Annual Report 2016/17

昊天發展集團有限公司
Hao Tian Development Group Limited

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

Contents

Corporate Information

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

EXECUTIVE COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORIZED REPRESENTATIVES

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

CHIEF EXECUTIVE OFFICER

Mr. Gao Shufang (appointed on 15 August 2016)

COMPANY SECRETARY

Mr. Pang Kwok Cheong
(resigned on 3 October 2016)
Mr. Sit Hon Wing (appointed on 3 October 2016)

LEGAL ADVISERS

F. Zimmern & Co.
Rooms 1002-1003
10th Floor, York House
The Landmark
15 Queen's Road Central
Hong Kong

AUDITOR

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

Corporate Information

PRINCIPAL BANKERS

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

China Minsheng Banking Corp. Ltd.,
Hong Kong Branch
40/F., Two International Finance Centre
8 Finance Street,
Central, Hong Kong

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

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

Bank of China (Hong Kong) Limited
Bank of China Tower, 1, Garden Road,
Central, Hong Kong

Industrial Bank Co., Limited, Hong Kong Branch
39/F ICBC Tower, 3 Garden Road,
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

SMP Partners (Cayman) Limited
(Formerly known as Royal Bank of
Canada Trust Company (Cayman) Limited)
Royal Bank House – 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

WEBSITE

www.haotianhk.com

Directors, Senior Management and Staff

DIRECTORS

Executive Directors

Mr. Xu Hai Ying ("Mr. Xu"), aged 63, was appointed as a Non-executive Director of the Company on 1 January 2012 and was re-designated as an Executive Director of the Company in February 2012. Mr. Xu is the senior technical consultant and senior manager of 中國節能環保集團有限公司 (China Jieneng Huangbao Group Company Limited*), whose principal business is the development of energy conservation technologies, clean and new energy, and energy infrastructure construction. Mr. Xu has substantial management experience and has been the manager of the representative offices of Wallem & Company Limited (華林船務集團有限公司) in Shanghai and Tianjin, The People's Republic of China and the chief representative of the Shanghai representative office of Hong Kong Maritime Company Limited (香港海運有限公司) and has served other management positions. Mr. Xu currently serves as an executive director of Fujian Nuoqi Co., Ltd. (stock code: 1353, a company listed on the main board of the Stock Exchange of Hong Kong Limited ("Stock Exchange").

Dr. Zhiliang Ou, *J.P., (Australia)* ("**Dr. Ou**"), aged 48, was appointed as an Independent Non-executive Director of the Company on 11 June 2012 and was re-designated as an Executive Director of the Company in August 2012. Dr. Ou holds a Doctor of Philosophy degree in Civil & Resource Engineering from The University of Western Australia, Australia. He also holds two Bachelor of Engineering degrees in Engineering Management & Structural Engineering respectively from Tongji University (同濟大學). Dr. Ou has over 25 years of professional engineering and management experience in oil & gas, mining and infrastructure industries both in Australia and China. He has been a senior staff member in the world's leading energy & resource firms including Kellogg Brown & Root (formerly known as KBR Halliburton), WorleyParsons Pty Ltd., as well as Sedgman Ltd., which is specialising in coal processing and handling plants. Dr. Ou participated in a number of key energy and resource projects around the world such as acting as the Lead Civil and Structural Engineer for BHP Billiton RGP6 Jimblebar project; Rio Tinto iron ore Dove Siding expansion project; Chevron Wheatstone Domgas LNG Pipeline project; Yemen LNG Project (in the Republic of Yemen) and Western Australia Dampier to Bunbury Natural Gas Pipeline (Stage 5B) project, etc. Dr. Ou also has extensive experience and network in China. He was the general manager of 福建省黎明建築工程公司 (Fujian Liming Construction Company*) from 1993 to 1997. He was a Guest Professor of Inner Mongolia University (內蒙古大學) and Inner Mongolia University of Science & Technology (內蒙古科技大學) in China. Currently, Dr. Ou is an independent non-executive director of Rey Resources Limited (a company listed on ASX) and an executive director of Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited) (stock code: 1341), which is a company listed on the main board of the Stock Exchange.

Mr. Fok Chi Tak ("Mr. Fok"), aged 41, was appointed as an Executive Director of the Company in September 2013. Mr. Fok was also the directors of various subsidiaries of the Group and has been the Chief Financial Officer of the Company since December 2010. In addition to the responsibility to oversee the Group's finance unit and functions, Mr. Fok also involves in the formulation of strategic plans for the business development of the Group, fund raising activities and potential merger and acquisition activities of the Group. Mr. Fok holds a master degree in business administration from the University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Fok is also a fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Fok currently serves as an executive director of Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited) (stock code: 1341), which is listed on the main board of the Stock Exchange. Mr. Fok has extensive experience in corporate finance, corporate governance, mergers and acquisitions, auditing and financial management.

Directors, Senior Management and Staff

Independent Non-Executive Directors

Mr. Chan Ming Sun Jonathan ("Mr. Chan"), aged 44, was appointed as an Independent Non-executive Director of the Company in March 2012. Mr. Chan graduated from the University of New South Wales, Australia with a Bachelor of Commerce degree in Accounting and Computer Information Systems. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of Certified Practising Accountants, Australia. Mr. Chan has over 20 years of experience in auditing, accounting, investment and financial management. Mr. Chan is currently an investment manager of Sprint Asset Management Limited. Mr. Chan is also an independent non-executive director of each of China Dredging Environment Protection Holdings Limited (stock code: 871), Shenyang Public Utility Holdings Company Limited (stock code: 747), Up Energy Development Group Limited (stock code: 307) and Fujian Nuoqi Co., Ltd. (stock code: 1353), whose securities are listed on the main board of the Stock Exchange, and of Changhong Jiahua Holdings Limited (stock code: 8016) and Dining Concepts Holdings Limited (stock code: 8056), whose securities are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Chan resigned as independent non-executive director of Beautiful China Holdings Company Limited (stock code: 706), Focus Media Network Limited (stock code: 8112) and L&A International Holdings Limited (stock code: 8195) and Far East Holdings International Limited (stock code:36) on 28 February 2014, 27 November 2015, 3 March 2017 and 18 July 2017 respectively.

Mr. Lam Kwan Sing ("Mr. Lam"), aged 47, was appointed as an Independent Non-executive Director of the Company in August 2012. Mr. Lam graduated from the City University of Hong Kong with a degree in Bachelor of Arts in Accountancy. He has more than 18 years of experience in the commercial and corporate finance field. Currently, Mr. Lam is a director of China Natural Resources, Inc. (a company listed on NASDAQ since 2003), and an executive director of each of China Smarter Energy Group Holdings Limited (stock code: 1004) and Hanbo Enterprises Holdings Limited (stock code: 1367), which are both listed on the main board of the Stock Exchange. Mr. Lam was an executive director of Enterprise Development Holdings Limited (stock code: 1808) from February 2012 to May 2015, which is a company listed on the main board of the Stock Exchange.

Mr. Lee Chi Hwa Joshua ("Mr. Lee"), aged 45, is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. Mr. Lee has extensive experience in the fields of auditing, accounting and finance. Mr. Lee currently serves as an independent non-executive director of each of China Fortune Investments (Holding) Limited (stock code: 8116), Code Agriculture (Holdings) Limited (stock code: 8153) and Focus Media Network Limited (stock code: 8112), which are listed on the Growth Enterprise Market of the Stock Exchange. He currently serves as the independent non-executive director of each of Jin Bao Bao Holdings Limited (stock code: 1239), Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited) (stock code: 1341), Up Energy Development Group Limited (stock code: 307) and Fujian Nuoqi Co., Ltd. (stock code: 1353), and an executive director of China Healthcare Enterprise Group Limited (stock code: 1143), which are listed on the main board of the Stock Exchange. He was also an independent non-executive director of China Minsheng Drawin Technology Group Limited (stock code: 726) from December 2013 to February 2015.

Directors, Senior Management and Staff

Chief Executive Officer

Mr. Gao Shufang ("Mr. Gao"), aged 47, was appointed as the Chief Executive Officer of the Company in August 2016. Mr. Gao has over 25 years of experience in financial management, risk control, investment and commerce. Between November 1999 and May 2002, he was appointed as general manager of the finance and commerce department of 大連北方集裝箱運輸公司 (Dalian Northern Container Lines Company*) and was responsible for financial and accounting management and monitoring of budget. In August 2004, he joined 中國大連外輪代理有限公司 (China Ocean Shipping Agency Dalian*) as party committee officer and was mainly responsible for corporate culture development. Between March 2006 and February 2012, he was appointed as the vice president of 北方船務控股有限公司 (North China Shipping Holdings Limited*) and was responsible for overseeing the areas of accounting, finance, investment, audit, strategic control and risk management. Mr. Gao was also the president of 海華集裝箱控股有限公司 (Ocean Container Group Holdings Limited*) from March 2012 to August 2016.

Before joining the Company, Mr. Gao was the president of 海華集團控股有限公司 (Ocean China Group Holdings Limited*) and the vice president of 濱海投資集團股份有限公司 (BinHai Investment Group Company Limited*).

Mr. Gao obtained a bachelor degree in accounting from the Dalian University of Technology in June 2002 and a master degree in finance from the Chinese University of Hong Kong in September 2008. Currently, he serves as the vice president of the Hong Kong-Mainland International Investment Society and has been admitted to the chairman of the Professional Accounting Committee. Mr. Gao is also an executive director of each of Up Energy Development Group Limited (stock code: 307) and Fujian Nuoqi Co, Ltd. (stock code: 1353), which are listed on the main board of the Stock Exchange.

COMPANY SECRETARY

Mr. Sit Hon Wing ("Mr. Sit"), aged 40, was appointed as the Company Secretary of the Company in October 2016 and he is also the Financial Controller of the Group. Mr. Sit is mainly responsible for overseeing our Group's financial matters. He had worked in the audit and assurance department of PricewaterhouseCoopers in Hong Kong. Mr. Sit has also served as the chief financial officer, financial controller and company secretary of certain listed companies in Hong Kong. From December 2010 to September 2015, he was the chief financial officer and company secretary of CT Environmental Group Limited (stock code: 1363). From June 2006 to January 2008, Mr. Sit was the financial controller and company secretary of Sau San Tong Holdings Limited (stock code: 8200). From December 2002 to November 2005, he was the financial controller of Code Agriculture (Holdings) Limited (stock code: 8153). Mr. Sit received a bachelor's degree in accountancy from the Hong Kong Polytechnic University in 1999 and he is a fellow member of both the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants.

SENIOR MANAGEMENT

Mr. Siu Kai Yin Edward ("Mr. Siu"), aged 37, was appointed as the General Counsel of the Company in May 2017. Mr. Siu is mainly responsible for overseeing the legal and compliance functions of our Company and various subsidiaries and associates of our Group. He also serves as a supervisor of certain PRC subsidiaries of the Company. Prior to joining the Company, Mr. Siu was legal counsel at Huatai Financial Holdings (Hong Kong) Limited from December 2015 to March 2017. From 2003 to 2015, Mr. Siu practised as a private practice lawyer advising on corporate finance, mergers and acquisitions and private equity transactional matters in a number of internationally renowned firms in Hong Kong and Australia, including Gibson, Dunn & Crutcher (Hong Kong), Norton Rose Fulbright (Hong Kong and Melbourne, Australia) and Minter Ellison (Brisbane, Australia). Mr. Siu received a Bachelor of Commerce (Accountancy) and Bachelor of Laws double degree from the University of Queensland, Australia in 2002, and he is admitted as a solicitor of the High Court of Hong Kong, the Supreme Court of Queensland, Australia and the Supreme Court of Victoria, Australia.

Mr. Law Geoff Chun Mo ("Mr. Law"), aged 42, was appointed as the Group Financial Controller of the Company in November 2016. Mr. Law obtained a bachelor's degree of commerce from the University of New South Wales in Australia, majoring in finance and accounting. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Law has extensive experiences in financial management, internal control management, corporate finance, pre-investment and post-investment project management, equity investment and other related areas. Mr. Law also has management experiences in the People's Republic of China ("PRC"). Mr. Law was also the Chief Financial Officer and Company Secretary of Fujian Nuoqi Co., Ltd. which is a company listed on the main board of the Stock Exchange (stock code: 1353). Prior to joining the Group, Mr. Law had various work experiences, including being an audit senior manager in KPMG, the financial controller of an A-share listed company, and the chief financial officer and investment director in private equity fund management companies in the PRC.

Mr. Han Chi Ting ("Mr. Han"), aged 42, joined Hao Tian Finance Company Limited as General Manager in January 2017. Mr. Han possessed a Master degree from London University in Financial Risk Management. Mr. Han has been working in Banking and Financing industry about 20 years. Before joining the Company, Mr. Han was CEO in Tongsheng Micro-credit Company Limited, General Manager in Zhongtai Finance Company (HK) Limited, General Manager in United Asia Finance (CQ) Limited and Relationship Manager in Private Banking of Dah Sing Bank. Mr. Han is responsible for the company's strategic development and business/marketing direction, managing company's daily operation, keeping the P/L in good shape, leading and supervising the sales team to develop and achieve the business target, monitoring and ensuring all deals, policies and procedures are in line with compliance. Mr. Han has extensive experience of management in finance company.

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

Director's Statement

On behalf of Hao Tian Development Group Limited (the "Company", and together with its subsidiaries, collectively the "Group"), I hereby present the annual results of the Group for the year ended 31 March 2017 (the "Year").

We are delighted that certain milestones had been achieved during the Year, including the successful acquisition of two companies listed on the Stock Exchange, including Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited) (stock code: 1341) which is principally engaged in the rental of construction machinery and Fujian Nuoqi Co., Ltd, (stock code: 1353) which is principally engaged in the retail of men's and women's apparels. We have also acquired Hao Tian International Securities Limited (formerly known as Paul Securities Limited), a brokerage firm dealing in securities in Hong Kong. During the Year, we have established an electronic trading platform for our customers for the trading of bullion and trading of futures. We believed that participation in different business segments as mentioned above will enhance our corporate image and customer base.

For the existing business segments, the revenue of our money lending business continued to grow while for the securities investment, we have partially disposed of one of our major investments – China Innovative Finance Group Limited (stock code: 412) with gross proceeds of approximately HK$516.2 million being received. Our Group is confident with the future development of the Hong Kong stock market and the money lending business and we will continue to actively participate in these business segments.

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

Dr. Zhiliang Ou
Executive Director

Hong Kong, 28 June 2017

BUSINESS REVIEW

Money Lending Business

During the year, the money lending business of the Group generated an interest income of approximately HK$138.1 million (2016: approximately HK$130.0 million), representing an increase of approximately 6.2%. The main service of this segment includes property mortgage loans and personal loans to customers in Hong Kong. As at 31 March 2017, the outstanding loan receivables of the money lending business of the Group (net of impairment) has reached approximately HK$788.6 million (2016: approximately HK$827.8 million).

Securities Investment Business (Investments held for trading)

During the year, the net realised losses from disposal of investments held for trading were approximately HK$964.5 million (2016: realised gain of approximately HK$16.2 million) and the unrealised fair value losses from investments held for trading, comprising listed equity securities, were approximately HK$2,096.0 million (2016: unrealised fair value gain of approximately HK$1,528.4 million). The substantial losses incurred were mainly attributable to the partial disposal of the shares in China Innovative Finance Group Limited (stock code: 412) ("CIFG") which incurred a realised loss of approximately HK$970.0 million and a fair value loss for the remaining shares in CIFG of approximately HK$2,050.5 million. However, we have received gross proceeds of approximately HK$516.2 million (including the gross proceeds from partial disposal of shares in CIFG held as available-for-sale investments) from the partial disposal of the shares in CIFG which significantly enhanced our cashflow position and provide the Group with solid capital base to pursue other potential investments.

As of 31 March 2017, the value of equity securities listed on the Stock Exchange held by the Group which were classified as investments held for trading amounted to approximately HK$1,237.2 million (31 March 2016: approximately HK$4,859.9 million). They mainly comprised the following listed securities, namely: (1) CIFG (stock code: 412); (2) Carnival Group International Holdings Limited (stock code: 996); and (3) Imperial Pacific International Holdings Limited (stock code: 1076) ("Imperial Pacific"). The details of the Group's equity securities investments classified as investments held-for-trading are set out as follows:

Company Name/(Stock Code)	Number of shares held at at 31 March 2017	Percentage of shareholdings at 31 March 2017	Carrying amount at 31 March 2016	Unrealised fair value (loss)/gain for the year ended 31 March 2017	Fair value at 31 March 2017	Percentage of equity securities investments classified as investments held-for-trading at 31 March 2017	Percentage of total assets of the Group at 31 March 2017
			HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
China Innovative Finance Group Limited (412)	3,307,298,610	17.24%	3,141,933	(2,050,525)	1,091,408	88.22%	20.43%
Carnival Group International Holdings Limited (996)	40,610,000	0.24%	97,859	(21,747)	76,112	6.15%	1.42%
Far East Holdings International Limited (36)	44,982,000	4.13%	28,339	5,847	34,186	2.76%	0.64%
Imperial Pacific International Holdings Limited (1076)	229,700,000	0.16%	35,833	(4,823)	31,010	2.51%	0.58%
Beijing Properties (Holdings) Limited (925)	8,140,000	0.05%	4,314	(1,302)	3,012	0.24%	0.06%
HengTen Networks Group Limited (136)	10,292,000	0.01%	3,859	(2,387)	1,472	0.12%	0.03%
HengTen Networks Group Ltd (warrant: 1493)	204,116,800	N/A	20,412	(20,412)	–	–	–
Up Energy Development Group Ltd (307)	4,000,000	0.09%	612	(612)	–	–	–
Disposal securities	N/A	N/A	1,546,734	–	–	–	–
			4,859,871	(2,095,961)	1,237,200	100%	23.15%

As investment in equity securities accounts for a significant portion of the Group's total assets, management will closely monitor the investment portfolio and capture opportunities arising from held-for-trading investments in a prudent manner and balance investment risks. The Group believes that following the implementation of the favorable financial measures in Hong Kong, such as the Shanghai-Hong Kong Stock Connect, mutual recognition of funds and the Shenzhen-Hong Kong Stock Connect, the Group is optimistic about the future equity securities market in Hong Kong.

Investments classified as available-for-sale investments

During the year, the realised gain from disposal of available-for-sale investments were approximately HK$53.2 million (2016: approximately HK$29.3 million). As of 31 March 2017, the value of listed equity securities in Hong Kong held by the Group which were classified as available-for-sale investments amounted to approximately HK$694.3 million (31 March 2016: approximately HK$1,317.5 million). Such value comprised of securities of three listed companies, namely: (1) Imperial Pacific (stock code: 1076); (2) HengTen Networks Group Limited (stock code: 136); and (3) CIFG (stock code: 412). There was no material change in the portfolio composition of listed equity securities classified under available-for-sale investments during the year other than the partial disposal of the shares in CIFG as mentioned in the preceding paragraphs together with an impairment loss being recognised for shares of Up Energy Development Group Limited (stock code: 307) ("Up Energy") amounted to approximately HK$56.2 million. The remaining balance of available-for-sale investments represented certain unlisted equity securities carried at cost less accumulated impairment, which amounted to approximately HK$70.2 million (2016: approximately HK$82.0 million). The details of the Group's available-for-sale investments are set out as follows:

Company Name/(Stock Code)	Number of shares held at at 31 March 2017	Percentage of shareholdings at 31 March 2017	Carrying amount at 31 March 2016	Unrealised fair value (loss)/gain and (impairment loss) for the year ended 31 March 2017	Carrying amount at 31 March 2017	Percentage of total available for sale investments at 31 March 2017	Percentage of total assets of the Group at 31 March 2017
			HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Imperial Pacific International Holdings Limited (1076)	4,133,660,000	2.89%	644,851	(86,807)	558,044	73.00%	10.44%
China Innovative Finance Group Limited (412)	196,261,040	1.02%	186,448	(121,682)	64,766	8.47%	1.21%
HengTen Networks Group Limited (136)	500,000,000	0.67%	187,500	(116,000)	71,500	9.35%	1.34%
Up Energy Development Group Limited (307)	367,500,000	8.10%	56,228	(56,228)	–	–	–
Others - unlisted	N/A	N/A	81,982	(11,804)	70,178	9.18%	1.31%
Disposed securities	N/A	N/A	242,477	–	–	–	–
			1,399,486	(392,521)	764,488	100%	14.30%

Financial assets designated as fair value through profit or loss ("FVTPL")

As at 31 March 2017, financial assets designated as FVTPL amounted to approximately HK$27.8 million (2016: HK$24.3 million).

Description of the financial assets designated as FVTPL	Carrying amount at 31 March 2016	Unrealised fair value gain (loss) for the year ended 31 March 2017	Fair value at 31 March 2017	Percentage of total assets of the Group at 31 March 2017
	HK$'000	HK$'000	HK$'000	HK$'000
Unlisted convertible bond at fair value in Hong Kong – Jimei International Entertainment Group Limited (principal amount of HK$25 million at a conversion price of HK$5 per share)	24,252	3,527	27,779	0.52%
Options consideration	466,150	(466,150)	–	–
	490,402	(462,623)	27,779	0.52%

Rental of construction machinery business

Upon completion of the acquisition of 75% shareholding interest in Hao Tian International Construction Investment Group Limited ("Hao Tian International Construction") on 6 February 2017, the Group started to consolidate the results of Hao Tian International Construction which contributed a revenue of approximately HK$51.2 million and a net profit of approximately HK$13.4 million for the post-acquisition period during the year.

