the year (ordinary shares of HK$0.002 each)		**50,000,000,000**	**100,000**	50,000,000,000	100,000
Share Subdivision	(i)	**450,000,000,000**	**–**	–	–
At the end of the year (ordinary shares of HK$0.002 each)		**–**	**–**	50,000,000,000	100,000
(ordinary shares of HK$0.0002 each)		**500,000,000,000**	**100,000**	–	–
Ordinary shares, issued and fully paid:					
At the beginning of the year		**2,015,407,214**	**4,031**	2,015,407,214	4,031
Share Subdivision	(i)	**18,314,164,926**	**–**	–	–
Shares issued under share option scheme	(ii)	**224,500,000**	**80**	–	–
At the end of the year (ordinary shares of HK$0.002 each)		**–**	**–**	2,015,407,214	4,031
(ordinary shares of HK$0.0002 each)		**20,554,072,140**	**4,111**	–	–

Notes:

(i) Upon the Share Subdivision becoming effective on 9 June 2015, each of the issued and unissued ordinary shares of par value of HK$0.002 each in the share capital of the Company was subdivided into ten ordinary shares of par value of HK$0.0002 each ("Subdivided Shares"). The Subdivided Shares rank pari passu in all respects with each other and with the shares in issue prior to the Share Subdivision and the rights attached to the Subdivided Shares are not affected by the Share Subdivision.

(ii) During the year ended 31 March 2016, the Company allotted and issued 19,500,000 ordinary shares of par value of HK$0.002 each (before the Share Subdivision) and 205,000,000 ordinary shares of par value of HK$0.0002 each (after the Share Subdivision).

26. CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

The owner of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act 1981 of Bermuda (the "Companies Act" and Bye-laws of the Company).

During the year ended 31 March 2015, the shareholders approved the Company to transfer the entire amount outstanding to the credit of the share premium account to the contributed surplus account at a special general meeting.

(ii) Merger reserve

On 6 January 2003, the Company became the holding company of the companies then comprising the Group pursuant to a group reorganisation scheme (the "Group Reorganisation") at the time of listing of the Company's shares on the Stock Exchange. The merger reserve of the Group represents the difference between the nominal value of the shares of a former subsidiary of the Company acquired pursuant to the Group Reorganisation and the nominal value of the Company's shares issued in exchange therefor.

(iii) Capital reserve

Capital reserve represents the fair value adjustment on the amounts due to the former ultimate holding company and the former immediate holding company at initial recognition, deemed capital contribution from the former immediate holding company on the date of extension of repayment and waiver of amount due to the former ultimate holding company.

(iv) Statutory surplus reserve

Pursuant to applicable PRC regulations, certain PRC subsidiaries in the Group are required to appropriate not less than 10% of their profit after tax to the statutory surplus reserve until such reserve reaches 50% of their registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders.

(v) Share option reserve

The share option reserve comprises the portion of the fair value of unexercised share options granted that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(p)(ii).

26. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(vi) Contributed surplus

The contributed surplus of the Company at the end of the reporting period represented (i) the credit arising from the transfer of the entire amount of the share premium account of the Company as at 30 January 2015 to the contributed surplus account of the Company; (ii) a balance as reduced by amounts transferred from the accumulated losses of the Company to set off the accumulated losses of the Company as at 31 March 2015 of HK$55,719,000; (iii) the transfer of HK$20,550,000 to the accumulated losses of the Company for payment of dividend and (iv) a balance as reduced by the payment of dividend of HK$4,031,000 out of the contributed surplus during the year ended 31 March 2015.

(vii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in note 2(t).

(d) Distributable reserves

As at 31 March 2016, the aggregate amount of reserves available for distribution to owners of the Company was HK$77,127,000 (2015: HK$121,097,000). After the end of the reporting period, the directors proposed a final dividend of HK0.1 cent per ordinary share (2015: HK0.04 cent per ordinary share) amounting to HK$20,554,000 (2015: HK$8,180,000). This dividend has not been recognised as a liability at the end of the reporting period.

(e) Capital 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 owners through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt, which includes bank loan and bank advances for discounted bills disclosed in notes 23 and 24, respectively, and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

The Group is not subject to any externally imposed capital requirements.

26. CAPITAL AND RESERVES (continued)

(e) Capital management (continued)

The Group monitors capital using a gearing ratio, which is total borrowings divided by equity plus total borrowings. Total borrowings is calculated as the sum of bank loan and bank advances for discounted bills. Equity represents equity attributable to owners of the Company. The gearing ratio as at the end of the reporting periods is as follows:

	2016 ***HK$'000***	2015 *HK$'000*
Bank loan	**1,199,055**	309
Bank advances for discounted bills	**458,555**	299,225
Total borrowings	**1,657,610**	299,534
Equity attributable to owners of the Company	**347,048**	164,154
Equity and total borrowings	**2,004,658**	463,688
Gearing ratio	**83%**	65%

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 27 August 2012 and the previous share option scheme of the Company adopted on 6 January 2003 was terminated on the same date. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions. Eligible participants of the Share Option Scheme include any individual being an employee, officer, agent, consultant or representatives of any member of the Group (including any executive or non-executive director of any member of the Group) who, as the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his/her performance and/or years of service, or is regarded to be a valuable human resource of the Group based on his/her working experience, knowledge in the industry and other relevant factors. The offer of a grant of share options may be accepted within thirty days from the date of grant, provided that no such grant shall be open for acceptance after the expiry of the period of ten years commencing on the adoption date of the Share Option Scheme or after the Share Option Scheme has been terminated. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00.

The subscription price for the shares on the exercise of options under the Share Option Scheme shall be a price determined by the Board and notified to the relevant participant at the time of grant of the options (subject to any adjustments made pursuant to the Share Option Scheme and the relevant provisions of the Listing Rules) made to (subject to acceptance by) the participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is granted, which date 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 on which the option is granted; and (iii) the nominal value of the share. An option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than ten years from the date of grant.

The total number of shares issued and to be issued upon exercise of the options granted to each participant, together with all options granted and to be granted to him/her under any other share option scheme(s) of the Company within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the shares in issue as at the proposed date of grant. Any further grant of options to a participant in excess of the 1% limit shall be subject to the approval of the Company's shareholders with such participant and his/her associates abstaining from voting.

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

The limit on the total number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company (excluding lapsed and cancelled options) must not exceed 30% of the total number of the shares in issue from time to time. In addition, the total number of the shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company (excluding lapsed options), must not represent more than 10% of the total number of the shares in issue as at the date of approval of the Share Option Scheme (the "Scheme Mandate Limit") or as at the date of approval of the refreshed Scheme Mandate Limit as the case may be. As at 31 March 2016, the total number of shares of the Company available for issue under the Share Option Scheme is 1,615,407,210 shares.

On 1 April 2015, the Company granted share options to subscribe for a total of 93,000,000 ordinary shares of HK$0.002 each under the Company's Share Option Scheme to eligible persons. The exercise price of the options granted was HK$0.335 per share and the exercisable period was from 1 April 2015 to 31 March 2017. Among the options granted, 71,000,000 options were granted to the directors of the Company and 22,000,000 options were granted to the employees of the Group.

Pursuant to the Share Option Scheme and relevant rules of the Listing Rules, upon the Share Subdivision becoming effect on 9 June 2015, each of the issued and unissued ordinary shares of par value of HK$0.002 each in the share capital of the Company was subdivided into ten shares of par value of HK$0.0002 each and the exercise price of the outstanding options was adjusted to HK$0.0335 per share accordingly.

Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) Terms of unexpired and unexercised share options at the end of the reporting period

	Outstanding at 31 March 2016 Exercise price *HK$*	Outstanding at 31 March 2016 Number of share options
Exercise period		
1 April 2015 to 31 March 2017	0.0335	530,000,000

No share options were granted or exercised during the year ended 31 March 2015 and no share options were outstanding as at 31 March 2015.

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) The number and weighted average exercise prices of share options are as follows:

	2016		2015	
	Weighted average exercise price *HK$*	**Number of share options**	Weighted average exercise price *HK$*	Number of share options
Outstanding at the beginning of the year	**–**	**–**	–	–
Granted during the year prior to Share Subdivision	**0.335**	**93,000,000**	–	–
Exercised during the year prior to Share Subdivision	**0.335**	**(29,600,000)**	–	–
		63,400,000	–	–
Adjusted during the year upon completion of Share Subdivision	**0.0335**	**570,600,000**	–	–
Exercised during the year after Share Subdivision	**0.0335**	**(104,000,000)**	–	–
Outstanding and exercisable at the end of the year		**530,000,000**	–	–

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2016 was HK$1.1993. As at 31 March 2016, the share options outstanding had an exercise price of HK$0.0335 and a weighted average remaining contractual life of 1 year.