Trading of futures business

During the year, the Group had incurred a loss in the trading of futures business segment, which recorded a loss of approximately HK$16.2 million (2016: profit of approximately HK$1.0 million) mainly attributable to the volatility of the commodities market.

Retailing of men's and women's apparels business

Upon completion of the acquisition of 51% equity interest of Fujian Nuoqi Co., Ltd ("Fujian Nuoqi") and the despatch of the composite offer document of Fujian Nuoqi on 8 February 2017, the Group has control over Fujian Nuoqi and started to consolidate the results of Fujian Nuoqi which contributed a revenue of approximately HK$9.3 million and a net profit of approximately HK$4.6 million for the post-acquisition period during the year.

Warehousing and Logistics Business

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

Completion of acquisition of a brokerage firm and commencement of trading platforms for trading of bullion

The Group had acquired the entire issued share capital of Hao Tian International Securities Limited (formerly known as Paul Securities Limited) ("Hao Tian Securities") which is principally engaged in the provision of brokerage services in Hong Kong and is a corporation licensed to carry out Type 1 regulated activity (Dealing in Securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). The acquisition was completed on 8 August 2016.

In mid-July 2016, the Group had established an electronic trading platform for customers in relation to the trading of bullion through King International Bullion Limited, an indirect wholly-owned subsidiary of the Company. In October 2016, King International Futures Limited, another subsidiary which plans to adopt a similar business model by using electronic trading platform for customers in the trading of futures, had successfully obtained approval from the Securities and Futures Commission of Hong Kong ("SFC") and become a corporation licensed to carry out Type 2 regulated activity (Dealing in Futures Contract) under the SFO and the business was commenced in January 2017.

FINANCIAL REVIEW

The Group had incurred a loss attributable to the owners of the Company of approximately HK$3,078.9 million for the year ended 31 March 2017 (2016: profit of approximately HK$524.4 million). Such loss was mainly attributable to the partial disposal of the shares in CIFG ("CIFG Disposal") with a net realised loss of approximately HK$970.0 million and a fair value loss for the remaining shares in CIFG of approximately HK$2,050.5 million as mentioned in the section headed "Business Review" of this management discussion and analysis. Such impact had been partially offset by the continuing growth of the money lending business and the gain on disposal of certain available-for-sales investments.

Management Discussion and Analysis

Interest income from money lending business amounted to approximately HK$138.1 million (2016: approximately HK$130.0 million). The increase was mainly attributable to the continued increase in the number of customers for our property mortgaged loan business and personal loan business. Interest expenses of approximately HK$20.1 million (2016: approximately HK$30.9 million) was incurred for bank borrowings obtained solely for the Group's money lending business.

The Group recorded losses in other gains and losses of approximately HK$3,616.6 million for the year ended 31 March 2017 (2016: gains of approximately HK$762.2 million). Such loss was mainly attributable to (i) the fair value loss on investments held for trading of HK$3,076.3 million (2016: fair value gain of HK$1,540.2 million) which in turn was mainly attributable to the CIFG Disposal and (ii) fair value loss on financial asset designated as FVTPL of approximately HK$466.2 million which was related to Up Energy in view of its prolonged suspension in the trading of its shares (trading in its shares has been suspended since 30 June 2016 and it was placed in the second delisting stage by the Stock Exchange on 19 April 2017 under Practice Note 17 to the Listing Rules) and the winding up petitions have been filed by creditors against it in the High Court of Hong Kong and the Supreme Court of Bermuda, respectively. For details of the petitions, please refer to the announcements of Up Energy dated 31 March 2016, 23 May 2016, 29 June 2016 and 23 May 2017.

Administrative Expenses

For the year ended 31 March 2017, administrative expenses were approximately HK$132.9 million (2016: approximately HK$89.3 million), representing an increase of approximately HK$43.6 million or approximately 48.8% as compared with last year. The increase was mainly due to the increase in the number of subsidiaries after the acquisition of Hao Tian International Construction, Hao Tian Securities, Fujian Nuoqi and the establishment of various companies in relation to the commodities and futures brokerage business.

Finance Costs

For the year ended 31 March 2017, the finance costs were approximately HK$87.9 million (2016: approximately HK$87.9 million), representing the same level compared with last year.

Taxation

For the year ended 31 March 2017, net income tax credit was approximately HK$497.9 million (2016: income tax expense of approximately HK$256.9 million). The existence of such income tax credit was mainly due to the reversal of deferred tax expenses previously charged in relation to fair value gains on investments held for trading in previous years. Such reversal was generally in line with the existence of fair value loss on investments held for trading incurred for the year ended 31 March 2017.

(Loss) Profit Attributable to Owners of the Company

For the year ended 31 March 2017, the Group recorded a loss attributable to owners of the Company of approximately HK$3,078.9 million (2016: a profit of approximately HK$524.4 million) which was attributable to the factors mentioned in preceding paragraphs.

Liquidity, Capital Structure and Financial Resources

The Group mainly funds its operations from a combination of operating cash flows, borrowings and equity. As at 31 March 2017, the Group had bank balances and cash (including pledged bank deposits) of approximately HK$865.6 million (31 March 2016: approximately HK$463.2 million). The Group's working capital decreased to approximately HK$1,747.5 million (31 March 2016: approximately HK$5,926.1 million). Such decrease was mainly resulted from the substantial fair value loss on investments held for trading incurred during the year.

As at 31 March 2017, the Group had outstanding borrowings (including secured notes and obligations under finance leases) of approximately HK$1,096.2 million (31 March 2016: approximately HK$831.5 million). The Group had various banking facilities provided by financial institutions in Hong Kong which were secured by certain assets of the Group, including (i) the Group's available-for-sale investments of HK$136.3 million; (ii) investments held for trading of HK$1,134.9 million; (iii) certain bank deposits held by the Group; (iv) leasehold land and building with net carrying amount of approximately HK$6.3 million; and (v) machinery and motor vehicles with net carrying amount of approximately HK$119.1 million.

On 10 April 2015, the Company entered into a subscription agreement with Asia Link Capital Investment Holdings Limited ("Asia Link"), the Company's holding company. Pursuant to the agreement, the Company issued certain warrants of the Company at a subscription price of HK$0.4545 per share (adjusted to reflect the impact of the bonus issue of shares which took place on 5 February 2016). During the year, all the outstanding warrants were exercised by Asia Link and gross proceeds of approximately HK$244.4 million was received by the Company.

Management Discussion and Analysis

Gearing ratio (being the ratio of total borrowings, including secured notes and obligations under finance leases, to total assets) as at 31 March 2017 was 20.5% (31 March 2016: 9.9%). The increase was mainly attributable to (i) the increase of securities margin loan and (ii) the fair value loss on investment held for trading which reduced the asset base.

Capital Commitments

As at 31 March 2017, the Group had capital commitments which amounted to approximately HK$154.0 million (31 March 2016: approximately HK$140.4 million) in respect of addition of property, plant and equipment which had been contracted for but not provided for. The above capital commitments were mainly related to the development of the logistics warehousing business in Xinjiang and the purchase of construction machinery for rental purpose.

Contingent liabilities

As at 31 March 2017, the Group provided corporate guarantees and performance guarantee amounting to approximately HK$2.3 million and HK$11.2 million (2016: the subsidiary was not yet acquired by our Group) to the banks in respect of obligations under finance leases and the Group's obligations under contracts with certain third party customers respectively. Under the guarantees, Group would be liable to pay the banks if the banks are unable to recover the outstanding amounts under these finance leases from these customers or the Group failed to perform relevant obligations to these customers. As at 31 March 2017, no provision for the Group's obligation under the guarantee has been made as the Directors considered that it was not probable that the repayment of the finance lease would be in default and it was not probable that a claim will be made against the Group.

Save as disclosed above, the Group had no material contingent liabilities as at 31 March 2017.

Exposure to Fluctuations in Exchange Rates

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

Employee Information

As at 31 March 2017, the Group had a total of approximately 358 employees (31 March 2016: 69 employees) in Hong Kong and the PRC. The Group maintains a mandatory provident fund scheme for its employees in Hong Kong and participates in the state-managed retirement benefit schemes for its employees in the PRC. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employee and will be reviewed every year.

The Group has also adopted a share option scheme and a share award scheme. A summary of the share option scheme of the Group are set out in the notes to the consolidated financial statements of the Company. Details of the share award scheme is set out in the announcement of the Company dated 27 September 2013.

DEBT/EQUITY FUND RAISING ACTIVITIES IN THE PREVIOUS TWELVE MONTHS

The Group carried out a number of debt/equity funding activities in the previous twelve months. The details of debt/equity funding activities and the actual use of proceeds are as follows:

Date of announcement	Events	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds as at the reporting date
22 May 2016	Issue of new ordinary shares by Hao Tian Management (Hong Kong) Limited up to the maximum amount of USD40 million and issue of option shares by the Company	Approximately HK$311.9 million	Investment in listed securities, general working capital of the Group and other potential investment opportunities	Used as intended and approximately HK$306.9 million was utilised for the money lending business of the Group and remaining balance of approximately HK$5 million for working capital of the Group
10 May 2017	Placing of 200,000,000 new ordinary shares with aggregate nominal value of HK$2,000,000 by a subsidiary of the Company, being Hao Tian International Construction Investment Group Limited (formerly known as Clear Lift Holdings Limited) at the placing price of HK$0.62 per placing share (and net issue price being HK$0.605 per placing share). The closing price of the shares on 10 May 2017 was HK$0.66	Approximately HK$121.4 million	Prospective real estate development and investment properties and expansion opportunities in respect of the rental of construction machinery business in the PRC, Singapore, Vietnam and the United Kingdom by the Clear Lift group; and for the general working capital of the Clear Lift group	Not yet utilized

Management Discussion and Analysis

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

Investment in Camellia Oleifera Project

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

Investment in Fujian Nuoqi

On 22 July 2016, the HT China Restructuring Agreement was entered into between Hao Tian Investment and Fujian Nuoqi (stock code: 1353), pursuant to which, among others, (i) Hao Tian Investment conditionally agreed to participate in the restructuring of Fujian Nuoqi, as the party responsible for the restructuring under the reorganisation proposal and (ii) for the retention of the assets in Fujian Nuoqi and the transfer of 51.0% equity interest in Fujian Nuoqi to Hao Tian Investment, Hao Tian Investment conditionally agreed to pay the amount of RMB150,583,125.05 (equivalent to approximately HK$174.5 million). Completion of the HT China Restructuring Agreement had taken place on 5 September 2016 and details of the transaction were disclosed in the announcement of the Company dated 28 July 2016.

Upon signing of the HT China Restructuring Agreement, our Group had an obligation under the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") issued by the SFC to make a general offer ("Fujian Nuoqi General Offer") to all shares of Fujian Nuoqi not already owned by our Group and the Fujian Nuoqi General Offer was completed on 1 March 2017. The Group's shareholding in Fujian Nuoqi had been increased from 51.0% to 59.93% immediately upon the completion of the Fujian Nuoqi General Offer. In addition, certain resumption conditions had been stipulated by the Stock Exchange before Fujian Nuoqi can resume trading of its shares. Fujian Nuoqi had submitted resumption proposals with business plan to the Stock Exchange and at the same time revamped the business operation of Fujian Nuoqi. Our Group will continue to allocate adequate resources in a timely manner to strive for the resumption of trading of the shares of Fujian Nuoqi.

Investment in Clear Lift

On 16 January 2017, Tang J F T Company Limited, Tang Yiu Chi James and Hao Tian Management (China) Limited ("Hao Tian China"), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement (the "SP Agreement") in relation to the conditional sale and purchase of 750,000,000 shares, representing 75% of the issued share capital of Clear Lift Holdings Limited (stock code: 1341) (now known as Hao Tian International Construction Investment Group Limited) ("Clear Lift") for an aggregate consideration of HK$592,500,000, equivalent to approximately HK$0.79 per share, which was fully settled upon completion. Completion has taken place on 6 February 2017.

Following the completion of the said acquisition, Hao Tian China became interested in, and control the voting rights in respect of, 75% of the then issued share capital of Clear Lift. In accordance with Rule 26.1 of the Takeovers Code, Hao Tian China made a mandatory unconditional cash offer ("Clear Lift General Offer") to acquire all the issued shares (other than those shares already owned or agreed to be acquired by Hao Tian China and/or parties acting in concert with it) in accordance with the terms set out in the composite offer document and the response document jointly despatched by the Company, Hao Tian China and Clear Lift on 20 February 2017 in accordance with the Takeovers Code.

As of the close of the Clear Lift General Offer on 13 March 2017, Hao Tian China received valid acceptances in respect of the Clear Lift General Offer for a total of 57,947,000 shares, representing approximately 5.79% of the issued share capital of Clear Lift as at the said date.

Further information regarding the Clear Lift General Offer was disclosed in the Company's announcements dated 16 January 2017, 6 February 2017, 20 February 2017 and 13 March 2017, and the Composite Document.

Issue of new shares in HTM

On 22 May 2016, Hao Tian Management (Hong Kong) Limited ("HTM"), an indirect wholly-owned subsidiary of the Company at the material time which is principally engaged in securities investment, investment holding and provision of management services, entered into a subscription agreement (the "CCB Subscription Agreement") with Vandi Investments Limited ("Vandi"), a wholly-owned subsidiary of CCB International (Holdings) Limited, pursuant to which Vandi agrees to subscribe for new shares issued and allotted by HTM at a consideration of USD40 million. The above transaction was completed on 23 August 2016. Gross proceeds of approximately HK$311.6 million were received by HTM and HTM is now owned as to approximately 92.41% and approximately 7.59% by the Company and Vandi respectively.

On 20 July 2016, the Company, HTM and Vandi have entered into a call option deed ("CCB Option Deed") pursuant to which the Company, without additional consideration, grants to Vandi a call option to require the Company to allot and issue up to 389,940,000 new shares with aggregate nominal value of HK$3,899,400 to Vandi at a price of HK$0.8 per share (subject to adjustment) exercisable from the period commencing from the date of the CCB Option Deed and ending on the date that falls on the fifth anniversary thereof. The net issue price (after deducting all costs and expenses) was approximately HK$0.799. The closing price of the shares of the Company as at 20 July 2016 was HK$0.495.

Details of the CCB Subscription Agreement and CCB Option Deed were disclosed in the circular of the Company dated 28 June 2016.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposal for the year ended 31 March 2017.

SIGNIFICANT LITIGATIONS OR ARBITRATIONS

Claim against Inner-Mongolia Shuangxin Resources Group Co. Ltd

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

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

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

On 21 August 2014, Shuangxin filed a legal action at the Inner-Mongolia Autonomous Regional Higher People's Court claiming against the Group for damages in an aggregate amount of RMB102,978,100 (the "Case"). On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Autonomous Regional Higher People's Court. On 2 June 2015, the Mongolia Autonomous Regional Higher People's Court issued a civil ruling dismissing the Group's application. The Group then submitted an application for leave to appeal against such civil ruling at the Supreme People's Court of the People's Republic of China and the appeal was dismissed. On 22 March 2016, Shuangxin applied to the Mongolia Autonomous Regional Higher People's Court for the temporary suspension of execution with regard to the mandatory enforcement applied by the Group on 6 February 2015 and the decision is in favour of Shuangxin. The Group then filed an appeal against such ruling and is waiting for the court's decision. The Mongolia Autonomous Regional Higher People's Court commenced the hearing of the Case on 13 April 2016 and the court hearing was in general completed in June 2016. As at the date of this annual report, the court has still not made a judgment on this litigation. The Board will provide updates as and when appropriate.

Separately, in June 2016, the Group filed an arbitration claim to CIETAC for the return of guarantee monies of approximately RMB7.9 million which was previously withheld by Shuangxin.

Claim against Up Energy Development Group Limited

On 12 August 2016, the Company claimed against Up Energy Mining Limited and Up Energy Development Group Limited (the "Defendants") for (i) issuance of the 227,500,000 top-up consideration shares of Up Energy Development Group Limited and (ii) cash payment pursuant to an agreement entered into between the Company as a vendor and the Defendants as the purchaser group for the sale and purchase of shares in and assignment of shareholder's loan due from Champ Universe Limited on 12 October 2012. Details of the claim are disclosed in the announcements of the Company dated 29 June 2016 and 12 August 2016.

In the meantime, two joint provisional liquidators (the "JPLs") were appointed to the Defendants by the Supreme Court of Bermuda in October 2016, and since 28 April 2017, the JPLs have assumed full control of the Defendants, including the powers to bring and defend any legal action, including the Company's claim.

At the case management summons hearing on 8 June 2017, the court adjourned the hearing to 15 August 2017 and directed the Company and the JPLs to conduct mediation to resolve the claim.

Claim by Chim Kee against equipment hire customer

In 2012, a customer of Chim Kee Machinery Co., Ltd. ("Chim Kee"), one of the subsidiaries of the Group held indirectly through Hao Tian International Construction, commenced litigation against Chim Kee for alleged breach of a rental contract. The customer claimed for an overall damages of more than HK$100 million while the disputed sum claimed by Chim Kee to the customer was approximately HK$17.5 million together with other unascertained damages. On 24 March 2016, the Court of First Instance handed down a judgment and ruled in favour of Chim Kee and ordered the customer to pay Chim Kee for unpaid rental plus interest and costs. On 26 April 2016, the customer lodged an appeal to the Court of Appeal against the judgment of the Court of First Instance. The appeal was heard before the Court of Appeal on 14 and 15 June 2017 and the judgment was not yet available as at the date of this annual report.

After considering the evidence and the background facts in relation to the above legal proceedings and advice from Chim Kee's legal adviser, the directors of Hao Tian International Construction are of the view that such customer's allegations and assertions are not cogent and convincing and therefore, the appeal is likely to be dismissed. For details of this proceeding, please refer to the prospectus of Hao Tian International Construction dated 30 November 2015.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of conduct for Directors' securities transactions. The Company has made specific enquiry to all Directors and all Directors confirmed that they have fully complied with the Model Code for the year ended 31 March 2017.

EVENTS AFTER THE REPORTING PERIOD

Subscription for interest in a fund

On 5 April 2017, Fortune Jumbo Limited ("Fortune Jumbo"), a subsidiary of the Company, placed an order with Haitong International Securities Company Limited ("Haitong Securities"), pursuant to which Haitong Securities shall subscribe for the interest in Haitong Global Investment SPC III (a segregated portfolio company) on behalf of Fortune Jumbo at the subscription amount of US$30,000,000 (approximately HK$234,000,000). Details of the transaction were disclosed in the announcement of the Company dated 5 April 2017.

Proposed bonus issue of shares

On 19 April 2017, the Board recommended a bonus issue of shares to the qualifying shareholders whose names appear on the register of members of the Company on 18 July 2017 on the basis of one (1) bonus share for every six (6) existing shares held by the qualifying shareholders, subject to the approval by the shareholders at the extraordinary general meeting to be convened on 5 July 2017. Details of the bonus issue were disclosed in the announcement and circular of the Company dated 19 April 2017 and 13 June 2017 respectively.

Placing of new shares by Clear Lift

On 10 May 2017, Clear Lift entered into a placing agreement (the "Placing Agreement") with Hao Tian International Securities Limited ("Hao Tian Securities") and Kingston Securities Limited ("Kingston Securities") (collectively, the "Placing Agents"), pursuant to which the Placing Agents agreed, as agents of Clear Lift, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 200,000,000 placing shares of Clear Lift at the placing price of HK$0.62 per placing share. The placing shares would be allotted and issued pursuant to Clear Lift's general mandate and is not subject to further approval by the shareholders of Clear Lift. Completion took place in accordance with the terms of the Placing Agreement on 26 May 2017 and HK$545,600 was paid by Clear Lift to Hao Tian Securities, a connected person of Clear Lift, on account of placing commission. A total of 156,000,000 placing shares have been successfully placed by Kingston Securities and 44,000,000 placing shares have been successfully placed by Hao Tian Securities to not less than 6 placees at the placing price of HK$0.62 per placing share pursuant to the terms and conditions of the Placing Agreement. An aggregate of 200,000,000 new shares of Clear Lift have been issued and allotted, representing 20% of the issued shares of Clear Lift immediately prior to the completion and approximately 16.67% of the issued shares of Clear Lift as enlarged by the placing shares. Upon completion of the placing, Clear Lift was owned as to approximately 62.5% by the Company and 37.5% by the public shareholders of Clear Lift (including the placees) respectively. The placing above constituted a deemed disposal and discloseable transaction of the Company under Chapter 14 of the Listing Rules. Details of the placing were disclosed in the announcements of the Company and Clear Lift dated 10 May 2017 and 26 May 2017 respectively.