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

Date granted	**1 April 2015**
Fair value per share option at measurement date	HK$0.1183
Share price	HK$0.33
Exercise price	HK$0.335
Expected volatility (expressed as weighted average volatility used in the modelling under the Binomial Model)	75.997%
Option life (expressed as weighted average life used in the modelling under the Binomial Model)	2 years
Exercise multiple (expressed as weighted average multiple used in the modelling under the Binomial Model)	2.9
Expected dividends	1.82%
Risk-free interest rate (based on Hong Kong Sovereign Curve)	0.452%

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include the followings:

Categories of financial instruments

	2016	2015
	HK$'000	*HK$'000*
Financial assets		
Trade and bills receivables	**1,842,228**	305,382
Amount due from a non-controlling interest, loan receivable and other receivables	**33,950**	12,031
Restricted bank deposits	**1,271,880**	–
Cash and cash equivalents	**80,326**	85,348
Loans and receivables	**3,228,384**	402,761
Financial liabilities		
Trade and bills payables	**1,270,521**	21,514
Consideration payable for acquisition of a subsidiary	**153,908**	–
Accruals and other payables	**95,211**	8,347
Bank loan	**1,199,055**	309
Bank advances for discounted bills	**458,555**	299,225
Financial liabilities at amortised cost	**3,177,250**	329,395
Derivative financial instruments	**13,601**	–
Financial liabilities at fair value through profit or loss	**13,601**	–

Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. 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.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

(i) Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

(ii) The Group's credit risk is primarily attributable to trade receivables. In order to minimize risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out searches on the credibility of the new customer and assesses the potential customer's credit quality and defines credit limits for the customer. Limits attributed to customers are reviewed once a year.

Credit evaluations of customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debts are usually due within 30 to 360 days (2015: 30 to 180 days) from the date of billing or shipment date. Normally, the Group does not obtain collateral from its customers.

(iii) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, 46% (2015: 45%) and 100% (2015: 84%) of the total trade receivables were due from the Group's largest trade debtor and the three largest trade debtors respectively. In the opinion of the directors of the Group, the three largest trade debtors are well established customers with good credibility.

(iv) The credit risk on bills receivables is considered as minimal as such amounts are to be settled by banks with good reputation.

(v) The Group also has credit risk attributable to amount due from a non-controlling interest, loan receivable and other receivables. The management of the Group monitors the credit risk on an ongoing basis. Credit evaluations of the counterparties' financial position and condition are performed periodically. These evaluations focus on the counterparties' current ability to pay, and take into account the value of any assets pledged by the counterparties' as security for the facilities.

(vi) The credit risk on restricted bank deposits and cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables and other receivables are set out in notes 18 and 19 respectively.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

The cash management policy of the Group includes short-term investment of cash surpluses and raising of loans to cover expected cash demands. The Group's policy is to regularly monitors current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major institutions to meet its liquidity requirements in the short and long term. The Group relies on its liquid funds and bank advances as significant sources of liquidity.

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

Specifically, for the bank loan and bank advances for discounted bills which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans and bank advances for discounted bills with immediate effect.

	2016			
	On demand *HK$'000*	Within 1 year *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial liabilities:				
Trade and bills payables	–	1,270,521	1,270,521	1,270,521
Consideration payable for acquisition of a subsidiary	–	153,908	153,908	153,908
Accruals and other payables	–	95,211	95,211	95,211
Bank loan	1,199,055	–	1,199,055	1,199,055
Bank advances for discounted bills	458,555	–	458,555	458,555
	1,657,610	1,519,640	3,177,250	3,177,250

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

	2015			
	On demand	Within 1 year	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities:				
Trade and bills payables	–	21,514	21,514	21,514
Accruals and other payables	–	8,347	8,347	8,347
Bank loan	309	–	309	309
Bank advances for discounted bills	299,225	–	299,225	299,225
	299,534	29,861	329,395	329,395

The following tables summarise the maturity analysis of bank advances for discounted bills and bank loan with a repayment on demand clause based on agreed scheduled repayments set out in the bills contracts and loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the above maturity analysis. Taking into account of the Group's financial position, the directors of the Group do not consider it probable that the banks will exercise their discretion to demand immediate repayment. The directors of the Group believe that such bank advances and bank loan will be repaid in accordance with the scheduled repayment dates set out in the bills contracts and loan agreements.

Maturity Analysis – Bank advances for discounted bills and bank loan subject to a repayment on demand clause based on scheduled repayments

	On demand	Within 1 year	Total undiscounted cash flows
	HK$'000	*HK$'000*	*HK$'000*
31 March 2016	–	1,741,544	1,741,544
31 March 2015	–	299,543	299,543

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

Maturity Analysis – Bank advances for discounted bills and bank loan subject to a repayment on demand clause based on scheduled repayments (continued)

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's derivative financial liabilities based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

	2016		2015	
	Within 1 year or on demand	**Total**	Within 1 year or on demand	Total
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Derivative settled gross:				
Forward foreign exchange contracts				
– outflow	**(340,314)**	**(340,314)**	–	–
– inflow	**326,713**	**326,713**	–	–

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 20 for details) and fair value interest rate risk mainly in relation to fixed-rate amount due from a non-controlling interest (see note 19(a) for details), loan receivable (see note 19(b) for details), restricted bank deposits (see note 20 for details), bank loan (see note 23 for details) and bank advances for discounted bills (see note 24 for details).

Interest rate risks are managed by the Group by maintaining an appropriate mix between fixed and variable rate financial instruments.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

Sensitivity analysis

At 31 March 2016, it is estimated that a general increase/decrease of 50 basis points (2015: 50 basis points) in interest rates for variable-rate financial instruments, with all other variables held constant, would have increased/decreased the Group's profit after tax and the Group's retained profits by approximately HK$387,000 (2015: HK$423,000). Other components of the Group's consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined based on the exposure to interest rates 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 points (2015: 50 basis points) increase/decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis is performed on the same basis for 2015.

(d) Currency risk

(i) Exposure to currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, restricted bank deposits, cash and cash equivalents and bank advances for discounted bills that are denominated in a foreign currency, that is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$ and RMB. The Group manages this risk as follows:

Recognised assets and liabilities

Changes in the fair value of forward foreign exchange contracts that minimise the foreign currencies risk of certain monetary assets and liabilities are recognised in profit or loss (see note 6(c)). The net fair value of forward foreign exchange contracts used by the Group at 31 March 2016 was HK$13,601,000 (2015: nil), recognised as derivative financial instruments.

In respect of other assets and liabilities denominated in foreign currencies, the Group closely monitors the net exposure and has entered into forward foreign exchange contracts to hedge against the Group's currency exposure.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan or, in the case of group entities whose functional currency is HK$, in either HK$ or US$. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk (continued)

The following details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HK$, translated using the spot rates at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in HK$)			
	2016		2015	
	US$	***RMB***	*US$*	*RMB*
	HK'000	***HK'000***	*HK'000*	*HK'000*
Trade and bills receivables	**85**	**1,815,483**	78,436	225,159
Other receivables	**–**	**19**	1,258	3,964
Restricted bank deposits	**72,825**	**–**	–	–
Cash and cash equivalents	**52,118**	**4,702**	74,768	4,890
Trade and bills payables	**(1,225,721)**	**(149)**	(17,762)	–
Consideration payable for acquisition of a subsidiary	**–**	**(153,908)**	–	–
Accruals and other payables	**–**	**(108)**	(72)	(3,374)
Bank advances for discounted bills	**(364,473)**	**(94,082)**	(74,066)	(225,159)
Gross exposure arising from recognised assets and liabilities	**(1,465,166)**	**1,571,957**	62,562	5,480
Notional amount of forward foreign exchange contracts used to minimise the foreign currencies risk	**326,713**	**(340,314)**	–	–
Net exposure arising from recognised assets and liabilities	**(1,138,453)**	**1,231,643**	62,562	5,480

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following tables indicate the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HK$ and the US$ would not be materially affected by any changes in movement in value of the US$ against other currencies. The increase/(decrease) in foreign exchange rates of 5% represents the sensitivity rate of management's assessment of the reasonably possible strengthening/(weakening) of the foreign currency against the functional currencies of the group entities.

	2016			2015		
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in profit after tax** *HK$'000*	**Increase/ (decrease) in retained profits** *HK$'000*	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax *HK$'000*	Increase/ (decrease) in retained profits *HK$'000*
RMB	**5%**	**51,421**	**51,421**	5%	229	229
	(5%)	**(51,421)**	**(51,421)**	(5%)	(229)	(229)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit after tax and equity measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2015.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

		Fair value measurements as at 31 March 2016 categorised into				Fair value measurement as at 31 March 2015 categorised into		
	Fair value at 31 March 2016	**Level 1**	**Level 2**	**Level 3**	Fair value at 31 March 2015	Level 1	Level 2	Level 3
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements								
Liabilities:								
Derivative financial instruments:								
– Forward foreign exchange contracts	**13,601**	**-**	**13,601**	**-**	-	-	-	-

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

During the years ended 31 March 2016 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of forward foreign exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2016 and 2015.

29. BUSINESS COMBINATION

For the year ended 31 March 2016

(a) Acquisition of 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the "Acid Company")

On 1 February 2016, the Group acquired entire equity interests in Acid Company which is principally engaged in production and sale of industrial products in the PRC, for a cash consideration of RMB77,000,000 (equivalent to approximately HK$91,592,000). The Acid Company was acquired so as to broaden the revenue base and diversify the business risks of the Group.

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2016 (continued)

(a) Acquisition of 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the "Acid Company")(continued)

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment *(note 13)*	54,523
Prepaid land lease payments *(note 14)*	3,634
Inventories	54,913
Prepayments, deposits and other receivables	15,032
Cash and cash equivalents	3
Trade payables	(22,756)
Accruals, deposits and other payables	(7,702)
Tax payable *(note 25(a))*	(1,517)
Total identifiable net assets at fair value	96,130
Gain on a bargain purchase *(note 5)*	(4,538)
	91,592

Net cash outflow on acquisition

	HK$'000
Cash consideration, satisfied in cash	91,592
Cash and cash equivalents acquired	(3)
Net cash outflow	91,589

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2016 (continued)

(a) Acquisition of 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the "Acid Company")(continued)

Impact of acquisition on the revenue and results of the Group

For the two months ended 31 March 2016, Acid Company contributed revenue and profit of HK$37,405,000 and HK$10,153,000 respectively to the revenue and profit of the Group for the year ended 31 March 2016.