Management Discussion and Analysis

Loan facilities obtained

On 21 April 2017, the Group obtained a loan facility of up to RMB80,000,000 with a term of three years and the loan facility was secured by the 51% of the entire issued share capital of Fujian Nuoqi which is held by the Group, the leasehold land and building and the prepaid lease payments. The above facility had been fully utilised on 27 June 2017.

On 14 June 2017, the Group obtained a loan facility of up to HK$350,000,000 with a term of twelve months from the drawdown date and the loan facility was currently secured by certain available-for-sale investments and certain investments held for trading held by the Group. Up to the date of this annual report, an amount of HK$163.6 million had been utilised.

Redemption of secured notes

On 27 June 2017, the Group fully redeemed the US$30 million 9 per cent, senior secured notes due 2017 issued by the Company on 6 July 2015 (the "SN Notes"). The investments held for trading pledged to secure the SN Notes will be released as soon as practicable.

BUSINESS PROSPECTS

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

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

The completion of the acquisition of Hao Tian Securities, the recent launch of the electronic trading platforms to customers for the trading of bullion and for the trading of futures, represents major milestones of the Group to diversify into different segments of the financial market so that the Group will be able to provide a full range of financial services in Hong Kong in the long run. We are also confident that the above newly engaged activities can achieve synergy with our existing money lending business. In view of this, we have injected further capital to Hao Tian Securities in order to strengthen the equity base so as to expand the customer base and the scale of operation and hence the market share. We will also explore potential fund raising alternatives available in the capital market to complement our expansion plan.

In addition to the development in the financial services as mentioned above, our Group had diversified to other business sectors during the year including the investment in Fujian Nuoqi which is engaged in the retailing of men's and women's apparels and Hao Tian International Construction which is mainly engaged in the rental and trading of construction machinery. For Fujian Nuoqi, in addition to the existing retail sale points, we recognised the prevalence of e-commerce in the PRC so that Fujian Nuoqi has launched a self-operated official shopping website and also set up an online store with a well-known business-to-customer online retail website. For Hao Tian International Construction, in addition to its existing core business, we also planned to participate in real estate developments and investment properties and expansion opportunities in respect of the rental of construction machinery business in the PRC, Singapore, Vietnam and the United Kingdom. The change of name to Hao Tian International Construction reflected such business plan.

Our Group also recognizes that there is an increasing public awareness recently over the healthcare matters in the PRC and we believe that it is an opportunity for the Group to explore the related market niche. In June 2016, the Group has entered into an investment framework agreement to invest in the Innovative Camellia Oleifera Health Industry Project (創新型油茶健康產業項目) (the "Project") which involves the establishment of a base for the cultivation of Camellia Oleifera and the production of Camellia Oleifera-related products in Qingliu County, Fujian Province. Although we are confident of the success of the Project, we will be cautious on the level of capital expenditure required during the pre-operation period.

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

FINAL DIVIDEND

The Board does not recommend the payment of a cash final dividend for the year ended 31 March 2017 (2016: Nil).

Report of Directors

The Directors of the Company present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. As at the date of this annual report, its subsidiaries are principally engaged in the business of financial services, securities investment, trading of futures, logistics and warehousing, rental and trading of construction machinery and the retailing of men's and women's apparels. The principal activities of its subsidiaries are set out in note 46 to the consolidated financial statements for the year ended 31 March 2017.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017 on pages 62 and 63 of this annual report.

No final dividend was recommended by the Directors for the year ended 31 March 2017 (2016: Nil).

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2017, the Company's reserves available for distribution amounted to approximately HK$2,946.9 million (2016: HK$2,935.2 million). The distributable reserves include the Company's share premium reserve of approximately HK$4,275.5 million (2015: HK$3,647.2 million), which may be distributed subject to Section 34 of the Companies Law of the Cayman Islands and the Articles of Association of the Company. Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 66 and 67 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in notes 17 to the consolidated financial statements for the year ended 31 March 2017.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 40 to the consolidated financial statements for the year ended 31 March 2017.

PRE-EMPTIVE RIGHTS

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

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years ended 31 March 2017 is set out on page 204 of this annual report.

PURCHASE, SALES OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

DIRECTORS

The Directors during the year ended 31 March 2017 and up to the date of this annual report were:

Executive Directors

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

Independent Non-Executive Directors

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

According to the Company's Articles of Association, Dr. Zhiliang Ou and Mr. Lee Chi Hwa, Joshua shall retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS SERVICE CONTRACTS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

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

As at 31 March 2017, the interests and short positions of the Directors and chief executives of the Company in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of Director/ chief executive	Capacity	Nature of interest	Number of shares held	Number of underlying shares held	Total interests	Approximate percentage of total issued share capital (Note 1)
Fok Chi Tak	Beneficial owner	Personal interest	21,798,604	666,336 (Note 2)	22,464,940	0.54%
Xu Hai Ying	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Ou Zhiliang	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Chan Ming Sun, Jonathan	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Lam Kwan Sing	Beneficial owner	Personal interest	628,931	–	628,931	0.02%
Lee Chi Hwa, Joshua	Beneficial owner	Personal interest	628,931	–	628,931	0.02%

Notes:

1. The percentage of shareholding is calculated on the basis of 4,186,167,450 shares in issue as at 31 March 2017.

2. These are the number of shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to the share options granted by the Company under the share option scheme adopted on 16 May 2006. As at the date of this annual report, the share options have lapsed in full.

Other than as disclosed above, as at 31 March 2017, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

The Company has adopted a new share option scheme on 25 September 2015 and a share award scheme on 27 September 2013, respectively. Particulars of the Company's share option schemes and details of movements in the share options are set out in note 44 to the consolidated financial statements. There is no share award granted under the share award scheme during the year ended 31 March 2017.

CONNECTED TRANSACTION

The allotment and issuance of new shares to Mr. Fok Chi Tak

On 26 September 2016, the Company and Mr. Fok Chi Tak ("Mr. Fok") entered into the services agreement, pursuant to which the Company agreed to engage Mr. Fok as, and Mr. Fok agreed to accept the appointment of, the Executive Director of the Company for a term of three years commencing from 27 September 2016 (the "Services Agreement").

Pursuant to the Services Agreement, the Company has agreed to allot and issued 36,452,004 Shares (which was calculated based on the aggregate value of HK$15,000,000 and the reference closing price) to Mr. Fok, subject to the compliance with the requirements under the Listing Rules.

Mr. Fok, being an Executive Director of the Company, is a connected person of the Company under the Listing Rules. Accordingly, the issue of the emolument shares to Mr. Fok constituted a connected transaction of the Company under the Listing Rules. Details of such transaction were set out in the announcement dated 26 September 2016 and the circular dated 26 January 2017 of the Company.

The related party transaction regarding the subscription agreement as set out in note 45 to the consolidated financial statements constitute connected transaction of the Company.

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

As at 31 March 2017, so far as is known to the Directors or chief executives of the Company, the following entities (other than a Director or chief executive of the Company) have interests or short positions of 5% or more in the shares and underlying shares of the Company which were recorded in the register of substantial shareholders maintained under Section 336 of the SFO or had otherwise notified to the Company:

Name of shareholder	Number of ordinary Shares held	Number of underlying Shares held	Capacity	Total interests	Approximate percentage of total issued share capital (Note1)
Li Shao Yu ("Ms. Li")	2,581,498,949 (Note 2)	–	Interest of controlled corporations	2,586,279,271	61.78%
	4,780,322 (Note 3)	–	Beneficial owner		
Asia Link Capital Investment Holdings Limited ("Asia Link")	2,581,498,949	–	Beneficial owner	2,581,498,949	61.67%
Central Huijin Investment Limited ("Central Huijin")	–	389,940,000 (Note 4)	Interest of controlled corporation	389,940,000	9.31%
China Construction Bank Corporation ("China Construction")	–	389,940,000 (Note 4)	Interest of controlled corporation	389,940,000	9.31%
China Innovative Finance Group Limited ("CIFG")	330,000,000 (Note 5)	–	Interest of controlled corporation	330,000,000	7.88%
Coupeville Limited	330,000,000 (Note 5)	–	Interest of controlled corporation	330,000,000	7.88%
Safe Castle Limited ("Safe Castle")	330,000,000 (Note 5)	–	Beneficial owner	330,000,000	7.88%

Notes:

1. The percentage of shareholding is calculated on the basis of 4,186,167,450 Shares in issue as at 31 March 2017.

2. These Shares were held directly by Asia Link, which was beneficially wholly-owned by Ms. Li.

3. Ms. Li held 4,780,322 Shares directly.

4. China Construction, through Vandi Investment Limited, which is its indirect wholly-owned subsidiary, held the Call Option. Central Huijin held 57.13% shareholding in China Construction.

5. Safe Castle Limited was directly interested in 330,000,000 Shares. Safe Castle Limited was directly wholly-owned by Coupeville Limited which was in turn directly wholly-owned by CIFG.

Other than as disclosed above, as at 31 March 2017, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who have interests or short positions in any shares or underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO) as recorded in the register required to be kept under Section 336 of the SFO.

MANAGEMENT CONTRACTS

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

TAX RELIEF

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

EMOLUMENT POLICY

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

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

The Company has adopted the share option schemes and the share award scheme as incentives to the Directors and eligible employees.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate revenue and purchases attributable to the Group's five largest customers and suppliers were approximately 47% and 12% of the Group's total revenue and purchases respectively and the revenue and purchase attributable to the Group's largest customer and supplier were approximately 15% and 3% of the Group's total revenue and purchases respectively.

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

DIRECTORS' INDEMNITY

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

The Company has taken out appropriate insurance cover in respect of legal action against the Directors during the year ended 31 March 2017.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

The Company has applied the principles and complied with all relevant code provisions of the CG Code as set out in Appendix 14 to the Listing Rules during the year ended 31 March 2017, save and except Code Provisions A.2.1 and A.5.1:

(i) The position of Chief Executive Officer was vacant until 15 August 2016

During the period between 1 April 2016 and 14 August 2016, the Company did not have a Chief Executive Officer since the former Chief Executive Officer has resigned and the Board was still in the course of identifying a suitable candidate for the said position. Mr. Gao Shufang was appointed as Chief Executive Officer with effect from 15 August 2016. The roles of Chairman and Chief Executive Officer of the Company were separate and performed by the Board collectively and Mr. Gao Shufang respectively thereafter.

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

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

BOARD COMPOSITION AND BOARD PRACTICES

Role and function

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

Corporate Governance Report

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

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

Composition

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

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

The non-executive members of the Board bring a wide range of business and financial experience to the Board, which contributes to the effective direction of the Group and promotes checks and balance of the management process to safeguard shareholders' interest. The Board will review regularly the Board's composition and considers that the composition of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operations and development of the Group. Their biographical details are set out on pages 4 to 7 of this annual report.

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

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

Appointment and re-election of Directors

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

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

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

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

Supply of and access to information

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

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

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

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

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

Corporate Governance Report

Independent Non-executive Directors

Pursuant to Rule 3.10(1) and Rule 3.10(2) of the Listing Rules, every listed issuer is required to have at least three Independent Non-executive Directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company complied with these requirements throughout the year ended 31 March 2017, with three Independent Non-executive Directors, which represented more than one-third of the entire Board; and more than one of them has appropriate professional qualifications in accounting or related financial management expertise.

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

Liability insurance for the Directors

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

Induction, information and ongoing development

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

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

All Directors are required to provide the Company with their training records on an annual basis. For the year ended 31 March 2017, all Directors have attended the training sessions arranged by the Company. They have also attended and/or given speech or training materials at external seminars/training sessions.

BOARD COMMITTEES

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

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

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

Attendance records

The Board meets regularly, normally four times each year with a meeting scheduled at approximately three-month intervals and additional meetings would be arranged if and when necessary. Details of Directors' attendance at the Board meetings, Committees meetings and the general meetings held during the year ended 31 March 2017 are set out as follows:

	Attendance/Number of meetings					
	Board	Executive Committee	Audit Committee	Nomination Committee	Remuneration Committee	General meeting
Total number of meetings	37	15	2	1	3	3
Executive Directors:						
Mr. Xu Hai Ying	36/37	15/15	N/A	N/A	N/A	3/3
Dr. Ou Zhiliang	33/37	15/15	N/A	1/1	3/3	3/3
Mr. Fok Chi Tak	37/37	15/15	N/A	N/A	N/A	3/3
Independent Non-executive Directors:						
Mr. Chan Ming Sun Jonathan	32/37	N/A	2/2	1/1	3/3	3/3
Mr. Lam Kwan Sing	31/37	N/A	2/2	1/1	2/3	3/3
Mr. Lee Chi Hwa, Joshua	37/37	N/A	2/2	N/A	N/A	3/3

The Chairman of the Nomination Committee, member of the Audit Committee, Remuneration Committee and representatives of the Auditors attended the annual general meeting held on 26 September 2016 to address queries of shareholders.

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

The Company established an Audit Committee in May 2006 with specific terms of reference (as amended and restated with effect from 1 January 2016). During the year ended 31 March 2017 and up to the date of this annual report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing and Mr. Lee Chi Hwa, Joshua. The principal duties of the Audit Committee are to review and to supervise the Group's statutory audit, interim and annual accounts of the Group and internal control system. It also acts as an important link between the Board and the Company's auditor in matters within the scope of the Group audit. Meetings shall be held at least twice a year.

The Audit Committee members held two meetings in the year ended 31 March 2017. A summary of the work performed by the Audit Committee during the year ended 31 March 2017 included:–

(a) reviewing the audited accounts and final results announcement for the year ended 31 March 2017 and the interim report and the interim results announcement for the six months ended 30 September 2016;

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

(c) reviewing the effectiveness of internal control; and

(d) meeting with the auditors to discuss any significant audit issues or key findings noted during the audit of the Group's final results for the year ended 31 March 2017 and the unaudited interim results for the six months ended 30 September 2016.

All issues raised by the Audit Committee have been addressed by the management. The work and findings of the Audit Committee have been reported to the Board. During the year ended 31 March 2017, no issues brought to the attention of the management and the Board were of significant importance to require disclosure in this annual report.

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

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

NOMINATION COMMITTEE

The Company set up a Nomination Committee in August 2009 with specific terms of reference (as amended and restated with effect from 21 June 2013) for the purpose of setting out formal, considered and transparent procedure for the appointment of Directors to the Board. During the year ended 31 March 2017 and up to the date of this annual report, the Nomination Committee comprised one executive Director, namely Dr. Ou Zhiliang and two independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan and Mr. Lam Kwan Sing. Its written terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of board composition, assessment of the independence of Independent Non-executive Directors, the management of board succession and monitoring the training and continuous professional development of Directors and senior management.

The Nomination Committee members held one meeting during the year ended 31 March 2017. A summary of the work performed by the Nomination Committee during the year ended 31 March 2017 included:–

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

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

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

REMUNERATION COMMITTEE

The Company set up a Remuneration Committee in May 2006 with specific terms of reference (as amended with effect from 21 June 2013) with principal responsibility to review and give recommendation to the Board regarding the remuneration package of the Directors and the senior management of the Company taking into consideration of the market practice, competitive market position and individual performance. During the year ended 31 March 2017 and up to the date of this annual report, the Remuneration Committee comprised one executive Director, namely Dr. Ou Zhiliang and two independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan and Mr. Lam Kwan Sing.

The Remuneration Committee members held three meetings during the year ended 31 March 2017. During the year, the Committee has discussed, reviewed the performance and gave recommendation to the Board on the remuneration packages for the Directors and management team, discussed on the proposal of employee incentive scheme.

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

CORPORATE GOVERNANCE FUNCTION

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

ACCOUNTABILITY AND AUDIT

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

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

Currently, the Company's external auditor is Deloitte Touche Tohmatsu and for the year ended 31 March 2017, the Group paid Deloitte Touche Tohmatsu, HK$2,134,000 and HK$1,626,000 as audit fees and non-audit related fees (mainly including interim report review fee, fees in relation to corporate transactions and taxation service fees) respectively. Members of the Audit Committee have been satisfied with the findings of their review of the audit fees, process and effectiveness, independence and objectivity of Deloitte Touche Tohmatsu as the Company's external auditor.

The statement of the auditor of the Company regarding their reporting responsibilities on the financial statements for the year ended 31 March 2017 is set out in the Independent Auditor's Report on pages 55 to 61 of this annual report.

INTERNAL CONTROL AND THEIR EFFECTIVENESS

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

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

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

COMPANY SECRETARY

Mr. Sit Hon Wing, our Company Secretary, possesses the necessary qualification and experience and, is capable of performance of the functions of the company secretary. The Company will provide fund for Mr. Sit to take not less than 15 hours of appropriate professional training in each financial year as required under Rule 3.29 of the Listing Rules. During the year ended 31 March 2017, Mr. Sit has satisfied the requirement of the Listing Rules for receiving 15 hours of professional training.

COMMUNICATION WITH SHAREHOLDERS

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

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

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

SHAREHOLDERS' RIGHT

Shareholders' right to convene extraordinary general meeting

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

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

Putting enquiries to the Board

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

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

By email
ray.sit@haotianhk.com

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

Putting forward proposals at Shareholders' meeting

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

INVESTOR RELATIONS

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

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There was no changes in the constitutional document of the Company during the year ended 31 March 2017.

Environmental, Social and Governance Report

FOREWORD

The Group primarily adopts the principles and basis of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with an aim to establish a sound environment, social and governance structure.

ENVIRONMENTAL AND NATURAL RESOURCES

Use of resources

Environmental protection is one of the core values of the Group. The Group is committed to minimizing the impact of business activities on the environment. To mitigate the impact of waste, the principles of "reduce", "reuse" and "recycle" are applied.

The key environmental impacts from the Group's businesses are mainly related to paper, electricity, water consumption and gas emission.

Paper

The Group retains certain documents in electronic forms rather than paper forms. The Group also encourages employees to reduce the use of paper by perusing documents in electronic forms, adopting double-sided printing, using recycled paper in printing draft documents and printing necessary parts of the documents. The staff are also reminded to check their printouts using the print preview function first in order to avoid unnecessary wastage due to printing errors.

The Group has also set up waste separation facilities. The Group places recycle bags and tailor-made recycle bins designated for the collection of scrap paper and re-useable toner cartridges, all of which are later delivered to the recycling agents for further processing.

Electricity

Electricity is consumed during daily business operations in the offices, through the use of indoor lighting, air-conditioning, functioning of office equipment, etc. The Group has implemented green measures towards energy conservation in offices.

The employees are reminded to switch off all lights, air-conditioners, office equipment and computers in offices when the same are not required. For computers, the energy-saving mode or sleeping mode are turned on such that energy consumption can be minimized to the lowest level during office hours when the computers are not in use.

Water

The Group does not consume significant amounts of water during its business activities.

Although the water consumption is considered minimal, the Group also encourages saving by driving behavioural changes in the workplace. Green messages are posted in pantries as reminders for using water efficiently.

For rental of construction machinery business, the Group also encourages employees to use recycled water for cleaning equipment and machinery, making optimal use of water resources.

Gas emissions

For the rental of construction machinery business, although not being a direct user, the Group still takes measures to help end-users achieve better emissions standards. The Group procures machinery that complies with the Environmental Protection Department's regulatory control on emissions of non-road mobile machinery. Most of the machineries are in compliance with the standards of the EU Stage IIIA or the Ministry of the Environment of Japan. Where feasible, machinery with better emission performance is preferentially purchased, and rental machinery is regularly serviced and maintained to ensure that the operation and emission of machinery are in good condition. The Group also follows the policy of the Environmental Protection Department to phase out pre-Euro IV diesel vehicles.

The Group has registered with the Environmental Protection Department as a producer of chemical waste in view of the fact that the Group produces waste oil when performing mechanical repairs. All waste oil is collected by licensed chemical waste collectors for proper disposal.

Where feasible, priority is given to the purchase of construction machinery with better fuel efficiency. In terms of office appliances, priority is also given to products labelled with grade 1 energy efficiency label. Meanwhile, the Group's office adopts natural ventilation and reduces the use of air conditioning as much as possible. The above measures can help to reduce energy consumption, with the effective use of resources as the key principle.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the environmental and natural resources relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste during the year ended 31 March 2017.

Environmental, Social and Governance Report

Due to the nature of the money lending and securities-related businesses of the Group, those businesses do not have direct adverse material impact on the environment and natural resources. Nevertheless, the Group continues to strengthen our contribution to environmental protection and strive to build a green and healthy environment to fulfil its responsibilities as a responsible corporate citizen.

For rental of construction machinery business, the Group strictly complies with the policy requirements for the control of non-road mobile machinery emissions and the phase-out of pre-Euro IV diesel vehicles, so as to ensure that all users can achieve good emission level and minimize the potential environmental impact on the air quality.

STAKEHOLDER ENGAGEMENT

The Group's key stakeholders includes employees, customers and business partners. The Group engages them in daily operations through meetings and interviews to understand their specific views on the relevance and materiality on various ESG aspects.

Employees

Employees are important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration and welfare packages.

Customers

The Group maintains a good relationship with its customers. It is the Group's mission to provide effective customer service whilst maintaining long term profitability, business and asset growth. Various means of communications have been established to provide our customers with more quality services.