Had the acquisition occurred on 1 April 2015, the revenue and profit of the Group for the year ended 31 March 2016 would have been HK$2,291,501,000 and HK$170,955,000 respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future results.

Gain on a bargain purchase of HK$4,538,000 was recognised upon completion of the acquisition of Acid Company, since the net assets value of Acid Company increased between the date of sale and purchase agreement and the date of acquisition, therefore, the acquisition generated such gain on a bargain purchase.

Acquisition-related costs amounting to HK$9,023,000 and have been excluded from the consideration transferred and have been recognised as an expense in the year, within the "administrative expenses" line item in the consolidated statement of profit or loss.

At the acquisition date, the gross contractual amount and fair value of the receivables acquired, representing other receivables amounted to HK$537,000, which was expected fully collectible.

(b) Acquisition of 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company Limited) (the "Power Company")

On 31 March 2016, the Group acquired entire equity interests in Power Company which is principally engaged in production and sale of utilities in the PRC, for a cash consideration of RMB142,620,000 (equivalent to approximately HK$171,008,000). Power Company was acquired so as to broaden the revenue base and diversify the business risks of the Group.

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2016 (continued)

(b) Acquisition of 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company Limited) (the "Power Company") (continued)

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment *(note 13)*	171,990
Inventories	422
Prepayments, deposits and other receivables	89,940
Cash and cash equivalents	164
Trade payables	(21,950)
Accruals, deposits and other payables	(69,558)
Total identifiable net assets at fair value	171,008

Net cash outflow on acquisition

	HK$'000
Consideration	171,008
Less: unpaid consideration included in accruals, deposits and other payables *(note 22)*	(153,908)
Cash consideration, satisfied in cash	17,100
Cash and cash equivalents acquired	(164)
Net cash outflow	16,936

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2016 (continued)

(b) Acquisition of 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company Limited) (the "Power Company") (continued)

Impact of acquisition on the revenue and results of the Group

As the acquisition of Power Company is completed on 31 March 2016, Power Company contributed no revenue and no profit to the Group for the year ended 31 March 2016.

Had the acquisition occurred on 1 April 2015, the revenue and profit of the Group for the year ended 31 March 2016 would have been HK$2,299,214,000 and HK$168,428,000 respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future results.

Acquisition-related costs amounting to HK$5,624,000 and have been excluded from the consideration transferred and have been recognised as an expense in the year, within the "administrative expenses" line item in the consolidated statement of profit or loss.

At the acquisition date, the gross contractual amount and fair value of the receivables acquired, representing other receivables amounted to HK$27,979,000, which was expected fully collectible.

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2015

On 8 December 2014, the Group acquired control of SKIL Group through the acquisition of 60% equity interest in SKIL, together with its subsidiary, Sealand, which are principally engaged in the provision of logistics services in Hong Kong and the PRC, for a cash consideration of HK$9,000,000. SKIL Group was acquired so as to broaden the revenue base, diversity the business risks of the Group, and to bring synergistic effect to the Group's business of sourcing and sale of metal minerals and related industrial materials.

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment *(note 13)*	1,426
Other intangible asset *(note 16)*	4,202
Trade receivables	3,715
Prepayments, deposits and other receivables	15,237
Restricted bank deposits	3,200
Cash and cash equivalents	118
Trade payables	(3,422)
Accruals, deposits and other payables	(2,551)
Bank loans	(11,221)
Bank overdraft	(2,950)
Tax payable *(note 25(a))*	(1,008)
Deferred tax liabilities *(note 25(b)(i))*	(693)
Total identifiable net assets at fair value	6,053

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2015 (continued)

Goodwill arising on acquisition

	HK$'000
Consideration transferred	9,000
Non-controlling interests	2,421
Fair value of identifiable net assets acquired	(6,053)
Goodwill arising on acquisition *(note 15)*	5,368

The non-controlling interests (40% in SKIL) recognised at the acquisition date was measured by reference to the proportionate share of the fair value of the SKIL Group's identifiable net assets and amounted to approximately HK$2,421,000.

Net cash outflow on acquisition

	HK$'000
Consideration, satisfied in cash	9,000
Cash and cash equivalents acquired	(118)
Bank overdraft assumed	2,950
Net cash outflow	11,832

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2015 (continued)

Impact of acquisition on the revenue and results of the Group

For the four months ended 31 March 2015, SKIL Group contributed revenue and loss of HK$4,095,000 and HK$3,103,000 respectively to the revenue and profit of the Group for the year ended 31 March 2015.