Business partners

Sound relationships with key business partners of the Group are important in its business development and overcoming challenges. The Group has developed long-standing relationships with a number of business partners and will ensure that they share the Group's commitment to quality and ethics as well as its envision on different ESG aspects.

Environmental, Social and Governance Report

SOCIAL

Employment and labour practices

The Group places significant emphasis on developing human capital and provides competitive remuneration and welfare packages. Promotion opportunities and salary adjustments are benchmarked against individual performance. Employees are entitled to benefits such as annual leave, sick leave, maternity leave, marriage leave, funeral leave and medical coverage in accordance with the applicable laws and regulations.

The Group emphasizes on equal opportunities for all personnel in respect of hiring, pay rates, training and development, promotion and other terms of employment. The Group is committed to providing a work environment free from any form of discrimination due to difference in ethnicity, gender, religion, age, disability or sexual orientation.

The Group has a wide diversity of cultures including the employees with difference genders, ages, skills, educational backgrounds, industry experiences and other qualifications in order to achieve the most suitable composition and balance.

The Group's remuneration package is structured with reference to market practices, experiences, skills and performance of individual employee and is reviewed every year. In addition to basic salaries and mandatory provident fund for Hong Kong office staff, fringe benefits include five-day working week, flexible leave arrangement and medical coverage scheme. The Group has also adopted a share option scheme and a share award scheme, the participants of which include directors, senior management and staff of the Group.

The normal working hours for general employees are normally 8.5 hours a day and 42.5 hours a week.

The Group's employees in the PRC are entitled to five national statutory social insurances (including basic pension insurance, basic medical insurance, work-related injury insurance, maternity insurance and unemployment insurance). According to the applicable employment laws and regulations in certain regions, the Group provides statutory holidays such as basic paid annual leave and maternity leave for employees. Meanwhile, for overtime work by employees in non-office hours or on statutory holidays, employees may receive appropriate overtime payment in accordance with the requirements of the labour law.

Recognising the importance of the communication with its employees, the Group encourages its employees to share their ideas with the Group, and raise questions or make suggestions to the management. With the availability of a wide array of communication channels, the Group offers its employees access to the latest information of the Group through its website. Employees can also maintain timely and smooth communication with the management and business partners of the companies through the representatives of the employees.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with any relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfare during the year ended 31 March 2017.

Employee health and safety

The Group places emphasis on a healthy and safe workplace. The Group seeks to attract and retain talented employees through providing a safe and healthy workplace for every employee in line with its established internal guidelines and systems.

For Hong Kong office staff, the Group provides its employees with flexible leave arrangement, medical and hospital insurance scheme. The Group understands that a good working environment for its employees with a safe and comfortable working condition is very important. We strive to ensure that the furniture used by staff, including the chairs and workstations, are spacious and comfortable. The offices are also equipped with distilled water dispenser such that the staff can have clean drinking water and first aid box such that the staff can have immediate treatment on minor injuries or discomfort. The Group has set a clear guideline of work arrangement in the event of typhoon and rainstorm weather warnings. The Group also carries out pest control at regular intervals.

For PRC office staff, with safe operation as its first priority, the Group strictly complies with the applicable laws and regulations including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》) and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》). To improve workplace safety, smoking, alcohol or drug abuse are strictly prohibited in our workplace.

For rental of construction machinery business, the Group provides safety training before assigning employees to a new workplace in order to ensure that they understand the type, environment and circumstances of the site and are fully aware of the matters requiring attention when operating relevant construction machinery at the site. The Group arranges safety talks and training every month to enhance the safety awareness of employees, refreshing and learning safety issues, so that employees can identify high-risk areas. The Group provides protective equipment for each employee who operates machinery, such as safety helmets, dust masks and other protective equipment. It also arranges designated staff to manage and record protective equipment, in order to ensure that the equipment is effective and in good condition, and to enhance the protection of employees' occupational safety.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the applicable laws and regulations that have a significant impact relating to safe working environment and occupational hazards on the Group during the year ended 31 March 2017.

Development and training

The Group has committed to provide on-the-job education and training to its employees in order to enhance their knowledge and skills. All employees are encouraged to enhance their skills and knowledge at every opportunity in order to perform their current job more efficiently and effectively and to be better prepared for career opportunities which may arise. Certain senior officials of the Group, such as directors and company secretary, are required to fulfil their continuous professional development requirement under the relevant professional rules and the Group subsidized them to attend such professional development activities.

Performance evaluations are initiated each year. Recognising the value in the skill and experience of the staff, the Group has adopted a policy that any promotions will be considered internally first before hiring any outside staff. It is the Group's policy to select the most suitable candidate for appointment to a higher rank based on merit, rather than on the seniority of the candidates.

For rental of construction machinery business, all of the Group's operators and engineering personnel must hold relevant certificates and licenses. The Group provides in-service training to new employees, to ensure that they have the necessary skills and knowledge to perform their duties. The Group also provides technical courses to existing employees who operate complex construction machinery. In order to obtain the latest skills and knowledge on the Group's machinery that are being leased or sold, the Group arranges employees to participate in training courses organised by manufacturers.

Labour standards

The Group fully understands that the exploitation of child and forced labour are prohibited, and therefore take the responsibility against child and forced labour seriously. The Group strictly comply with all applicable laws and regulations against child labour and forced labour.

Before recruiting any new staff, the candidates must present valid identification documents to the management and the management of the Group will check his date of birth in order to ensure that he is suitable for the job.

All employees of the Group is entitled to sick leave, injury leave and maternity leave. Further, employees work 8.5 hours per day under normal circumstances and are not encouraged to work overtime. Compensation for overtime work are made to employees.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the applicable laws and regulations that have a significant impact on the Group relating to preventing child or forced labour during the year ended 31 March 2017.

Supply chain management

For the money lending and securities-related businesses the Group places emphasis on the procurement of office supplies which are environmental-friendly, such as rechargeable batteries instead of disposable ones, refillable pens, recycled paper, lighting products with low energy consumption, other internal decoration products with recycled materials, etc.

For rental of construction machinery business, the Group conducts a strict background investigation of its major suppliers to evaluate their corporate social responsibility performance. Before selecting a new supplier, the Group will evaluate the supplier's background information, quality of product or service, market price, delivery date, level of customer service, as well as reputation of the supplier. For existing suppliers, the Group reviews and evaluates annually and updates the approved supplier list on a regular basis.

For retailing of men's and women's apparels business, in order to make sure the Group's business partners share the Group's principle and visions during their operations, a higher priority is given to suppliers who are committed to international environmental, quality and safety standards such as ISO 9001, ISO 14001 and OHSAS 18001 in its selection process.

Product responsibility

For the money lending and securities-related businesses, the Group adheres to the Personal Data (Privacy) Ordinance and Securities and Futures Ordinance and carefully handles and protects price sensitive information and other sensitive information which may cause embarrassment to our customers. The Group ensures that its staff are aware of the confidentiality requirements in order to prevent information leaks and thus protect the interests of customers.

During the year ended 31 March 2017, the Group has not discovered any cases of contravention of privacy requirements by its staff, nor received any complaints from its customers.

For rental of construction machinery business, in order to ensure that the quality, performance and safety levels of the products are in compliance with the requirements of non-road mobile machinery, all distributed products through the Group are subject to a series of inspection and verification procedures before they are dispatched. The Group also provides after-sales technical support, regular inspection, and repair and maintenance services for such distributed products. The manufacturer will generally provide a 12-month warranty for new machinery, and is responsible for all liability and expenses in the event of any defects or malfunctions with regard to design, manufacturing or material during the warranty period.

The Group makes clear indications to all sales staff members to provide accurate and genuine information to customers during sales, reflecting the Group's reputation, and its emphasis on long-term cooperation with customers.

For retailing of men's and women's apparels business:

1. Quality management

With unwavering commitment to premium product quality, the Group has established a set of comprehensive quality control system. The Group has set up a competent comprehensive quality control department, which implements product quality standards in strict compliance with customers' requirements and ensure the compliance with relevant laws and regulations in product liability. The department adheres to strict rules in sample checks on suppliers' site and before receiving goods in order to monitor the product quality at top standard. Until now, no recall of product due to safety reasons has occurred.

2. Advertising and labelling management

The Group manages labelling and advertising in accordance with relevant laws and regulations to protect consumers' rights and maintain brand image. The Group conforms to requirements of Advertisements Law of the People's Republic of China (《中華人民共和國廣告法》). The Group also manage design and change of packaging materials used for new products to make the product package conform to characteristic of products, demand of market, technical conditions and provisions of national laws and regulations.

3. Consumer services

Upholding the principle of honesty, the Group tries its best to provide accurate product information and protect customer's right. Customers can complain by oral, telephone, mail, fax, visiting or other form to the Group. The Group has developed customer complaint handling mechanism (the "Mechanism") to regulate procedure of complaint registration, evaluation, investigation and treatment. Complaints on product quality from customers shall be solved immediately and effectively to improve consumers' satisfaction.

The Group is not aware of any material non-compliance with any applicable laws and regulations that have a significant impact on the Group relating to health and safety advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Environmental, Social and Governance Report

Anti-corruption

Corruption, bribery or fraud in any form is strictly prohibited. The Group's anti-corruption policies set out standards of conduct to which all employees are required to adhere in order to promote the integrity environment in the workplace.

To combat corruption and to govern conflicts of interest, unless with the Group's approval, Directors and employees are prohibited from accepting any valuable items from co-workers, customers or other stakeholders. Unless with the approval of the Board and having complied with the relevant regulatory requirements, senior management members are also prohibited from engaging in any activities that involve a potential conflicts of interest with the Group or may do harm to the Group's overall interests. Any breach may be subject to disciplinary actions, including the termination of employment contracts if the fault is serious.

For money lending and securities-related businesses, various policies have also been formulated to comply with the Guidelines of Securities and Futures Commission on Anti-Money Laundering and Counter-Terrorist Financing, including the basic procedures for customer identification and due diligence, suspicious transaction report and record-keeping. Ongoing staff training has also been carried out to ensure each of the employees is fully aware of these policies.

For retailing of men's and women's apparel business, all employees need to read and sign the "Self-disciplinary Integrity Agreement" on entry date in order to restrict their behaviour, establish good professional ethics and clear responsibilities.

During the year ended 31 March 2017, there is no legal case concerning corruption brought against the Group or its employees.

The Group is not aware of any material non-compliance with any applicable laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering during the reporting period.

Community investment

The Group always seek to be a positive force in the communities in which it operates and maintains close communications and interactions with the communities in order to contribute to local development from time to time.

As a global responsible citizen, the Group strives to improve the society image and social responsibility through community investment. All employees of the Group are encouraged to participate their own initiatives on helping and supporting the local communities and neighbours.

Deloitte. 德勤

TO THE SHAREHOLDERS OF HAO TIAN DEVELOPMENT GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Hao Tian Development Group Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 62 to 203, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Making another century of impact
德勤百年慶 開創新紀元

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of loan receivables	
We identified the impairment assessment of loan receivables as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, and the use of judgment by the management in evaluating the recoverability of the loan receivables. As disclosed in notes 4 and 28 to the consolidated financial statements, the carrying amount of loan receivables is HK$788,590,000 as at 31 March 2017, which contributed to 15% of the total assets. In performing the impairment assessment of these loan receivables, the management considers the creditworthiness, past collection history, subsequent settlement of each borrower, the relevant pledge of assets and guarantees. During the year ended 31 March 2017, allowance for bad and doubtful debts amounting to HK$6,900,000 has been charged to profit or loss.	Our procedures in relation to impairment assessment of loan receivables included: • Understanding management's assessment of the credit risk of entering into loan contracts with its customers and how the management evaluates the recoverability of loan receivables; • Obtaining the list of pledged assets, comparing the value, with reference to the market prices, of those pledged assets, on a sample basis, with the carrying amounts of respective outstanding pledged loan receivables; • Examining agreements of loan receivables, on a sample basis, to understand relevant terms such as settlement terms and the existence of pledged assets and guarantees; • Assessing the reasonableness of the management's assessment of the recoverability of loan receivables by taking account of the value of pledged assets and guarantees and past collection history of customers; and • Tracing the settlement records and subsequent settlement to bank receipts, on a sample basis.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
We identified the impairment assessment of goodwill as a key audit matter due to its complexity and significant judgement exercised by the Group's management in determining the recoverable amounts of cash generating units ("CGUs") where goodwill have been allocated. As disclosed in note 22 to the consolidated financial statements, the Group has goodwill of HK$415,164,000 as at 31 March 2017. In determining the recoverable amounts of respective CGUs, the Group engaged an independent professional valuer to perform such valuation as at 31 March 2017. The value in use calculations applied by the valuer are determined based on the cash flow projections for the CGUs discounted to their present value and they require the use of key assumptions, including the discounted rates, growth rates, budgeted revenue and gross margin, taking into account the financial budgets approved by the directors based on the past performance of the relevant CGUs and also the management's expectations for the market development. Based on management assessment, no impairment on goodwill is required as at 31 March 2017.	Our procedures in relation to impairment assessment of goodwill included: • Understanding the Group 's impairment testing process, including the valuation model adopted, the CGUs allocation, assumptions used and the involvement of independent valuer appointed by the Group; • Evaluating the competence, capabilities and objectivity of the independent professional valuer; • Engaging our valuation expert to evaluate the appropriateness of the valuation model adopted and discount rate used; • Evaluating the reasonableness of the budgeted revenue and gross margin by considering the approved financial budgets, entity-specific information, the available industry and market data; • Re-performing sensitivity analysis on the key inputs to evaluate the magnitude of their impacts on the recoverable amounts of the CGUs; and • Comparing financial budgets used in the calculations of value in use with actual results for the annual assessment of impairment as at 31 March 2017.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets and liabilities designated at fair value through profit or loss	
We identified the valuation of financial assets and liabilities designated at fair value through profit or loss ("FVTPL") of the Group as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgments associated with determining the fair value. In determination of the fair value of financial assets and liabilities designated at FVTPL, it requires the uses of significant judgements in selecting the appropriate valuation techniques and use of key estimates and assumptions, as disclosed in note 48(c)(i). As disclosed in note 21 to the consolidated financial statements, the carrying amount of the Group's financial assets and financial liabilities designated at FVTPL were HK$27,779,000 and HK$319,350,000 respectively.	Our procedures in relation to valuation of financial assets and liabilities designated at FVTPL included: • Evaluating the competence, capabilities and objectivity of the management who is responsible for the valuation and the independent professional valuers; and • Obtaining an understanding from the management and the independent professional valuers about the valuation techniques, significant assumptions adopted, critical judgmental areas, key inputs and data used in the valuations; and • Evaluating the appropriateness of the valuation model adopted and key assumptions used in the valuation.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wan Chi Lap.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Revenue	5	**206,313**	129,986
Gross proceeds from sale of investments held for trading		**674,697**	767,976
Total		**881,010**	897,962
Revenue	5	**206,313**	129,986
Cost of sales and services		**(36,725)**	–
Gross profit		**169,588**	129,986
Other income	7	**11,777**	7,818
Other gains and losses	8	**(3,616,561)**	762,201
Administrative expenses		**(132,854)**	(89,284)
Other expenses	9	**(29,251)**	–
Share of result of an associate		**(1,567)**	–
Finance costs	10	**(87,873)**	(87,878)
(Loss) profit before taxation		**(3,686,741)**	722,843
Taxation credit (charge)	11	**497,893**	(256,869)
(Loss) profit for the year	12	**(3,188,848)**	465,974
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
– fair value changes		**(547,388)**	435,841
– impairment loss recognised		**74,728**	120,173
– reclassified to profit or loss upon disposal		**(53,212)**	(29,264)
Exchange difference arising on translation of foreign operations		**(8,040)**	(2,845)
Other comprehensive (expense) income for the year, net of tax		**(533,912)**	523,905
Total comprehensive (expense) income for the year		**(3,722,760)**	989,879
(Loss) profit for the year attributable to:			
Owners of the Company		**(3,078,901)**	524,398
Non-controlling interests		**(109,947)**	(58,424)
		(3,188,848)	465,974

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(3,577,978)**	1,082,381
Non-controlling interests		**(144,782)**	(92,502)
		(3,722,760)	989,879
(Loss) earnings per share	16		
– Basic and diluted (HK cents)		**(74.57)**	14.77

Consolidated Statement of Financial Position

At 31 March 2017

	NOTES	**2017 HK$'000**	2016 HK$'000
Non-current assets			
Property, plant and equipment	17	**563,293**	82,202
Prepaid lease payment	18	**31,732**	16,480
Premium over prepaid lease payment	19	**127,822**	130,542
Available-for-sale investments	20	**764,488**	1,399,486
Financial assets designated at fair value through profit or loss	21	**27,779**	24,252
Goodwill	22	**415,164**	–
Intangible assets	23	**178,650**	–
Finance lease receivables	24	**4,241**	–
Loan receivables	28	**123,197**	118,569
Investment in an associate	29	**767**	–
Deferred tax assets	34	**6,364**	–
Pledged bank deposits	27	**4,603**	–
Deposits	25	**5,814**	964
		2,253,914	1,772,495
Current assets			
Inventories	26	**8,745**	407
Trade and interest receivables	27	**147,345**	36,226
Other receivables, deposits and prepayments	27	**60,884**	48,027
Loan receivables	28	**665,393**	709,220
Financial assets designated at fair value through profit or loss	21	**–**	466,150
Finance lease receivables	24	**3,112**	–
Consideration receivable	31	**67,680**	72,120
Investments held for trading	30	**1,241,008**	4,860,141
Tax recoverable		**1,359**	–
Prepaid lease payment	18	**329**	370
Pledged bank deposits	27	**44,661**	167,424
Bank balances, trust and segregated accounts	27	**32,400**	–
Bank balances and cash	27	**816,372**	295,782
		3,089,288	6,655,867

Consolidated Statement of Financial Position

At 31 March 2017

	NOTES	**2017 HK$'000**	2016 HK$'000
Current liabilities			
Trade payables	32	**61,390**	–
Other payables, deposits received and accruals	32	**57,079**	16,287
Borrowings	35	**742,982**	463,894
Secured notes	33	**150,331**	203,074
Obligations under finance leases	36	**3,877**	–
Financial liabilities designated at fair value through profit and loss	21	**319,350**	41,515
Tax payables		**6,807**	5,018
		1,341,816	729,788
Net current assets		**1,747,472**	5,926,079
Total assets less current liabilities		**4,001,386**	7,698,574
Non-current liabilities			
Borrowings	35	**196,037**	164,550
Obligations under finance leases	36	**3,015**	–
Other long term liability	37	**106,490**	98,560
Deferred tax liabilities	34	**134,360**	567,335
		439,902	830,445
Net assets		**3,561,484**	6,868,129
Capital and reserves			
Share capital	40	**41,862**	36,423
Reserves	41	**3,282,127**	6,623,458
Equity attributable to owners of the Company		**3,323,989**	6,659,881
Non-controlling interests		**237,495**	208,248
Total equity		**3,561,484**	6,868,129

The consolidated financial statements on pages 62 to 203 were approved and authorised for issue by the Board of Directors on 28 June 2017 and are signed on its behalf by:

Fok Chi Tak
DIRECTOR

Xu Hai Ying
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital HK$'000	Share premium HK$'000	Warrant reserve HK$'000	Statutory surplus reserve HK$'000 (note a)	Share option reserve HK$'000	Asset revaluation reserve HK$'000	Special reserve HK$'000 (note b)	Translation reserve HK$'000	Other reserve HK$'000 (note c)	Put option reserve HK$'000 (note d)	Accumulated profits (loss) HK$'000	Total equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2015	29,443	3,302,172	–	3,539	7,178	561,598	(5,754)	1,635	–	–	1,025,499	4,925,310	–	4,925,310
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	524,398	524,398	(58,424)	465,974
Other comprehensive income (expense)	–	–	–	–	–	560,828	–	(2,845)	–	–	–	557,983	(34,078)	523,905
Total comprehensive income (expense) for the year	–	–	–	–	–	560,828	–	(2,845)	–	–	524,398	1,082,381	(92,502)	989,879
Issue of warrants	–	–	466,611	–	–	–	–	–	–	–	–	466,611	–	466,611
Transaction costs attributable to issue of warrants	–	–	(627)	–	–	–	–	–	–	–	–	(627)	–	(627)
Share options lapsed	–	–	–	–	(3,087)	–	–	–	–	–	3,087	–	–	–
Issue of new shares upon exercise of warrants	1,000	128,134	(79,134)	–	–	–	–	–	–	–	–	50,000	–	50,000
Issue of new shares upon placing and bonus issue (note 40)	5,684	210,316	–	–	–	–	–	–	–	–	–	216,000	–	216,000
Issue of new shares under share award (note 40)	296	9,121	–	–	–	–	–	–	–	–	–	9,417	–	9,417
Transaction costs attributable to issue of new shares upon placing and bonus issue	–	(2,234)	–	–	–	–	–	–	–	–	–	(2,234)	–	(2,234)
Transaction costs attributable to issue of new shares upon share award	–	(303)	–	–	–	–	–	–	–	–	–	(303)	–	(303)
Capital injection from non-controlling interests of a subsidiary (note 37)	–	–	–	–	–	–	–	–	(750)	–	–	(750)	300,750	300,000
Issue of written put option (note 37)	–	–	–	–	–	–	–	–	(91,291)	5,238	–	(86,053)	–	(86,053)
Recognition of equity-settled share-based payments	–	–	–	–	129	–	–	–	–	–	–	129	–	129
At 31 March 2016	36,423	3,647,206	386,850	3,539	4,220	1,122,426	(5,754)	(1,210)	(92,041)	5,238	1,552,984	6,659,881	208,248	6,868,129
Loss for the year	–	–	–	–	–	–	–	–	–	–	(3,078,901)	(3,078,901)	(109,947)	(3,188,848)
Other comprehensive expense	–	–	–	–	–	(491,037)	–	(8,040)	–	–	–	(499,077)	(34,835)	(533,912)
Total comprehensive expense for the year	–	–	–	–	–	(491,037)	–	(8,040)	–	–	(3,078,901)	(3,577,978)	(144,782)	(3,722,760)
Share options lapsed	–	–	–	–	(3,654)	–	–	–	–	–	3,654	–	–	–
Issue of new shares upon exercise of warrants (note 40)	5,378	625,877	(386,850)	–	–	–	–	–	–	–	–	244,405	–	244,405
Issue of emolument shares (note 40)	61	2,439	–	–	–	–	–	–	–	–	–	2,500	–	2,500
Acquisition of subsidiaries (note 42)	–	–	–	–	–	–	–	–	–	–	–	–	128,450	128,450
Capital injection from non-controlling interests of a subsidiary (note 37)	–	–	–	–	–	–	–	–	(5,490)	–	–	(5,490)	209,354	203,864
Gross liabilities arising from HTM Put Option (as defined in note 21)	–	–	–	–	–	–	–	–	–	–	–	–	(163,775)	(163,775)
Recognition of equity-settled share-based payments	–	–	–	–	671	–	–	–	–	–	–	671	–	671
At 31 March 2017	41,862	4,275,522	–	3,539	1,237	631,389	(5,754)	(9,250)	(97,531)	5,238	(1,522,263)	3,323,989	237,495	3,561,484

Notes:

(a) As stipulated by the relevant laws and regulations of the People's Republic of China ("PRC"), before distribution of the net profit each year, each of the Group's subsidiaries established in the PRC shall set aside 10% of its net profit after taxation to the statutory surplus reserve. The reserve fund can only be used, upon approval by the board of directors of these PRC established subsidiaries and by the relevant authority, to offset accumulated losses or increase capital. During the years ended 31 March 2017 and 2016, there was no transfer from retained profits to the statutory reserve since the Group's PRC subsidiaries incurred net loss.

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

(c) Other reserve represents (i) the difference between the fair value of the capital injections from non-controlling shareholders and the carrying amount of the subsidiary attributable to the non-controlling interests and (ii) the fair value of the gross liability of written put option issued by the Company. Details are set out in note 37 to the consolidated financial statements.

(d) Put option reserve represents the fair value of the put option issued by the Company on date of issue, 13 May 2015. Details are set out in note 37 to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
(Loss) profit for the year	**(3,188,848)**	465,974
Adjustments for:		
Income tax	**(497,893)**	256,869
Interest income	**(7,564)**	(3,818)
Finance costs	**87,873**	87,878
Loss on early redemption of secured notes	**2,959**	–
Other expenses	**29,251**	–
Share of result of an associate	**1,567**	–
Depreciation of property, plant and equipment	**13,225**	5,586
Amortisation of prepaid lease payment	**337**	358
Amortisation of premium over prepaid lease payment	**2,720**	2,719
Dividend income from available-for-sale investments	**(780)**	(2,842)
Impairment loss on available-for-sale investments	**86,532**	401,426
Loss on issuance of warrants	**–**	466,022
Share-based payments	**3,171**	7,766
Gain on disposal of property, plant and equipment	**(98)**	(1,183)
Gain on disposal of available-for-sale investments	**(53,212)**	(29,264)
Fair value of put option at initial recognition	**–**	5,238
Fair value loss (gain) on financial assets/liabilities designated at fair value through profit or loss	**468,986**	(85,465)
Impairment loss on loan and interest receivables	**8,111**	–
Unrealised fair value loss (gain) in investments held for trading	**2,098,005**	(1,524,061)
Operating cash flows before movements in working capital	**(945,658)**	53,203
Decrease in inventories	**3,646**	832
Increase in trade and interest receivables	**(64,150)**	(5,259)
(Increase) decrease in other receivables, deposits and prepayments	**(9,051)**	202,865
Decrease (increase) in loan receivables	**28,552**	(383,774)
Decrease (increase) in investments held for trading	**1,521,128**	(379,393)
Increase in trade and bills payables	**6,987**	–
Increase (decrease) in other payables, deposits received and accruals	**21,826**	(6,595)
Decrease in finance lease receivables	**502**	–
Decrease in bank balances, trust and segregated accounts	**7,986**	–
Net cash generated from (used in) operations	**571,768**	(518,121)
Finance costs paid for money lending business	**(13,349)**	(13,961)
Finance costs paid for securities investment business	**(514)**	(3,625)
Income tax paid	**(16,197)**	(8,298)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**541,708**	(544,005)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(24,101)**	(5,631)
Proceeds from disposal of property, plant and equipment		**1,202**	1,758
Placement in pledged bank deposits		**(9,463)**	(132,295)
Withdrawal of pledged bank deposits		**128,428**	10,147
Purchases of financial assets designated at financial assets at fair value through profit or loss		**–**	(25,000)
Consideration paid for investment in an associate		**(2,334)**	–
Deposits paid for acquisition of property, plant and equipment		**(5,232)**	–
Dividend income received from available-for-sale investments		**780**	2,842
Net cash used in acquisition of subsidiaries	42	**(791,945)**	–
Proceeds from disposal of available-for-sale investments		**75,806**	43,557
Collection of consideration receivable from disposal of subsidiaries		**–**	60,385
Interest received		**7,705**	3,007
NET CASH USED IN INVESTING ACTIVITIES		**(619,154)**	(41,230)
FINANCING ACTIVITIES			
Interest paid		**(38,721)**	(24,691)
Proceeds from issue of secured notes		**–**	232,499
Expenses on issue of secured notes		**–**	(1,775)
Borrowings raised		**1,579,993**	995,894
Repayment of borrowings		**(1,408,221)**	(1,104,801)
Proceeds from issue of bonds		**–**	20,000
Issuance cost of warrants		**–**	(627)
Proceeds from issue of new shares		**–**	216,000
Expenses on issue of shares		**–**	(2,537)
Proceeds from issue of new shares upon exercise of warrants		**244,405**	50,000
Proceeds from issue of warrants		**–**	589
Capital injection from non-controlling interests of a subsidiary		**–**	300,000
Proceeds from HTM Subscription	37	**311,561**	–
Payment on early redemption of secured notes	33	**(77,493)**	–
Repayment of finance lease payables		**(6,047)**	–
NET CASH FROM FINANCING ACTIVITIES		**605,477**	680,551

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	**528,031**	95,316
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**295,782**	203,575
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(7,441)**	(3,109)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR REPRESENTED BY BANK BALANCES AND CASH	**816,372**	295,782
Total interest paid	**(52,584)**	(42,277)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

1. GENERAL

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

The principal activities of the Company are investment holding and provision of management service to its subsidiaries. The principal activities of its subsidiaries are set out in note 46.

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

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

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

Amendments to HKAS 1 Disclosure Initiative

The Group has applied the amendments to HKAS 1 Disclosure Initiative for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes. The Group has applied these amendments retrospectively.

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

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

Amendments to HKAS 1 Disclosure Initiative (continued)

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

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers and the related amendments[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[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 HKAS 7	Disclosure initiative[1]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKAS 40	Transfers of investment property[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[5]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consolidation[2]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

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

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

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

5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 15 Revenue from contracts with customers

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

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

HKFRS 15 Revenue from contracts with customers (continued)

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

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

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

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

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

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use while other operating lease payments are presented as operating cash flows. Upon application of the HKFRS 16 by the Group, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As set out in note 43, total operating lease commitment of the Group in respect of leased premises as at 31 March 2017 is amounted to HK$45,586,000. Upon the adoption of HKFRS 16, the directors of the Company expect that the commitments in the future in respect of leased premises with the terms of more than twelve months will be required to be recognised in the financial statements of the Group in the future as right-of-use assets and lease liabilities and the directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results.

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

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

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

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

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

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

HKFRS 9 Financial instruments (continued)

Based on the Group's financial instruments and risk management policies as at 31 March 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

Amendments to HKAS 7 Disclosure initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively to the Group for annual period beginning on 1 April 2017. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The principal accounting policies are set out below:

Basis of consolidation

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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 control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- 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 (see the accounting policy below); 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 amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount 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 relevant subsidiary'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.

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, and 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Revenue recognition

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Finance lease interest income including handling fees (if any) represents interest income from financial leasing business, is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Service income generated from provision of transportation and other services is recognised when services are provided.

Commission income on securities dealing and broking, futures and options dealing and broking and bullion contracts dealing are recorded as income on a trade date basis when the relevant contract notes are executed.

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

Property, plant and equipment

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

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill (above)

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill (above) (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and such costs are recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments, including the cost acquiring land held under operating lease, are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

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 the relative fair values of the leasehold interests in the land element and building element of the lease 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 lease payments" in the consolidated statement of financial position and is amortised over the lease tam 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

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

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

Inventories

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

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weight average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

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

Effective interest method

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

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading; or (ii) it is designated as at FTVPL.

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets at FVTPL *(continued)*

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets. Fair value is determined in the manner described in note 48.

Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Available-for-sale financial assets

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

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

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

Impairment of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets *(continued)*

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets *(continued)*

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it 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 FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Financial liabilities designated as at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading; or (ii) it is designated as at FTVPL.

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

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

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

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 48.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities at amortized cost

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

Warrants

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

Derivative financial instruments

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

Call option on subscription of the shares of the Company

Call options on subscription of the shares of the Company written to a non-controlling shareholder of a subsidiary, which will be settled other than by exchange of fixed amount of cash for a fixed number of shares in a subsidiary is treated as derivative and is recognised at fair value upon initial recognition. Any changes in fair value in subsequent reporting dates are recognised in profit or loss.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

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

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

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

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions (continued)

Share award scheme and emolument shares

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

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

Provisions

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

Impairment assessment of loan receivables

As at 31 March 2017, the carrying amount of total outstanding loan receivables in respect to the money lending business was HK$788,590,000 (2016: HK$827,789,000). The Group assesses the recoverability of the loan receivables on individual basis, when there is objective evidence of impairment loss on loan receivables, by considering the creditworthiness, past collection history, subsequent settlement of each borrower, relevant pledge of assets and guarantees. For impairment testing purpose, the amount of the impairment loss is measured as the difference between the loan receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows or a change in facts and circumstances which results in downward revision of future cash flows, are less than expected, a material impairment loss may arise in future financial periods. During the year ended 31 March 2017, allowance for bad and doubtful debts amounting to HK$6,900,000 has been charged to profit or loss.

Impairment assessment on goodwill

In impairment testing, the Group determines the recoverable amount of the cash generating unit to which the assets belongs. Determining whether impairment needs to be provided requires an estimation of future cash flows expected to arise from the cash generating units. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or a change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. Details of the recoverable amount calculation for cash generating units are set out in note 22.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Fair value of financial instruments not quoted in an active market

As at 31 March 2017, the fair value of the Group's financial assets and liabilities designated at FVTPL (2016: financial assets and liabilities designated at FVTPL) were determined by valuation technique as these financial instruments do not have quoted market price. The directors of the Company use their judgments in selecting an appropriate valuation technique. Valuation techniques commonly used by market practitioners are applied. In determining the fair value of these instruments, assumptions are made based on currently available market data adjusted for specific features of these instruments (see note 21 for details). As at 31 March 2017, the fair value of the Group's financial assets and liabilities designated at FVTPL were HK$27,779,000 and HK$319,350,000 respectively (2016: fair value of financial assets and liabilities designated at FVTPL of HK$490,402,000 and HK$41,515,000 respectively).

Estimated impairment loss of intangible assets

As at 31 March 2017, the Group has HK$127,822,000 premium over prepaid lease payment (see note 19) and HK$178,650,000 intangible assets (note 23).

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

Determining whether premium over prepaid lease payment and the intangible asset are impaired require an estimation of the recoverable amount of the respective cash-generating unit ("CGU") to which premium over prepaid lease payment and the intangible assets have been allocated. Recoverable amount of the respective CGU is determined based on value in use calculation. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to service fee and rental income and direct costs. Where the actual cash flows are less than expected, a material impairment loss may arise.

Recoverability of consideration receivable

During the year ended 31 March 2013, the Group disposed of its Inner-Mongolia Mining Operation (as defined in note 31). Due to disputes, the counterparty refused to settle certain amount of the consideration. As at 31 March 2017, the carrying amount of the unsettled portion of the consideration was HK$67,680,000 (2016: HK$72,120,000). Since 16 May 2013, the Group and the counterparty had filed several arbitrations and litigations to relevant authorities in the PRC.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Recoverability of consideration receivable (continued)

The final outcome of these relevant arbitrations and the litigations are not yet concluded as at the date of issuance of these consolidated financial statements. After taking legal advice, in the opinion of the directors of the Company, the Group had fully complied with the terms of the sale and purchase agreement and the Group has a meritorious ground on the arbitrations and litigations. As the risk of not recovering the consideration receivable is minimal after taking legal advice and in view of strong financial ability of the counterparty, therefore no impairment loss was made as at 31 March 2017 and 2016.

However, if the final results of the arbitrations and litigations are not favourable to the Group, the Group is required to pay the counterparty HK$131 million as excess portion of the compensation claim demanded by the counterparty and the unsettled consideration receivable of approximately HK$67.7 million (2016: HK$72.1 million) might require a full impairment. The amount of the excess portion of the compensation claim and the impairment loss will be recognised in profit or loss.

Details of the arbitrations and the litigations are set out in note 31.

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

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

Where the actual future cash flows are less than expected or where there are changes in facts and circumstances, which resulted in downward revision of estimation of future cash flows, a material impairment loss may arise. During the year ended 31 March 2017, impairment losses on unlisted available-for-sale investments of HK$11,804,000 (2016: HK$281,253,000) was recognised to profit or loss. Details of these impairment losses are set out in note 20.

As at 31 March 2017, the carrying amount of unlisted available-for-sale equity investments stated at cost was HK$70,178,000 (2016: HK$81,982,000).

5. REVENUE

	2017 **HK$'000**	2016 HK$'000
Interest income generated from money lending	**138,141**	129,986
Commission income generated from commodities, futures and securities brokerage	**7,617**	–
Revenue generated from retailing of men's and women's apparels	**9,323**	–
Rental and other service income generated from construction machinery business (Note a)	**20,327**	–
Trading income generated from construction machinery business (Note b)	**30,905**	–
	206,313	129,986

Notes: (a) Amount represents revenue generated from leasing and sub-leasing of machinery and other service income.

(b) Amount represents revenue generated from sales of machinery and spare parts.

6. SEGMENT INFORMATION

During the year ended 31 March 2017, the board of directors of the Company has conducted a review of the Group's latest business development and strategy going forward and has resolved to engage in construction machinery business and retailing of men's and women's apparels business through the Clear Lift Acquisition and Fujian Nuoqi Acquisition (both defined in note 42), which have been regarded as reportable segments of the Group during the current year. No operating segments have been aggregated to derive the reportable segments of the Group.

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

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

6. SEGMENT INFORMATION (continued)

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

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

(d) Commodities, futures and securities brokerage division carried out by King International Bullion Limited, King International Futures Limited and Hao Tian International Securities Limited

(e) Construction machinery division carried out by Hao Tian International Construction (defined in note 42(B))

(f) Retailing of men's and women's apparels division carried out by Fujian Nuoqi (defined in note 42(C))

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

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

6. SEGMENT INFORMATION (continued)

Segment revenue and results

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

For the year ended 31 March 2017

	Money lending HK$'000	Securities investment HK$'000	Trading of futures HK$'000	Commodities, futures and securities brokerage HK$'000	Construction machinery HK$'000	Retailing of men's and women's apparel HK$'000	Consolidated HK$'000
Gross proceeds from sale of investments held for trading	-	674,697	-	-	-	-	674,697
Segment revenue	138,141	-	-	7,617	51,232	9,323	206,313
Segment results	108,252	(3,060,503)	(16,210)	(14,214)	13,427	4,567	(2,964,681)
Other income							11,777
Other gains and losses							(540,256)
Central administration costs							(74,890)
Other expenses							(29,251)
Share of result of an associate							(1,567)
Finance costs							(87,873)
Loss before taxation							(3,686,741)

6. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 March 2016

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

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

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

6. SEGMENT INFORMATION (continued)

Other segment information

	Money lending HK$'000	Securities investment HK$'000	Trading of futures HK$'000	Commodities, futures and securities brokerage HK$'000	Construction machinery HK$'000	Retailing of men's and women's apparels HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 31 March 2017									
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:									
Interest income	**138,141**	**-**	**-**	**-**	**-**	**-**	**138,141**	**5,737**	**143,878**
Share of result of an associate	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,567**	**1,567**
Depreciation	**-**	**-**	**-**	**-**	**7,235**	**696**	**7,931**	**5,294**	**13,225**
Fair value loss on investments held for trading	**-**	**3,060,503**	**15,802**	**-**	**-**	**-**	**3,076,305**	**-**	**3,076,305**
Finance costs	**20,069**	**514**	**-**	**29**	**978**	**-**	**21,590**	**66,283**	**87,873**
Taxation charge (credit)	**14,874**	**(516,311)**	**-**	**-**	**3,458**	**-**	**(497,979)**	**86**	**(497,893)**

	Money lending HK$'000	Securities investment HK$'000	Trading of futures HK$'000	Commodities, futures and securities brokerage HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
For the year ended 31 March 2016							
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss:							
Fair value gain on investments held for trading	–	(1,535,767)	(4,471)	–	(1,540,238)	–	(1,540,238)
Finance costs	30,943	3,625	–	–	34,568	53,310	87,878
Taxation charge (credit)	10,604	252,333	–	–	262,937	(6,068)	256,869

6. SEGMENT INFORMATION (continued)

Geographical information

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

	Revenue		Non-current assets (note)	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**196,990**	129,986	**912,565**	76,951
The PRC	**9,323**	–	**410,677**	152,273
	206,313	129,986	**1,323,242**	229,224

Note: Non-current assets excluded available-for-sale investments, financial assets designated at fair value through profit or loss, loan receivables, finance lease receivables, pledged bank deposits and deferred tax assets.

Information about major customers

There was one (2016: two) customer contributing over 10% of total revenue of the Group and are as follows (note):

	2017	2016
	HK$'000	HK$'000
Customer A	**30,209**	13,340
Customer B	**N/A***	13,914

Note: Revenue from money lending business.

* Less than 10% of total revenue of the Group

7. OTHER INCOME

	2017 HK$'000	2016 HK$'000
Interest earned on bank deposits	**5,737**	3,007
Interest earned on financial assets designated at FVTPL	**1,827**	811
Sundry income	**3,433**	1,158
Dividend income from available-for-sale investments	**780**	2,842
	11,777	7,818

8. OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000
Fair value (loss) gain on investments held for trading	**(3,076,305)**	1,540,238
Fair value (loss) gain on financial assets/ liabilities designated at FVTPL	**(468,986)**	85,465
Gain on disposal of property, plant and equipment	**98**	1,183
Gain on disposal of available-for-sale investments	**53,212**	29,264
Net foreign exchange loss	**(26,978)**	(21,263)
Impairment loss on available-for-sale investments	**(86,532)**	(401,426)
Fair value of put option at initial recognition (note 37)	**–**	(5,238)
Loss on early redemption of secured notes (note 33)	**(2,959)**	–
Loss on issuance of warrants (note)	**–**	(466,022)
Impairment loss on loan and interest receivables (notes 27 and 28)	**(8,111)**	–
	(3,616,561)	762,201

8. OTHER GAINS AND LOSSES (continued)

Note:

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

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

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

Notes:

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

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

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

9. OTHER EXPENSES

As detailed in note 42, the Group incurred professional fee of HK$16,386,000 and HK$12,865,000 in relation to Clear Lift Acquisition and Fujian Nuoqi Acquisition (as defined in note 42) respectively, which were charged to the profit and loss during the year ended 31 March 2017.