Had the acquisition occurred on 1 April 2014, the revenue and profit of the Group for the year ended 31 March 2015 would have been HK$656,228,000 and HK$17,796,000 respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future results.

Acquisition-related costs amounting to HK$577,000 and have been excluded from the consideration transferred and have been recognised as an expense in the year, within the "administrative expenses" line item in the consolidated statement of profit or loss.

Goodwill of HK$5,368,000 arose from the acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

At the acquisition date, the gross contractual amount of the receivables acquired, including trade receivables of HK$3,715,000, amount due from a non-controlling interest of HK$9,249,000, loan receivable of HK$3,507,000 and other receivables of HK$2,329,000, were equivalent to their fair values totalling HK$18,800,000 and it was expected that all amounts were fully collectible.

30. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2016

On 30 July 2015, the Group disposed of its 100% equity interests in a subsidiary, which was engaged in sale of electrical and electronic consumer products in Hong Kong together with an assignment of a shareholder's loan of HK$1,583,000 due by the subsidiary, to an independent third party at a consideration of HK$2,800,000.

	HK$'000
Consideration received	
Consideration received in cash and cash equivalents	**2,800**
Total consideration received	**2,800**
Analysis of assets and liabilities over which control was lost	
Current assets	
Cash and cash equivalents	**82**
Trade receivables	**2,678**
	2,760
Current liabilities	
Trade payables	**4**
Tax payable *(note 25(a))*	**1**
Shareholder's loan due to the Group	**1,583**
	1,588
Net assets disposed of	**1,172**
Gain on disposal of a subsidiary	
Consideration received	**2,800**
Net assets disposed of	**(1,172)**
Assignment of shareholder's loan due to the Group	**(1,583)**
Gain on disposal of a subsidiary	**45**

30. DISPOSAL OF SUBSIDIARIES (continued)

For the year ended 31 March 2016 (continued)

The gain on disposal of a subsidiary is included in the "other revenue and other net income" line item in the consolidated statement of profit or loss.

	HK$'000
Net cash inflow on disposal of a subsidiary	
Consideration received in cash and cash equivalents	**2,800**
Cash and cash equivalent balances disposed of	**(82)**
Net cash inflow	**2,718**

For the year ended 31 March 2015

On 29 August 2014, the Group disposed of its 92% equity interests in May Wilson Holding Limited and its subsidiaries (collectively called "MWH Group"), which was engaged in the manufacture and sale of electrical appliances, electronic products and related plastic injection components in Hong Kong and the PRC together with an assignment of a shareholder's loan of HK$5,004,000 due by MWH Group, to an independent third party at a consideration of HK$100,000.

On 17 December 2014, the Group disposed of its 100% equity interests in Top Splendor International Development Limited and its subsidiaries (collectively called "TSID Group"), which was engaged in the distribution and sale of electronic consumer products in the PRC, together with an assignment of a shareholder's loan of HK$2,920,000 due by TSID Group to an independent third party at a consideration of HK$3,250,000.

30. DISPOSAL OF SUBSIDIARIES (continued)

For the year ended 31 March 2015 (continued)

	MWH Group *HK$'000*	TSID Group *HK$'000*	Total *HK$'000*
Consideration received			
Consideration received in cash and cash equivalents	100	3,250	3,350
Total consideration received	100	3,250	3,350
Analysis of assets and liabilities over which control was lost			
Non-current assets			
Property, plant and equipment *(note 13)*	1,189	6	1,195
Current assets			
Cash and cash equivalents	257	2,923	3,180
Trade receivables	–	365	365
Prepayments, deposits and other receivables	636	235	871
Inventories	250	45	295
	1,143	3,568	4,711
Current liabilities			
Trade payables	166	–	166
Accruals, deposits and other payables	3,615	355	3,970
Shareholder's loan due to the Group	5,004	2,920	7,924
	8,785	3,275	12,060
Net (liabilities)/assets disposed of	(6,453)	299	(6,154)
Gain on disposal of subsidiaries			
Consideration received	100	3,250	3,350
Net liabilities/(assets) disposed of	6,453	(299)	6,154
Assignment of shareholder's loan due to the Group	(5,004)	(2,920)	(7,924)
Non-controlling interests	(516)	–	(516)
Cumulative exchange gain in respect of the net liabilities/assets of the subsidiaries reclassified from equity to profit or loss on lost of control of subsidiaries	23	488	511
Gain on disposal of subsidiaries	1,056	519	1,575

30. DISPOSAL OF SUBSIDIARIES (continued)

For the year ended 31 March 2015 (continued)

The gain on disposal of subsidiaries is included in the "other revenue and other net income" line item in the consolidated statement of profit or loss.