10. FINANCE COSTS

	2017	2016
	HK$'000	HK$'000
Interest expense on borrowings	**79,899**	80,609
Interest expense on other long term liability	**7,930**	7,269
Interest expense of obligations under finance leases	**44**	–
	87,873	87,878

11. TAXATION (CREDIT) CHARGE

	2017	2016
	HK$'000	HK$'000
Hong Kong:		
Current tax	**18,354**	10,757
Overprovision in prior years	**(41)**	–
PRC:		
Overprovision in prior years	**–**	(6,068)
	18,313	4,689
Hong Kong:		
Deferred tax (note 34)	**(516,206)**	252,180
Income tax (credit) expense	**(497,893)**	256,869

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

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

11. TAXATION (CREDIT) CHARGE (continued)

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

	2017	2016
	HK$'000	HK$'000
(Loss) profit before taxation	**(3,686,741)**	722,843
Tax at Hong Kong Profits Tax rate of 16.5%	**(608,312)**	119,269
Tax effect of expenses not deductible for tax purposes	**110,776**	172,403
Tax effect of income not taxable for tax purposes	**(15,420)**	(42,997)
Overprovision in respect of prior years	**(41)**	(6,068)
Tax effect of estimated tax losses not recognised	**14,845**	14,262
Tax effect of share of results of an associate	**259**	–
Taxation (credit) charge for the year	**(497,893)**	256,869

As at 31 March 2017, the Group has unused tax losses of HK$442,921,000 (2016: HK$314,381,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$38,570,000 (2016: nil) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$404,351,000 (2016: HK$314,381,000) due to unpredictability of future profit streams. All tax losses may be carried forward indefinitely.

12. (LOSS) PROFIT FOR THE YEAR

	2017	2016
	HK$'000	HK$'000
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	**2,134**	1,400
Amortisation of prepaid lease payment	**337**	358
Amortisation of premium over prepaid lease payment	**2,720**	2,719
Cost of inventories recognised as expenses	**15,205**	–
Depreciation of property, plant and equipment	**13,225**	5,586
Operating lease rentals in respect of rented premises	**20,702**	12,486
Staff costs:		
Directors' emoluments	**6,399**	11,696
Chief executive's emoluments	**1,594**	893
Other staff costs		
– salaries, bonus and other allowances	**48,347**	22,331
– retirement benefit scheme contributions	**1,535**	799
– share-based payments	**671**	1,766
	58,546	37,485

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

	2017						2016					
	Fee HK$'000	Salaries and other allowances HK$'000	Performance based bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Emolument shares HK$'000	Total HK$'000	Fee HK$'000	Salaries and other allowances HK$'000	Performance based bonuses HK$'000 (note c)	Retirement benefit scheme contributions HK$'000	Share award HK$'000	Total HK$'000
Executive directors												
Xu Hai Ying (note b)	-	600	-	-	-	600	–	600	–	–	200	800
Ou Zhiliang (note b)	-	650	-	-	-	650	–	650	–	–	200	850
Fok Chi Tak ("Mr. Fok") (note b)	-	2,091	-	18	2,500	4,609	–	1,888	2,000	18	5,000	8,906
	-	3,341	-	18	2,500	5,859	–	3,138	2,000	18	5,400	10,556
Independent non-executive directors												
Chan Ming Sun, Jonathan	180	-	-	-	-	180	180	–	–	–	200	380
Lam Kwan Sing	180	-	-	-	-	180	180	–	–	–	200	380
Lee Chi Hwa, Joshua	180	-	-	-	-	180	180	–	–	–	200	380
	540	-	-	-	-	540	540	–	–	–	600	1,140
Sub-total	540	3,341	-	18	2,500	6,399	540	3,138	2,000	18	6,000	11,696
Chief executive												
Gao Shufang (note d)	-	1,582	-	12	-	1,594	–	–	–	–	–	–
Senior consultant/former chief executive												
Ms. Li Shao Yu ("Ms. Li") (note a)	-	2,301	-	18	-	2,319	–	2,301	–	18	370	2,689
Total	540	7,224	-	48	2,500	10,312	540	5,439	2,000	36	6,370	14,385

Notes:

(a) Ms. Li was the chief executive of the Company and including in the remuneration disclosed above, nil (2016: HK$893,000) represents those for services rendered by her as chief executive. Ms. Li is a controlling shareholder who can exercise significant influence to the Group. On 1 September 2015, Ms. Li resigned from the chief executive and acts as the senior consultant of the Company.

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

(c) On 22 June 2016, the Group provided a special bonus of HK$2,000,000 to Mr. Fok in respect of the performance of his service which was charged to profit or loss during the year ended 31 March 2016.

(d) Mr. Gao Shufang was appointed as the chief executive of the Company on 15 August 2016.

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

14. EMPLOYEE'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2016: two) were director, the chief executive or senior consultant of the Company whose emoluments were included in the disclosures in note 13 above. The emoluments of the remaining three (2016: three) individuals were as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries and other allowances	**6,399**	4,054
Discretionary or performance based bonus	**275**	3,104
Retirement benefit scheme contributions	**54**	45
	6,728	7,203

The emoluments were within the following bands:

	2017 **Number of** **employees**	2016 Number of employees
HK$1,000,001 to HK$1,500,000	**–**	1
HK$2,000,001 to HK$2,500,000	**2**	1
HK$3,000,001 to HK$3,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**1**	–

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

15. DIVIDEND

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

16. (LOSS) EARNINGS PER SHARE

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

	2017	2016
	HK$'000	HK$'000
(Loss) earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((loss) profit for the year attributable to the owners of the Company)	**(3,078,901)**	524,398

	2017	2016
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**4,129,084**	3,550,867

For the year ended 31 March 2017, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options, emolument shares and warrants since their assumed exercise would result in a decrease in loss per share.

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

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Art works HK$'000	Motor vehicles HK$'000	Machinery HK$'000	Yacht HK$'000	Total HK$'000
COST								
At 1 April 2015	–	3,977	2,610	14,758	12,719	–	64,878	98,942
Exchange adjustments	–	(25)	(68)	–	(163)	–	–	(256)
Additions	–	201	474	4,038	763	–	155	5,631
Disposal	–	–	–	–	(3,440)	–	–	(3,440)
At 31 March 2016	–	4,153	3,016	18,796	9,879	–	65,033	100,877
Exchange adjustments	(6)	(12)	(65)	–	(175)	–	–	(258)
Additions	–	1,980	2,786	161	1,423	17,453	298	24,101
Reclassification to inventories	–	–	–	–	–	(7,983)	–	(7,983)
Disposals	–	–	(25)	–	(1,467)	–	–	(1,492)
Acquisition of subsidiaries (note 42)	171,864	1,222	881	–	4,742	300,767	–	479,476
At 31 March 2017	**171,858**	**7,343**	**6,593**	**18,957**	**14,402**	**310,237**	**65,331**	**594,721**
DEPRECIATION AND IMPAIRMENT								
At 1 April 2015	–	2,948	1,109	–	5,455	–	6,495	16,007
Exchange adjustments	–	(5)	(16)	–	(32)	–	–	(53)
Provided for the year	–	86	453	–	1,765	–	3,282	5,586
Disposal	–	–	–	–	(2,865)	–	–	(2,865)
At 31 March 2016	–	3,029	1,546	–	4,323	–	9,777	18,675
Exchange adjustments	–	–	(26)	–	(58)	–	–	(84)
Provided for the year	1,035	179	795	–	1,395	6,469	3,352	13,225
Disposals	–	–	(11)	–	(377)	–	–	(388)
At 31 March 2017	**1,035**	**3,208**	**2,304**	**-**	**5,283**	**6,469**	**13,129**	**31,428**
CARRYING VALUES								
At 31 March 2017	**170,823**	**4,135**	**4,289**	**18,957**	**9,119**	**303,768**	**52,202**	**563,293**
At 31 March 2016	–	1,124	1,470	18,796	5,556	–	55,256	82,202

17. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Leasehold land and building	Over the lease terms
Leasehold improvements	10% to 20%
Furniture, fixtures and equipment	20% to 25%
Motor vehicles	10% to 25%
Machinery	10%
Yacht	5%

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

The leasehold land and building of the Group are held under medium-term lease in Hong Kong and amortised over the term of lease of 30 years.

As at 31 March 2017, the carrying value of machinery and motor vehicles includes amount of HK$115,438,000 and HK$3,652,000 (2016: nil) in respect of assets held under finance lease arrangement, respectively. The liabilities arising from finance lease arrangements were either classified as borrowings or obligation under finance leases as at the end of reporting period.

As at 31 March 2017, leasehold land and building with a carrying amount of HK$6,316,000 (2016: nil) to secure bank borrowings granted to the Group.

As at 31 March 2016, the Group pledged a yacht with a carrying amount of HK$55,256,000 to secure bank borrowing granted to the Group. The pledged was released during year ended 31 March 2017.

18. PREPAID LEASE PAYMENT

The prepaid lease payment comprises:

	2017	2016
	HK$'000	HK$'000
Leasehold land outside Hong Kong:		
Medium-term lease	**32,061**	16,850
Analysed for reporting purposes as:		
Current portion	**329**	370
Non-current portion	**31,732**	16,480
	32,061	16,850

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

19. PREMIUM OVER PREPAID LEASE PAYMENT

	HK$'000
COST	
At 1 April 2015, 31 March 2016 and 2017	133,261
AMORTISATION	
At 1 April 2015	–
Provided for the year	2,719
At 31 March 2016	2,719
Provided for the year	2,720
At 31 March 2017	**5,439**
CARRYING VALUES	
At 31 March 2017	**127,822**
At 31 March 2016	130,542

19. PREMIUM OVER PREPAID LEASE PAYMENT (continued)

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

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

As detailed in the circular issued by the Company on 23 January 2015 (the "Logistics Circular"), the Vendor undertakes, amongst others,

i) the net profit after tax of Access Profit Group for the year ending 31 December 2018 is not less than RMB25million (the "Guaranteed Profit"), the Vendor agrees and undertakes to pay the Group a compensation in the amount equivalent to the shortfall between the actual net profit after tax and the Guaranteed Profit of the Access Profit Group; and

ii) in case the valid permit for commencement of the construction works or the land title certificate or any of the requisite permits, licenses, approvals, authorisations, consents, registrations and filings referred to the Logistics Circular is not obtained, or made as the case may be, by the Access Profit Group by 31 December 2018, the Vendor agrees and undertakes to pay RMB25 million to the Group as compensation and the parties agreed to unwind the transaction, whereupon, the entire issued share capital of the Access Profit will be transferred to the Vendor without consideration and HK$150,000,000, representing the consideration paid by the Group, will be returned to the Group.

20. AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
	HK$'000	HK$'000
Available-for-sale investments include:		
Equity securities listed in Hong Kong, at fair value	**694,310**	1,317,504
Unlisted equity securities, at cost	**363,235**	363,235
Less: accumulated impairment loss	**(293,057)**	(281,253)
Unlisted equity securities, at cost less accumulated impairment loss	**70,178**	81,982
	764,488	1,399,486

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

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

During the year ended 31 March 2016, one of the Group's investment in private entities incurred significant losses due to the diminution of the value of this entity's investment portfolio. Accordingly, impairment loss of HK$265,178,000 was recognised to profit or loss for the year ended 31 March 2016 and an additional impairment of HK$11,804,000 was recognised to profit or loss for the year ended 31 March 2017 in respect of the investment in this entity with reference to the latest financial information of this entity available to the Group. As at 31 March 2017, the carrying amount of the investment is HK$25,018,000 (2016: HK$36,822,000).

During the year ended 31 March 2016, impairment loss of HK$16,075,000 measured as the difference between another private entity's carrying amount and the present value of estimated future cash flows discounted at a suitable discount rate is recognised to profit or loss for the year ended 31 March 2016. As at 31 March 2017, the carrying amount of this investment is HK$45,160,000 (2016: HK$45,160,000).

As at 31 March 2017, the Group has pledged certain available-for-sale investments of HK$136,266,000 (2016: HK$463,733,000) to secure bank loans granted to the Group. Details are set out in note 35.

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	HK$'000	HK$'000
Financial assets designated at FVTPL		
Jimei Bond (note i)	**27,779**	24,252
Options consideration (note ii)	**–**	466,150
	27,779	490,402
Financial liabilities designated at FVTPL:		
CIFG Option (note iii)	**1,381**	28,503
HTF Warrants (note iii)	**33,180**	13,012
HTD Option (note iv)	**121,014**	–
Gross liability arising from HTM Put Option (note iv)	**163,775**	–
	319,350	41,515

Notes:

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

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(i) (continued)

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

	At 31 March 2017	At 31 March 2016
Share price of Jimei International Entertainment Group Limited	**HK$5.600**	HK$2.560
Conversion price	**HK$5.000**	HK$5.000
Risk free rate (note a)	**0.783%**	0.689%
Expected life (note b)	**1.672 years**	2.672 years
Expected volatility (note c)	**47.14%**	60.390%
Discount rate	**14.40%**	10.830%

As at 31 March 2017, the fair value of the Jimei Bond was HK$27,779,000 (2016: HK$24,252,000), with a fair value of HK$3,527,000 credited to profit or loss (2016: fair value loss of HK$748,000 charged to profit or loss).

Notes:

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

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

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

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

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

The consideration was satisfied by: (i) issue of 367,500,000 shares of Up Energy Development Group Limited ("Up Energy"), ultimate holding company of Up Energy Mining Limited with its shares listed on the Stock Exchange, at an issue price of HK$2 per share ("Up Energy Share(s)"). However, if as at the third anniversary of the completion date of this disposal ("Third Anniversary Date"), 28 June 2016 (the "Reference Date") the average closing price of Up Energy Share for the five trading days immediately preceding ("Shortfall Determined Market Price") and including the Third Anniversary Date is less than HK$2 per share, Up Energy shall allot and issue additional new Up Energy Share to the Company (the "Top-up Options"); (ii) HK$845,000,000 by way of cash payment; (iii) put option granted to the Group, pursuant to which, as at the Third Anniversary Date, the Group has the right to request Up Energy to arrange for the sale of Up Energy Shares (the "Put Options"), up to a maximum of 140,000,000 shares by way of placing through an independent qualified placing agent nominated by Up Energy at a price to be agreed between Up Energy and such placing agent ("Placing Price"). If the Placing Price is less than HK$2.2 per share, Up Energy shall pay the shortfall as cash compensation to the Company.

If the number of Top Up Consideration Shares to be issued pursuant to the above formula set out in the circular issued by the Group dated 31 January 2013, together with the shares of Up Energy then held by the Company, shall exceed 19.99% of the enlarged issued share capital of Up Energy on the Reference Date, the number of Top Up Consideration Shares to be issued shall be reduced to such number which, together with the shares of Up Energy then held by the Company, shall equal 19.99% of the enlarged issued share capital of Up Energy, and Up Energy shall pay compensation in cash to the Company in an amount equivalent to the product of shortfall number of shares and Shortfall Determined Market Price.

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

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(ii) (continued)

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

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

On 29 June 2016, the Group issued a written notice to Up Energy to exercise the Put Options and requested Up Energy to issue additional consideration shares in accordance with the Top-up Options.

On 17 October 2016 and 20 October 2016, the Group and other shareholders (the "Requisitioning Shareholders") of Up Energy, issued requisition notices to Up Energy to request a special general meeting ("SGM") to pass resolution to remove the majority of the existing board of directors of Up Energy (the "Existing Up Energy Board") and to appoint two individuals as new directors of Up Energy.

On 7 and 28 October 2016, joint provisional liquidators (the "JPLs") of Up Energy were appointed by the Supreme Court of Bermuda (the "Bermuda Court").

On 3 February 2017, the Requisitioning Shareholders further requested Up Energy to hold a SGM to pass a resolution to remove the majority of the existing board of directors members and appoint five individuals as directors of Up Energy ("the Proposed Resolution").

The SGM was held on 25 April 2017 and the Proposed Resolution was passed. The Existing Up Energy Board was removed and the Group appointed five individuals as new directors of Up Energy (the "New Directors" and "Removal and Appointment Resolution"). The results of the Removal and Appointment Resolution was published in certain news media in Hong Kong on 27 April 2017. However, the Existing Up Energy Board was in the view that the SGM held on 25 April 2017 was adjourned and the Removal and Appointment Resolution was invalid.

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(ii) (continued)

On 28 April 2017, the JPLs were empowered by the Bermuda Court, inter alia, to the exclusion of the directors of the Up Energy, to appoint and/or remove directors and other officers of the Up Energy if the JPLs think fit, for the purposes of preserving the Up Energy's assets and restructuring the Up Energy's business and operations; to convene and chair meetings of the shareholders of the Up Energy for such purposes; to enter into any agreements necessary or desirable effectively to restructure the affairs of the Up Energy; to ascertain and take possession of the Up Energy's assets; to secure and take possession of and copy books, papers, writings, documents and records related to the accounts and audit of the Up Energy's accounts and commence investigation and/or actions as may be necessary to protect, recover or obtain assets and/or monies belonging or due to the Up Energy. The Bermuda Court also directed that for the avoidance of doubt, the powers of the Board of Directors of the Up Energy have ceased.

On 8 May 2017, the Group filed a summon with the Bermuda Court returnable at the date of hearing on 12 May 2017 applying to remove two out of three members of JPLs (the "Summons"). On the date of hearing, the Group further proposed two new members to act as JPLs. On 29 May 2017, the Group consented to withdraw its application to remove JPLs.

The directors of the Company were in the view that, after considering the above facts together with: i) Up Energy entered into second delisting stage after received a letter issued by the Stock Exchange on 24 April 2017; ii) the seniority of the Group's Top-up Options and Put Options, which is unsecured, reassessed the possibility of recovery of Top-up Options and Put Options was remote; and iii) the probability of the successful reorganisation is remote, hence, the fair value of the Top-up Options and Put Options was estimated to be nil as at 31 March 2017 and the fair value change of HK$466,150,000 was charged to profit and loss during the year ended 31 March 2017.

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

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(ii) (continued)

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

The inputs into the valuation were as follows:

Top-up Options

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

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(ii) (continued)

Put Options

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

Notes:

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

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

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

As at 31 March 2016, the fair value of the Top-up Options and Put Options were HK$277,146,000 and HK$189,004,000 respectively, with an aggregate fair value loss of HK$119,174,000 recognised in profit and loss during the year ended 31 March 2016.

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(iii) During the year ended 31 March 2016, the Group granted the CIFG Option and HTF Warrants (as defined and detailed in note 33) to an independent third party. The fair value of the CIFG Option was calculated using the Black Scholes Option Pricing Model. The inputs into the valuations were as follows:

CIFG Option	**At 31 March 2017**	At 31 March 2016
Share price of CIFG	**HK$0.330**	HK$0.950
Strike price	**HK$1.440**	HK$1.440
Risk free rate (note a)	**0.682%**	0.607%
Expected life (note b)	**1.286 years**	2.286 years
Expected volatility (note c)	**85.000%**	84.180%

As at 31 March 2017, the fair value of the CIFG Option was HK$1,381,000 (2016: HK$28,503,000). The change in fair value of HK$27,122,000 was credited to profit or loss (2016: HK$4,250,000 charged to profit or loss).

Notes:

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

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

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

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(iii) (continued)

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

HTF Warrants	**At 31 March 2017**	At 31 March 2016
Equity value (note a)	**HK$1.125**	HK$1.049
Risk free rate (note b)	**0.683%**	0.608%
Expected life (note c)	**1.291 years**	2.291 years
Expected volatility (note d)	**24.078%**	17.565%

As at 31 March 2017, the fair value of the HTF Warrants were HK$33,180,000 (2016: HK$13,012,000). The change in fair value of HK$20,168,000 was charged to profit or loss (2016: HK$7,036,000 was credited to profit or loss).

Notes:

(a) Being equity value of Hao Tian Finance determined by reference to the net asset value of Hao Tian Finance as at 31 March 2017 and 2016 respectively with adjustment on marketability and minority discount.

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

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

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

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(iv) During the year ended 31 March 2017, the Group issued HTD Option to Vandi (as detailed and defined in note 37), an independent third party. According to the Call Option Deed (as defined in note 37), Vandi has the right to subscribe up to 389,940,000 shares, representing 9.53% of the issued share capital of the Company as enlarged by the allotment and issue of shares upon exercising the HTD Option, of the Company at an exercise price of HK$0.8 per share (the "HTD Option Price"). Upon the exercise of the HTD Option, the HTD Option Price will be settled by: (i) cash; (ii) transfer of Hao Tian Management's shares owned by Vandi at a fixed price of US$48,721 per Hao Tian Management share ("HTM Put Option"); or iii) a combination of payment of (i) and (ii).

The HTD option is carried in the consolidated statement of financial position as financial liabilities designated at FVTPL as the exercise of the HTD option conversion will be settled other than by exchange of a fixed number of the Company's own equity. The gross financial liability arising from the HTM Put Option represents the present value of the obligation to deliver the share redemption amount, which was estimated to be HK$163,775,000. The amount has been recognised in the consolidated statement of financial position with a corresponding debit to the non-controlling interests. In subsequent years, the remeasurement of the present value of the estimated gross obligation under the written put option to the non-controlling shareholder is recognised in profit or loss.

The fair value of the HTD Option was calculated using the Monte-Carlo Simulation Model. The inputs into the valuations were as follows:

	At 31 March 2017	At issue date
Equity value of Hao Tian Management (note a)	**HK$88,344**	HK$252,909
Stock price of the Company	**HK$0.405**	HK$0.420
Strike price	**HK$0.800**	HK$0.800
Risk free rate (note b)	**1.217%**	0.620%
Expected life (note c)	**4.40 years**	5 years
Expected volatility of the Company (note d)	**93.71%**	93.01%

Notes:

(a) Being equity value of Hao Tian Management determined by reference to the net asset value of Hao Tian Management as at 31 March 2017 and issue date respectively with adjustment on marketability and minority discount.

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

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

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

21. FINANCIAL ASSET/LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(iv) (continued)

As at date of issue, the fair value of the HTD Option was HK$107,697,000. As at 31 March 2017, the fair value of the HTD Option was HK$121,014,000. The change in fair value of HK$13,317,000 was charged to profit and loss.

22. GOODWILL

As detailed in note 42 included in the carrying value of goodwill as at 31 March 2017, HK$271,670,000 has been allocated to Hao Tian International Construction and HK$143,494,000 has been allocated to Fujian Nuoqi (note 42).

The recoverable amount of Hao Tian International Construction has been determined based on a value in use calculation prepared by Avista Valuation Advisory Limited ("Avista"). That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period with a discount rate of 12.8%. Cash flows after the five-year period are extrapolated at 3% growth rate. Another key assumption for the value in use calculation is the budgeted revenue and gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Hao Tian International Construction exceed the aggregate recoverable amount of Hao Tian International Construction.

The recoverable amount of Fujian Nuoqi has been determined based on a value in use calculation by Avista. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period with a discount rate of 18.4%. Cash flows after the five years period are extrapolated at 3% growth rate. Another key assumption for the value in use calculation is the budgeted revenue and gross margin, which is determined based on management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Fujian Nuoqi exceed the aggregate recoverable amount of Fujian Nuoqi.

In the opinion of the directors of the Company, there is no impairment required as at the end of the reporting period.

23. INTANGIBLE ASSETS

(i) HK$11,000,000 of the total amounts represents for the customer list and the securities brokerage licenses acquired by the Group, which amounted to HK$7,500,000 and HK$3,500,000 respectively, through its acquisition of Hao Tian Securities (as defined in note 42).

The recoverable amount of intangible asset has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period with a discount rate of 13.9%. Cash flows after five years period are extrapolated at 1% growth rate. Another key assumption for the value in use calculation is the budgeted revenue and gross margin, which is determined based on the units's past performance and management's expectations for the market development.

(ii) HK$167,650,000 of the total amounts represents for the brand name acquired by the Group through its acquisition of Hao Tian International Construction (as defined in note 42). The directors of the Company consider the brand name acquired has indefinite useful life. The recoverable amount of the intangible asset has been determined based on value in use calculation which is detailed in note 22.

24. FINANCE LEASE RECEIVABLES

	2017 **HK$'000**	2016 HK$'000
Current finance lease receivables	**3,112**	–
Non-current finance lease receivables	**4,241**	–
	7,353	–

Leasing arrangements

Certain of the Group's machinery are leased out under finance leases. All leases are denominated in HK$. The term of finance leases entered into ranges from 3.9 years to 5 years (2016: nil).

24. FINANCE LEASE RECEIVABLES (continued)

Amounts receivable under finance leases

	Minimum lease payments		Present value of lease payments	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than one year	**3,468**	–	**3,112**	–
Later than one year and not later than five years	**4,518**	–	**4,241**	–
	7,986	–	**7,353**	–
Less: unearned finance income	**(633)**	–	**N/A**	N/A
Present value of minimum lease payments receivable	**7,353**	–	**7,353**	–

The effective interest rates of the finance leases as at 31 March 2017 range from 4.55% to 7.47% per annum.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that needed to be recorded as at the end of the reporting period.

25. DEPOSITS

	2017 HK$'000	2016 HK$'000
Deposits for purchase of property, plant and equipment	**5,814**	964

26. INVENTORIES

	2017 HK$'000	2016 HK$'000
Consumables and others	**3,895**	407
Machinery	**1,203**	–
Spare parts	**815**	–
Men's and women's apparels	**2,832**	–
	8,745	407

27. OTHER CURRENT FINANCIAL ASSETS

Trade and interest receivables

	2017 HK$'000	2016 HK$'000
Trade receivables from clients arising from		
– construction machinery business	**74,261**	–
– commodities and futures brokerage	**239**	–
– securities brokerage	**403**	–
– retailing of men's and women's apparels	**4,614**	–
Margin and other trade related deposits with brokers and financial institutions arising from		
– commodities brokerage	**14,208**	–
– futures brokerage	**5,790**	–
– securities brokerage	**156**	–
	99,671	–
Interest receivables in relation to money lending business	**47,674**	36,226
	147,345	36,226

27. OTHER CURRENT FINANCIAL ASSETS (continued)

Trade and interest receivables (continued)

As at 31 March 2017, included in the Group's trade and interest receivables were receivables of HK$22,280,000 (2016: HK$5,783,000) denominated in the currency other than the functional currency of the respective group entities.

The Group allows an average credit period of 0 – 90 days to its trade customers arising from construction machinery business and retailing of men's and women's apparels business. The credit period provided to customers can be longer based on a number of factors including the customer's credit profile and relationship with the customers.

The following is an aged analysis of trade receivables from client arising from construction machinery business and retailing of men's and women's apparels business, net of allowance for bad and doubtful debts, presented based on invoice dates at the end of the reporting period:

	2017	2016
	HK$'000	HK$'000
0 – 30 days	**44,968**	–
31 – 90 days	**21,286**	–
91 – 180 days	**5,728**	–
181 – 365 days	**3,541**	–
Over 365 days	**3,352**	–
	78,875	–

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. The Group has policy for allowance of bad and doubtful debts which is based on an evaluation of the collectability and age analysis of accounts on every individual trade debtor basis and on management's judgment including creditworthiness and the past collection history of each customer.

Included in the Group's trade receivable balances were debtors with aggregate carrying amount of HK$33,907,000 (2016: nil) which were past due for which the Group had not provided for allowance for bad and doubtful debts. Based on past experience, the directors of the Company are of the opinion that no further provision 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 did not hold any collateral over these balances. The average age of these receivables was 72 days (2016: nil).

27. OTHER CURRENT FINANCIAL ASSETS (continued)

Trade and interest receivables (continued)

Ageing of trade receivables from clients arising from construction machinery business and retailing of men's and women's apparels business which are past due but not impaired

	2017 HK$'000	2016 HK$'000
Overdue:		
1 – 90 days	**21,877**	–
91 – 180 days	**7,262**	–
181 – 365 days	**1,438**	–
Over 365 days	**3,330**	–
	33,907	–

For those commodities, futures and securities trading clients, it normally takes two to three days to settle after trade date of those transactions. These outstanding unsettled trades due from clients are reported as trade receivables from clients.

The margin clients of the commodities, futures and securities brokerage business are required to pledge their investments to the Group for credit facilities for commodities, futures and securities trading.

The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

Trade receivables from cash and margin clients arising from the commodities, futures and securities brokerage business are repayable on demand subsequent to settlement date. No aging analysis is disclosed as in the opinion of directors, the aging analysis does not provide additional value in view of the nature of commodities, futures and securities dealing business.

Credits are extended to brokerage clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and collateral available to the Group. Clients trading in commodities and futures and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures, initial margins are required before trading and thereafter clients are required to keep the equity position at a prescribed maintenance margin level.

27. OTHER CURRENT FINANCIAL ASSETS (continued)

Trade and interest receivables (continued)

Interest in relation to money lending business is accrued on a time basis, by reference to the principal outstanding (see note 28) and at effective interest rate applicable. Settlement of interest receivables is in accordance with the terms stated in agreements entered with its customers ranges from 1 month to 6 months (2016: 1 month to 6 months).

As at 31 March 2017, HK$8,389,000 (2016: HK$7,893,000) interest receivables in relation to money lending business was past due of which HK$245,000 was settled up to the date of report.

At 31 March 2017, the Group had determined approximately HK$1,211,000 (2016: nil) of interest receivables as together with their respective loan receivables of HK$6,900,000 (note 28), individually impaired respectively as the debtors were in financial difficulties.

Other receivables, deposits and prepayments

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

Included in the Group's other receivables, deposits and prepayments are the funds deposits to financial institutions for securities investment and trading of futures purposes of HK$44,985,000 (2016: HK$33,096,000).

The other receivables, deposit and prepayments of HK$18,080,000 (2016: HK$ nil) are denominated in currencies other than the functional currency of the respective group entities.

Bank balances and cash and pledged bank deposits

As at 31 March 2017, bank deposits amounting to HK$49,264,000 (2016: HK$167,424,000) have been pledged to banks as security, carrying effective interests range from 0.3% to 0.54% (2016: 0.10%) per annum.

Bank balances and cash comprise cash held by the Group and short-term bank deposits with original maturity date less than three months, carrying effective interest at 1% (2016: 1.14%) per annum.

The bank balances and cash of HK$7,270,000 (2016: HK$691,000) are denominated in currencies other than the functional currency of the respective group entities.

27. OTHER CURRENT FINANCIAL ASSETS (continued)

Bank balances, trust and segregated accounts

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as bank balances, trust and segregated accounts under the current assets section of the consolidated statement of financial position and recognised the corresponding trade payables (note 32) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The clients' monies as bank balances, trust and segregated accounts is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

28. LOAN RECEIVABLES

	2017	2016
	HK$'000	HK$'000
Non-current:		
Secured, fixed-rate loan receivables (Note)	**120,870**	112,961
Unsecured and guaranteed, fixed-rate loan receivables	**2,327**	5,608
	123,197	118,569
Current:		
Secured, fixed-rate loan receivables (Note)	**507,480**	636,508
Unsecured and guaranteed, fixed-rate loan receivables	**157,913**	72,712
	665,393	709,220
	788,590	827,789

Note: The loan receivables are secured by properties and equity securities held by the borrowers. Included in the Group's loan receivables are debtors, with carrying amount of HK$47,450,000 (2016: HK$58,257,000) which are past due at the reporting date. The loan receivables are secured by properties and equity securities pledged to the Group. The Group assessed the recoverability of these loan receivables and concluded that the risk of non-recoverability of the amounts is minimum, and no impairment is considered necessary except for HK$6,900,000 (2016: nil) of loan receivable which were individually impaired during the year ended 31 March 2017 as the debtors were in financial difficulties.

29. INVESTMENT IN AN ASSOCIATE

	2017
	HK$'000
Cost of investment in an associate	**2,334**
Share of post-acquisition loss and other comprehensive expense	**(1,567)**
	767

Name of entity	**Country of registration**	**Principal place of business**	**Proportion of ownership by the Group**		**Principal activity**
			2017	2016	
Fujian Province Qingliu County Jiuli Youzhi Co.,Limited ("Jiuli Youzhi")#	PRC	PRC	**49%**	–	Manufacturing and trading of Camellia Oleifera related products.

One out of three directors of the entity is appointed by the Group. In the opinion of the directors, the Group has significant influence over this entity.

On 27 May 2016, Hao Tian China acquired 49% of issued equity interest of Jiuli Youzhi for a total consideration of RMB2,009,000 (equivalent to HK$2,334,000).

29. INVESTMENT IN AN ASSOCIATE (continued)

Summarised financial information of material associate

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

The associate is accounted for using the equity method in these consolidated financial statements.

	Jiuli Youzhi **2017** **HK$'000**	 2016 HK$'000
Current assets	**6,771**	–
Non-current assets	**3,067**	–
Current liabilities	**(8,273)**	–
Non-current liabilities	**–**	–
Revenue	**888**	–
Loss and total comprehensive expense for the period	**(3,198)**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	Jiuli Youzhi **2017** **HK$'000**	 2016 HK$'000
Net assets	**1,565**	–
Proportion of the Group's ownership interest	**49%**	–
Carrying amount of the Group's interest	**767**	–

30. INVESTMENTS HELD FOR TRADING

	2017	2016
	HK$'000	HK$'000
Investments held for trading include:		
Equity securities listed in Hong Kong, at fair value	**1,237,200**	4,859,871
Derivatives listed outside Hong Kong, at fair value (Note)	**3,808**	270
	1,241,008	4,860,141

Note: Amount represents the fair value of the Group's outstanding position of trading of futures related to commodities and currencies as at 31 March 2017 and 2016.

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

As at 31 March 2017, included in investments held for trading, HK$1,091,409,000 (2016: HK$4,550,500,000) represents the Group's investment in 17.24% (2016: 24.81%) of the equity interests of China Innovative Finance Group Limited ("CIFG"). The investment in CIFG is classified as investments held for trading, as in the opinion of the directors of the Company, the investment is owned for short-term trading purpose and the Group irrevocably undertake to CIFG that the Group shall not participate or otherwise exercise any influence over the management or the operating and financial policy decisions of the CIFG and shall not nominate any directors to or remove any directors from the board of directors of CIFG. On 14 July 2015, the Group entered into a call option deed with an individual third party, in connection with the SN Notes (as defined and detailed in note 33) issued by the Group during year ended 31 March 2016. Under the call option deed, the Group granted a right to this individual third party to purchase up to 80,729,170 shares of CIFG from the Group at an exercise price of HK$1.44 per share. Details of the option are set out in notes 21(iii) and 33.

As at 31 March 2017, included in the Group's investments held for trading, carrying amount of HK$675,501,000 (2016: HK$1,422,000,000) and HK$459,380,000 (2016: HK$864,500,000) (the "Pledged Shares") are pledged to secure banking facilities of HK$600,000,000 (2016: HK$450,000,000) with a term of twelve months and the SN Notes respectively. The Pledged Shares as security will be released upon the full repayment of the loans. Details of the SN Notes and the banking facilities are disclosed in notes 33 and 35 respectively.

30. INVESTMENTS HELD FOR TRADING (continued)

Details of the Group's material listed equity security as at 31 March 2017 and 2016 is as follow:

Name of investment	**Country of establishment**	**Paid up registered capital**	**Proportion of nominal value of registered capital held by the Company** (Note)
CIFG	Bermuda	HK$4,797,162 (2016: HK$4,827,612)	18.26% (2016: 27.14%)

Note: 17.24% (2016: 24.81%) of the equity interests of CIFG were included in investments held for trading whereas 1.02% (2016: 2.33%) were included in available-for-sale investments (note 20).

31. CONSIDERATION RECEIVABLE

	2017 **HK$'000**	2016 HK$'000
Consideration receivable in respect of:		
Menggang Group Disposal	**67,680**	72,120

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

31. CONSIDERATION RECEIVABLE (continued)

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

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

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

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

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

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

31. CONSIDERATION RECEIVABLE (continued)

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

On 3 August 2015, the decision of the Second Arbitration was concluded by the Commission. The decision is in favour of the Group and the Commission ordered the Purchaser to settle the unsettled final instalment of RMB40 million. On 8 September 2015, the Group has submitted a mandatory enforcement to Ordos Court to execute the decision of the Second Arbitration (the "Second Execution"). On 29 December 2015, the Purchaser settled the final installment of RMB40 million and withhold the Enterprise Income Tax of RMB10 million, which previously the Group provided and included in tax payable. Net cash inflow from this settlement was RMB30 million (approximately HK$36,027,000). Overdue interests, penalty and relevant arbitration expenses of RMB4,115,000 (approximately HK$4,896,000) was received by the Group from the Purchaser and was recognised as other income during the year ended 31 March 2016.

On 21 August 2014, the Purchaser however filed a litigation to the Inner-Mongolia Autonomous Regional High People's Court ("the Inner-Mongolia Court") and claimed for an aggregate amount of approximately RMB103 million (approximately HK$131 million), based on similar facts under the Counter-claim. On 6 February 2015, the Group received a writ of summons from the Inner-Mongolia Court regarding this litigation which was dated 29 December 2014. On 8 May 2015, the Group submitted an application of objection to the jurisdiction at the Inner-Mongolia Court (the "Objection"). On 2 June 2015, the Inner-Mongolia Court turned down the Group's Objection. On 7 August 2015, the Group filed an appeal to the Inner-Mongolia Court and reaffirmed its Objection. On 25 December 2015, the Inner-Mongolia Court turned down the Group's Objection. On 22 March 2016, the Purchaser applied to the Inner-Mongolia Court to temporarily suspend the First Execution and the decision of the Inner-Mongolia Court is in favour of the Purchaser. The First Execution is temporarily suspended. On 30 March 2016, the Group filed an appeal to the Inner-Mongolia Court and requested to void the decision on temporarily suspending the First Execution. The appeal was dismissed on 5 May 2016. Subsequently, the Inner-Mongolia Court commenced the hearing of the case on 13 April 2016 and 20 June 2016.

Up to the date of the report, the decision from the Inner-Mongolia Court have not been announced.

31. CONSIDERATION RECEIVABLE (continued)

In view of the Notice was revoked by the Tax Bureau, the decision of the First Arbitration, Second Arbitration and the Beijing Court, the directors of the Company considered that the Group had fully complied with the terms of the sale and purchase agreement. After taking legal advice, in the opinion of the directors of the Company, the Group has a meritorious ground on the arbitration and litigation, so the risk of not recovering the amount is minimal, and no impairment loss is required as at 31 March 2017 and 2016.

As at 31 March 2017, the remaining unsettled consideration of RMB60,000,000 (or equivalent to HK$67,680,000) (2016: RMB60,000,000 (or equivalent to HK$72,120,000)), was included in the consolidated statement of financial position as consideration receivable.

32. OTHER CURRENT FINANCIAL LIABILITIES

Trade payables

	2017 HK$'000	2016 HK$'000
Margin and other deposits payable to clients arising from commodities, futures and securities brokerage	**48,470**	–
Trade payables to brokers and clearing houses arising from commodities, futures and securities brokerage	**1,303**	–
Trade payables arising from construction machinery business	**8,050**	–
Trade payables arising from men's and women's apparel	**3,567**	–
	61,390	–

The settlement terms of payable to brokers, clearing houses and securities trading clients from the ordinary course of business of brokerage in securities range from two to three days after the trade date of those transactions. Margin and other deposits received from clients for their trading of commodities and futures contracts were payable on demand.

Trade payables arising from construction machinery business and men's and women's apparel principally comprise amounts outstanding for trade purchases. The normal credit period taken for trade purchases is 0 – 45 days.

32. OTHER CURRENT FINANCIAL LIABILITIES (continued)

Trade payables (continued)

An aged analysis of the Group's trade payables arising from construction machinery business and men's and women's apparel business at the end of the reporting period presented based on the invoice dates is as follows:

	2017 **HK$'000**	2016 HK$'000
0 – 30 days	**7,338**	–
31 – 60 days	**2,383**	–
61 – 180 days	**1,274**	–
181 – 365 days	**177**	–
Over 365 days	**445**	–
	11,617	–

The trade payables of HK$21,290,000 (2016: nil) are denominated in currencies other than the functional currency of the respective group entities.

Other payables, deposits received and accruals

Other payables principally comprise amounts outstanding for ongoing costs.

Included in the Group's other payables, deposits received and accruals are other payables of HK$702,000 (2016: HK$4,321,000) denominated in the currency other than the functional currency of the respective group entities.

33. SECURED NOTES

On 6 July 2015, the Group entered into a subscription agreement (the "SN Subscription Agreement") with an independent third party (the "SN Subscriber"). Pursuant to the SN Subscription Agreement, the Group agreed to issue and the SN Subscriber agreed to subscribe for notes (the "SN Notes") in the aggregate principal amount of up to US$30,000,000 (or approximately HK$232,499,000). The maturity date of the SN Notes is two years after the issue date. The SN Notes bear fixed coupon rate at 9% per annum. As at 31 March 2017, the SN Notes are secured by certain of the Group's investments held for trading with fair value of HK$459,380,000 (2016: HK$864,500,000).

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

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

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

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

33. SECURED NOTES (continued)

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

The CIFG Option and the HTF Warrants were carried in the consolidated statement of financial position as financial liabilities designated at FVTPL. The fair values of the CIFG Option and the HTF Warrants were detailed in note 21(iii).

During the year ended 31 March 2017, an imputed interest on the SN Notes of HK$21,791,000 (2016: HK$16,148,000) is recognised as finance costs in the consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 March 2017, the secured notes with the carrying value of HK$74,534,000 were redeemed at the principal amount of HK$77,493,000. Loss on early redemption of secured notes of approximately HK$2,959,000 (2016: nil) was charged to profit or loss.