	MWH Group *HK$'000*	TSID Group *HK$'000*	Total *HK$'000*
Net cash (outflow)/inflow on disposal of subsidiaries			
Consideration received in cash and cash equivalents	100	3,250	3,350
Cash and cash equivalent balances disposed of	(257)	(2,923)	(3,180)
Net cash (outflow)/inflow	(157)	327	170

31. MATERIAL RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions:

(a) Key management personnel remuneration

All members of key management personnel are the directors of the Company, and the remuneration for them is disclosed in note 8 and as follows:

	2016 ***HK$'000***	2015 *HK$'000*
Salaries and other short-term employee benefits	**12,009**	8,967
Post-employment benefits	**286**	113
Equity compensation benefits	**8,359**	–
	20,654	9,080

Total remuneration is included in "staff costs" (see note 6(b)).

31. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Other transactions

During the year, the Group entered into the following transactions with a related party that is not a member of the Group:

	Amount paid to the related party	
	2016	2015
	HK$'000	*HK$'000*
An entity which is controlled by the former ultimate controlling party of the Group		
– rental expense	**–**	57
– building management fee	**–**	5
– air-conditioning charge	**–**	3
– acquisition of property, plant and equipment	**–**	400
	–	465

Terms and prices of above transactions were mutually agreed by both parties concerned.

32. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2016 not provided for in the financial statements were as follows:

	2016	2015
	HK$'000	*HK$'000*
Contracted for in respect of construction in progress	**24,285**	–

33. OPERATING LEASES COMMITMENTS

The Group as lessee

At 31 March 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016	2015
	HK$'000	*HK$'000*
Within one year	**24,479**	6,496
After one year but within five years	**66,093**	8,779
	90,572	15,275

The Group leases properties under operating leases as its office premises, factories, warehouses and for staff accommodation. Leases are negotiated for an average term of 1 to 5 years (2015: 1 to 3 years), some of the leases have an option to renew the leases when all terms are subject to renegotiation. None of the leases includes contingent rentals.

34. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 March 2016:

Name of subsidiary	Place of establishment or incorporation/ business	Class of shares held	Particulars of issued and paid up capital	Attributable equity interest		Principal activities
				2016	2015	
Indirectly held						
China Mining Industrial Import & Export Company Limited	Hong Kong	Ordinary	1 share (2015: 1 share)	**100%**	100%	Sourcing and sale of metal minerals and related industrial materials
Global Metal Industrial Company Limited	Hong Kong	Ordinary	1 share (2015: 1 share)	**100%**	100%	Sourcing and sale of metal minerals and related industrial materials
BEP Management Company Limited	Hong Kong	Ordinary	1 share (2015: 1 share)	**100%**	100%	Provision of management services
寧夏天元發電有限公司 (literally translated as "Ningxia Tianyuan Power Generation Company Limited") *(note)*	PRC	Registered	RMB142,610,000	**100%**	-	Production and sale of utilities
寧夏華夏環保資源綜合利用有限公司 (literally translated as "Ningxia Huaxia Integrated Waste Recycling Company Limited") *(note)*	PRC	Registered	RMB77,365,215	**100%**	-	Production and sale of industrial products
百靈達（北京）進出口有限公司 (literally translated as "BEP (Beijing) Import & Export Company Limited") *(note)*	PRC	Registered	HK$49,750	**100%**	-	Sourcing and sale of metal minerals and related industrial materials
百靈達（天津）進出口有限公司 (literally translated as "BEP (Tianjin) Import & Export Company Limited") *(note)*	PRC	Registered	HK$99,750	**100%**	-	Sourcing and sale of metal minerals and related industrial materials
百靈達（天津）物流有限公司 (literally translated as "BEP (Tianjin) Logistics Company Limited") *(note)*	PRC	Registered	HK$1,100,000	**100%**	-	Provision of logistics services

Note: Registered under the laws of the PRC as wholly-foreign-owned enterprise.

35. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Investments in subsidiaries		**1**	1
Current assets			
Prepayments, deposits and other receivables		**176,667**	138,508
Cash and cash equivalents		**5,132**	3,608
		181,799	142,116
Current liabilities			
Accruals, deposits and other payables		**76,062**	16,949
Tax payable		**179**	40
		76,241	16,989
Net assets		**105,559**	125,128
Equity			
Equity attributable to owners of the Company	26(a)		
Share capital		**4,111**	4,031
Reserves		**101,448**	121,097
Total equity		**105,559**	125,128

Approved and authorised for issue by the Board of Directors on 22 June 2016.

Zhang Honghai
Director

Wang Zhonghe
Director

36. EVENT AFTER THE REPORTING PERIOD

The following event took place after 31 March 2016:

(a) Subsequent to the end of the reporting period, the Group has successfully acquired a land parcel located in Ningxia, the PRC by way of public auction at a consideration of RMB34,986,000 (equivalent to approximately HK$41,597,000) in May 2016.

The following events took place after 31 March 2015:

(b) On 1 April 2015, the Company granted share options to subscribe for a total of 93,000,000 ordinary shares of HK$0.002 each under the Company's Share Option Scheme adopted on 27 August 2012 to eligible persons (see note 27 for details). The exercise price of the options granted is HK$0.335 per share and the exercisable period is from 1 April 2015 to 31 March 2017. Among the options granted, 71,000,000 options were granted to the directors of the Company and 22,000,000 options were granted to the employees of the Group.

A total of 29,600,000 share options were exercised to subscribe for 29,600,000 ordinary shares of par value of HK$0.002 each in the Company at the subscription price of HK$0.335 per share of approximately HK$9,916,000, of which HK$59,000 will be credited to share capital and the balance of HK$9,857,000 will be credited to the share premium account.

As at the date of approval of these financial statements, the total number of New Shares (as defined in note 36(c)) of the Company available for issue under the Share Option Scheme is 1,719,407,210 shares and the method of settlement for the options granted are by equity.

(c) An ordinary resolution was passed in a special general meeting on 8 June 2015 to approve the share subdivision ("Share Subdivision") that every one issued and unissued ordinary share of par value of HK$0.002 each in the share capital of the Company into ten ordinary shares of par value of HK$0.0002 each ("New Shares"). The New Shares rank pari passu in all respects with each other and with the shares in issue prior to the Share Subdivision and the rights attached to the New Shares are not affected by the Share Subdivision. After the completion of the Share Subdivision and as at the date of approval of these financial statements, the authorised share capital of the Company remains at HK$100,000,000 but comprises 500,000,000,000 New Shares of par value of HK$0.0002 each, of which 20,450,072,140 New Shares of par value of HK$0.0002 each have been issued.

Pursuant to the Share Option Scheme and relevant rules of the Listing Rules in respect of the share options granted on 1 April 2015 as detailed in note 36(b), upon the Share Subdivision taking effect on 9 June 2015, the adjusted number of shares of HK$0.0002 each to be issued upon exercise of the options is 735,000,000 and the adjusted exercise price of the outstanding options as at 9 June 2015 is HK$0.0335 per share.

37. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The following are 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.

(a) Estimated impairment of property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment, goodwill and other intangible asset

Determining whether there is an impairment requires an estimation of recoverable amounts of the property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment, other intangible asset or the respective CGU in which the property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment, goodwill and other intangible asset belong, which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the assets or CGUs and a suitable discount rate in order to calculate the present value. The discount rate represents a rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Where the actual future cash flows or the revision of estimated future cash flows are less than original estimated future cash flow, a material impairment loss may arise.

(b) Impairment of receivables

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Group bases the estimates on the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual impairment losses would be higher than estimated.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

37. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(d) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The management reviews the estimated useful lives and the residual values of the Group's property, plant and equipment regularly in order to determine the amount of depreciation charge for the year. The useful lives and the residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation charge for future periods is adjusted if there are significant changes from previous estimates.

(e) Amortisation

Other intangible asset is amortised on a straight-line basis over its estimated useful lives. The determination of the useful lives involves management's estimation. The Group reassesses the useful life of other intangible asset and if the expectation differs from the original estimate, such a difference may impact the amortisation in the year and the estimate will be changed in the future period.

(f) Income tax

The subsidiaries of the Company are subject to income taxes, including capital gain tax, if any, in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the financial period in which such determination is made.

Deferred income tax assets relating to certain temporary differences are recognised as management considers it is likely that future taxable profits will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments and new standards which are not yet effective for the year ended 31 March 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

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

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**2,269,381**	633,957	220,168	150,645	257,507
Profit/(loss) before taxation	**215,266**	20,043	(3,727)	8,090	14,048
Income tax	**(46,128)**	(4,441)	(604)	(621)	(2,992)
Profit/(loss) for the year	**169,138**	15,602	(4,331)	7,469	11,056
Non-controlling interests	**8,578**	1,596	651	(40)	(755)
Profit/(loss) attributable to owners of the Company for the year	**177,716**	17,198	(3,680)	7,429	10,301

	At 31 March				
	2016	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**3,577,369**	500,890	335,294	176,377	100,836
Total liabilities	**(3,237,553)**	(334,383)	(182,787)	(19,477)	(103,718)
Non-controlling interests	**7,232**	(2,353)	(1,009)	(1,660)	(1,170)
	347,048	164,154	151,498	155,240	(4,052)
Equity/(deficiency of equity) attributable to owners of the Company	**347,048**	164,154	151,498	155,240	(4,052)