34. DEFERRED TAX ASSET AND LIABILITIES

The following is the major deferred tax (liabilities) assets recognised and movement thereon during the current year:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Fair value change of investments held for trading HK$'000	Fair value adjustment on property, plant and equipment and intangible assets on acquisition of subsidiaries HK$'000	Total HK$'000
At 1 April 2015	–	–	(315,155)	–	(315,155)
Charge to profit or loss (note 11)	–	–	(252,180)	–	(252,180)
At 31 March 2016	–	–	(567,335)	–	(567,335)
Acquisition of subsidiaries (note 42)	(29,393)	5,080	–	(52,554)	(76,867)
(Charge) credit to profit or loss (note 11)	(1,388)	1,284	516,310	–	516,206
At 31 March 2017	(30,781)	6,364	(51,025)	(52,554)	(127,996)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2017 HK$'000	2016 HK$'000
Deferred tax assets	**6,364**	–
Deferred tax liabilities	**(134,360)**	(567,335)
	(127,996)	(567,335)

35. BORROWINGS

	2017 HK$'000	2016 HK$'000
Bank overdrafts – secured (note a)	**19,825**	34,275
Bank loans – secured (note b)	**373,085**	429,619
Corporate bonds and notes – unsecured (note c)	**164,550**	164,550
Securities margin loans – secured (note d)	**320,412**	–
Other borrowings – secured (note e)	**61,147**	–
	939,019	628,444
Carrying amounts repayable (based on the scheduled repayment dates set out in loan agreements):		
Within one year	**688,971**	463,894
More than one year but not exceeding two years	**34,790**	–
More than two years but not exceeding five years	**170,666**	19,550
More than five years	**44,592**	145,000
	939,019	628,444
Less: Amounts due within one year shown under current liabilities:–		
– the carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**642,185**	429,619
More than one year but not exceeding two years	**11,509**	–
More than two years but not exceeding five years	**27,910**	–
More than five years	**14,592**	–
	696,196	429,619
– carrying amounts due within one year without repayable on demand clause	**46,786**	34,275
Amounts shown under non-current liabilities	**196,037**	164,550

Notes:

(a) The bank overdrafts are secured by pledged bank deposits of HK$20,231,000 (2016: HK$35,204,000). The bank overdrafts carry floating rates of Hong Kong Interbank Offered Rate (the "HIBOR") plus 1% or 1% per annum below prime rate, i.e. effective interest rate of 2.43% to 4% per annum (2016: HIBOR plus 1% or prime rate plus 1%, i.e. effective interest rate of 2.27% to 7% per annum).

35. BORROWINGS (continued)

Notes: (continued)

(b) The Group's bank borrowings of HK$142,000,000 (2016: HK$300,000,000) are secured by certain assets of the Group, including the Group's available-for-sale investments of HK$64,766,000, investments held for trading of HK$377,029,000, and the entire issued share capital of the Group's subsidiaries, Hao Tian Finance and Guo Guang Limited (2016: available-for-sale investments of HK$463,733,000, investments held for trading of HK$1,422,000,000, a yacht of HK$55,256,000 and the entire issued share capital of the Group's subsidiaries, Hao Tian Finance and Guo Guang Limited). The bank borrowings carry floating rates of HIBOR plus 2.7% (2016: HIBOR plus 2.7%) per annum, i.e. effective interest of 3.76% (2016: 3.73%) per annum.

As at 31 March 2017, the Group's bank borrowings approximately of HK$20,000,000 were secured by pledged bank deposits of HK$15,000,000. The bank borrowings carried floating rates of prime rate plus 1% per annum, i.e. effective interest of 6% per annum.

As at 31 March 2017, the Group's bank borrowings approximately of HK$70,000,000 were secured by the Group's investments held for trading of HK$297,000,000. The bank borrowings carried fixed rates of 6.5% per annum.

As at 31 March 2017, the Group's bank borrowings approximately of HK$50,000,000 were secured by pledged bank deposits of HK$9,430,000, available-for-sale investments of HK$71,500,000 and investments held for trading of HK$1,472,000. The bank borrowings carried floating rates of HIBOR plus 2.7% per annum, i.e. effective interest of 3.11% per annum.

As at 31 March 2017, the Group's bank loans and other banking facilities approximately of HK$91,085,000 were secured by leasehold land and building of HK$6,316,000 and pledged bank deposits of HK$4,603,000. The bank borrowings carried floating rates ranged from 3% to 5.59% per annum.

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

(c) The borrowings are unsecured, carries fixed rate ranges from 2.25% to 7.5% per annum (2016: 3.25% to 7.5% per annum) and will mature in year 2017 to 2023 (2016: year 2017 to 2023).

(d) These represented loan facilities received from securities broking house and were secured by 750,000,000 shares of Hao Tian International Construction (as defined in note 42) held by the Group. As at 31 March 2017, the entire loans were repayable on demand and carried fixed interest rate of 8% per annum.

35. BORROWINGS (continued)

Notes: (continued)

(e) It is the Group policy to lease certain of its motor vehicles and machinery under financing arrangement. The Group entered into financing arrangement with several financial institutions, pursuant to which the Group transferred the legal title of certain machinery of the Group to these financial institutions at net consideration of HK$46,551,000 (2016: nil). The Group is obligated to pay monthly instalments in accordance with respective agreements. Upon the maturity of the lease, the Group is entitled to purchase back the machinery at cash considerations in accordance with respective agreements which are expected lower than the market values of respective machinery. Despite the arrangement involves a legal form of a lease, the Group accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method, in accordance with the substance of the arrangement.

The lease terms range from 3 to 5 years (2016: nil) under sale and leaseback arrangement. Interest rates underlying all arrangements are either fixed ranging from 7.50% to 11.97% per annum (2016: nil) or variable ranging from 6.69% to 9.65% per annum (2016: nil) at respective contract dates. None of the leases include contingent rentals.

	Present value of minimum lease payments	
	2017	2016
	HK$'000	HK$'000
Principal amount:		
Within one year	**27,660**	–
Within a period of more than one year but not more than two years	**15,731**	–
Within a period of more than two years but not more than five years	**17,756**	–
	61,147	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(27,660)**	–
Amount due for settlement after 12 months	**33,487**	–

Other borrowings are effectively secured by the underlying assets of HK$107,057,000 (2016: nil) as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

Included in the Group's borrowings are borrowings of HK$126,742,000 (2016: HK$129,619,000) denominated in the currency other than the functional currency of the respective group entities.

36. OBLIGATIONS UNDER FINANCE LEASES

	2017 **HK$'000**	2016 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**3,877**	–
Non-current liabilities	**3,015**	–
	6,892	–

It is the Group's policy to lease certain of its motor vehicles and machinery under financing arrangement. The lease terms ranged from 1 to 5 years. Interest rates underlying all obligations under finance leases are either fixed ranging from 2.17% to 11.27% per annum at respective contract dates. None of the leases include contingent rentals.

	Minimum lease payments		**Present value of minimum lease payments**	
	2017 **HK$'000**	2016 HK$'000	**2017** **HK$'000**	2016 HK$'000
Obligations under finance leases payable:				
Within one year	**4,225**	–	**3,877**	–
Within a period of more than one year but not more than two years	**1,648**	–	**1,571**	–
Within a period of more than two years but not more than five years	**1,483**	–	**1,444**	–
	7,356	–	**6,892**	
Less: future finance charges	**(464)**	–	**N/A**	N/A
Present value of lease obligations	**6,892**	–	**6,892**	–
Less: Amount due for settlement within twelve months (shown under current liabilities)			**3,877**	–
Amount due for settlement after twelve months			**3,015**	–

Finance lease payables are effectively secured by the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

37. CHANGE OF GROUP'S INTEREST IN SUBSIDIARIES/OTHER LONG TERM LIABILITY

(A) Hao Tian Finance

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

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

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

As part of the First Subscription Agreement, the Company granted RSGHL a right with a consideration of HK$1.00 that on the occurrence of Hao Tian Finance and the Company fails to have all the shares of Hao Tian Finance to be listed on either the Main Board or the Growth Enterprise Market of the Stock Exchange within three years after the completion of the First Subscription (the "Event"), i.e. 8 April 2018, RSGHL shall have the right to request the Company to purchase all or part of the shares at a price of HK$1.15 per share (the "HTF Put Option") at any time within three months after occurrence of the Event. As at date of issue, the fair value of gross liability of HK$91,291,000 of the HTF Put Option has been accounted for as other long term liability in the consolidated statement of financial position. The effective interest rate of the other long-term liability is 8.00% per annum.

37. CHANGE OF GROUP'S INTEREST IN SUBSIDIARIES/OTHER LONG TERM LIABILITY (continued)

(A) Hao Tian Finance (continued)

During the year ended 31 March 2017, an imputed interest on the other long term liability of HK$7,930,000 (2016: HK$7,269,000) is recognised as finance costs in the consolidated statement of profit or loss and other comprehensive income.

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

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

Notes:

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

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

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

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

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

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

37. CHANGE OF GROUP'S INTEREST IN SUBSIDIARIES/OTHER LONG TERM LIABILITY (continued)

(B) Hao Tian Management

On 22 May 2016, Hao Tian Management, an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement (the "HTM Subscription Agreement") with Vandi Investments Limited ("Vandi"), an independent third party, pursuant to which, Vandi agreed to subscribe for, and Hao Tian Management agreed to issue, 821 new ordinary shares for a consideration of US$40 million (equivalent to HK$311,561,000) (the "HTM Subscription"). The HTM Subscription was completed on 23 August 2016. Upon the completion of the HTM subscription, Hao Tian Management remains as an indirect non-wholly owned subsidiary of the Company and will be owned as to approximately 92.41% and approximately 7.59% by the Company and Vandi respectively. As part of the HTM Subscription Agreement, upon the completion of the HTM Subscription, the Company entered into a call option deed ("Call Option Deed") with Vandi, pursuant to which, the Company granted a call option to Vandi to subscribe up to 389,940,000 shares of the Company (the "HTD Option") at an exercise price of HK$0.8 per share.

The difference between the increase in non-controlling interests of HK$209,354,000, the cash consideration of HK$311,561,000, and the aggregated fair value of the HTD Option of HK$107,697,000, i.e. HK$5,490,000, has been debited to other reserve at initial recognition.

38. RETIREMENT BENEFIT SCHEMES

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

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

During the year, the total amounts contributed by the Group to the schemes and cost charged to profit or loss of HK$1,583,000 (2016: HK$835,000) represent contribution paid or payable to the schemes by the Group at rates specified in the rules of the schemes.

39. CONTINGENT LIABILITIES

As at 31 March 2017, the Group provided corporate guarantees and performance guarantee amounting to approximately HK$2,262,000 (2016: nil) and HK$11,200,000 (2016: nil) to banks in respect of obligations under finance leases and the Group's obligations under contracts with certain third party customers. Under the guarantees, the Group would be liable to make payments to the banks if the bank is unable to recover the amounts under these finance leases from these customers or the Group failed to perform the relevant obligations to these customers. As at 31 March 2017, no provision for the Group's obligation under the guarantee contracts has been made as the directors of the Company considered that it was not probable that the repayment of the finance lease obligations would be in default and it was not probable that a claim will be made against the Group.

40. SHARE CAPITAL

	Nominal value per share	**Number of shares**	**Share capital**
	HK$		HK$'000
Ordinary shares			
Authorised:			
At 1 April 2015, 31 March 2016 and 31 March 2017	**0.01**	**50,000,000,000**	**500,000**
Issued and fully paid:			
At 1 April 2015	0.01	2,944,303,100	29,443
Shares issued upon exercise of warrants (note a)	0.01	100,000,000	1,000
Top-up placing of new shares (note b)	0.01	240,000,000	2,400
Bonus issue (note c)	0.01	328,430,310	3,284
Issue of new shares under share award (note d)	0.01	29,614,906	296
At 31 March 2016	0.01	3,642,348,316	36,423
Shares issued upon exercise of warrants (note a)	0.01	537,743,800	5,378
Issue of emolument shares (note e)	0.01	6,075,334	61
At 31 March 2017		**4,186,167,450**	**41,862**

40. SHARE CAPITAL (continued)

Details of the changes in the Company's share capital for the years ended 31 March 2017 and 2016 are as follows:

(a) During the year ended 31 March 2017, a total of 537,743,800 (2016: 100,000,000) new ordinary shares of the Company of HK$0.01 (2016: HK$0.01) each were issued upon the exercise of 537,743,800 (2016: 100,000,000) warrants at HK$0.4545 (2016: HK$0.50) per share.

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

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

(d) On 29 January 2016, the directors of the Company proposed a share award of 29,614,906 new ordinary shares of HK$0.01 each in the Company at issue price of HK$0.318 representing the average quoted price of five consecutive trading days immediately preceding 29 January 2016, per share to the directors and selected employees of the Company. Details are stated in the Company's circular issued on 4 March 2016. The share award was approved by the shareholders on 22 March 2016 and 29,614,906 shares were issued on 23 March 2016 and the share price at that day is HK$0.28.

(e) On 26 September 2016, the Company entered into a director's services agreement with Mr. Fok covering period from 27 September 2016 to 26 September 2019. Pursuant to which, 36,452,004 shares of the Company will be allotted and issued to Mr. Fok during his service period. The aggregate value of these shares is HK$15,000,000 which was determined by reference to the Company's average share price of the last ten consecutive trading dates immediately prior to 27 September 2016, i.e. HK$0.4115. Details of which are set out in the Company's circular issued on 25 January 2017. The service agreement was approved by the shareholders on 17 February 2017, 6,075,334 shares has been allotted and issued on 27 March 2017. If Mr. Fok ceases to be an executive director of the Company before the allotment dates specified in the circular, his entitlement will be calculated on a pro rata basis.

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

41. RESERVES

Share premium

	2017 **HK$'000**	2016 HK$'000
At the beginning of year	**3,647,206**	3,302,172
Issue of new shares under share award	**–**	219,437
Issue of emolument shares	**2,439**	–
Issue of new shares upon exercise of warrants	**625,877**	128,134
Transaction costs attributable to issue of new shares upon placing, open offer, bonus issue and share award	**–**	(2,537)
At the end of year	**4,275,522**	3,647,206

Warrant reserve

	2017 **HK$'000**	2016 HK$'000
At the beginning of year	**386,850**	–
Issue of warrants	**–**	466,611
Transaction costs attributable to issue of warrants	**–**	(627)
Exercise of warrants	**(386,850)**	(79,134)
At the end of the year	**–**	386,850

Statutory surplus reserve

	2017 **HK$'000**	2016 HK$'000
At the beginning and the end of year	**3,539**	3,539

41. RESERVES (continued)

Share option reserve

	2017 **HK$'000**	2016 HK$'000
At the beginning of year	**4,220**	7,178
Transfer to accumulated profits upon forfeiture of share options lapsed	**(3,654)**	(3,087)
Recognition of equity-settled share-based payments	**671**	129
At the end of year	**1,237**	4,220

Asset revaluation reserve

	2017 **HK$'000**	2016 HK$'000
At the beginning of year	**1,122,426**	561,598
Fair value changes on available-for-sale investments	**(547,388)**	435,841
Reclassification adjustment to profit or loss on impairment loss	**74,728**	120,173
Reclassification adjustment to profit or loss upon disposal	**(53,212)**	(29,264)
Share to non-controlling interests	**34,835**	34,078
At the end of year	**631,389**	1,122,426

Special reserve

	2017 **HK$'000**	2016 HK$'000
At the beginning and the end of year	**(5,754)**	(5,754)

41. RESERVES (continued)

Translation reserve

	2017 HK$'000	2016 HK$'000
At the beginning of year	**(1,210)**	1,635
Exchange differences arising on translation of foreign operations	**(8,040)**	(2,845)
At the end of year	**(9,250)**	(1,210)

Other reserve

	2017 HK$'000	2016 HK$'000
At the beginning of year	**(92,041)**	–
Capital injection from non-controlling interests	**(5,490)**	(750)
Issue of written put option	**–**	(91,291)
At the end of year	**(97,351)**	(92,041)

Put option reserve

	2017 HK$'000	2016 HK$'000
At the beginning of year	**5,238**	–
Issue of written put option	**–**	5,238
At the end of year	**5,238**	5,238

42. ACQUISITION OF SUBSIDIARIES

(A) Acquisition of Hao Tian Securities

On 8 August 2016, the Group acquired the entire issued share capital of Hao Tian International Securities Limited (formerly known as Paul Securities Limited) ("Hao Tian Securities") from an independent third party at a consideration of HK$29,158,000. This acquisition has been accounted for using the purchase method. Hao Tian Securities is engaged in the provision of securities brokerage service in Hong Kong.

Consideration transferred

	HK$'000
Cash	29,158
Less: Bank balances and cash acquired	(18,833)
Net cash used in acquisition	10,325

Assets acquired and liabilities recognised at the date of acquisition (determined on provisional basis):

	HK$'000
Property, plant and equipment	125
Intangible assets	11,000
Deposits	200
Trade and other receivables	2,259
Bank balances, trust and segregated accounts	40,386
Bank balances and cash	18,833
Trade and other payables	(43,636)
Tax payable	(9)
	29,158

The initial accounting for the above acquisition has been determined provisionally, awaiting the finalisation of professional valuation in relation to intangible assets.

The fair value as well as the gross contractual amounts of the trade and other receivables acquired amounted to HK$2,259,000 at the date of acquisition.

42. ACQUISITION OF SUBSIDIARIES (continued)

(A) Acquisition of Hao Tian Securities (continued)

Impact of acquisition on the results of the Group

During the year ended 31 March 2017, Hao Tian Securities contributed HK$852,000 to the Group's revenue and HK$2,940,000 to the loss for the period between the respective date of acquisition and 31 March 2017.

(B) Acquisition of Hao Tian International Construction

On 6 February 2017, the Group acquired 75% issued share capital of Clear Lift Holdings Limited (subsequently changed its name to Hao Tian International Construction Investment Group Limited ("Hao Tian International Construction")) ("Clear Lift Acquisition") from an independent third party at a consideration of HK$592,500,000.

On 13 March 2017, the Group further acquired 5.79% issued share capital of Hao Tian International Construction at a total consideration of HK$45,778,000 under the general offer required by Takeover Code (the "Clear Lift General Offer"). As at 31 March 2017, the Group held 80.79% of total issued share capital of Hao Tian International Construction.

As Clear Lift General Offer was triggered by Clear Lift Acquisition, they are considered as one single acquisition.

In determination of the total consideration transferred in this transaction, the consideration paid in Clear Lift Acquisition and Clear Lift General Offer are considered together.

This acquisition has been accounted for using the acquisition method. Hao Tian International Construction is an investment holding company and its subsidiaries are principally engaged in construction machinery business, including rental of construction machinery, trading of construction machinery and spare parts, and provision of repair and maintenance and transportation services.

42. ACQUISITION OF SUBSIDIARIES (continued)

(B) Acquisition of Hao Tian International Construction (continued)

Consideration transferred

	HK$'000
Cash	638,278

Acquisition-related costs amounting to HK$16,386,000 have been excluded from the consideration transferred and have been recognised as other expenses in the current year.

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Property, plant and equipment	378,700
Intangible assets	167,650
Deferred tax assets	5,080
Finance lease receivables	7,855
Inventories	1,169
Trade and other receivables	51,880
Tax recoverable	1,766
Pledged bank deposits	4,597
Bank balances and cash	88,216
Trade and other payables	(28,624)
Borrowings	(77,656)
Obligations under finance leases	(74,086)
Deferred tax liabilities	(72,697)
Tax payable	(71)
	453,779

The fair value of the trade and other receivables acquired amounted to HK$51,880,000 at the date of acquisition. The gross contractual amount of those trade and other receivables acquired amounted to HK$52,226,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected amount to HK$346,000.

42. ACQUISITION OF SUBSIDIARIES (continued)

(B) Acquisition of Hao Tian International Construction (continued)

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	638,278
Plus: non-controlling interests	87,171
Less: net assets acquired	(453,779)
Goodwill arising on acquisition	271,670

The non-controlling interests in Hao Tian International Construction was measured by the proportionate share of the carrying amount of its net assets.

Net cash outflow on acquisition of Hao Tian International Construction:

	HK$'000
Cash consideration paid	638,278
Acquisition-related cost paid	16,386
Bank balances and cash acquired	(88,216)
	566,448

During the year ended 31 March 2017, Hao Tian International Construction contributed HK$51,232,000 to the Group's revenue and HK$12,925,000 to the profit for the period between the respective date of acquisition and 31 March 2017.

42. ACQUISITION OF SUBSIDIARIES (continued)

(C) Acquisition of Fujian Nuoqi

On 22 July 2016, the Group entered into a restructuring agreement with Fujian Nuoqi Co. Ltd., a company incorporated in the PRC and with its H-shares listed on the Main Board of the Stock Exchange ("HT China Restructuring Agreement"). Pursuant to the HT China Restructuring Agreement, the Group conditionally agreed to participate in the restructuring of Fujian Nuoqi through acquiring 51% of equity interest of Fujian Nuoqi for a total consideration of approximately RMB151,000,000 (equivalent to approximately HK$174,540,000) (the "Fujian Nuoqi Acquisition"). The Fujian Nuoqi Acquisition was completed on 5 September 2016. As at 5 September 2016, the Group held investment in 51% of the total issued shares of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Group was required to make mandatory unconditional cash offers to all shareholders of Fujian Nuoqi (other than the Group and parties acting in concert with it) (the "General Offer"). Pursuant to Rule 26.4 of the Takeovers Code "Restrictions on control by offeror", the Group was restricted to appoint its nominee or persons acting in concert with it as director of Fujian Nuoqi or exercise its voting rights in Fujian Nuoqi until the offer document for the General Offer (the "Offer Document") had been posted.

The directors of the Company were of the view that the Group did not have control or significant influence over Fujian Nuoqi prior to the appointment of the Group's nominee or person acting in concert with it as directors of Fujian Nuoqi and the Group may not exercise its shareholders' voting rights in Fujian Nuoqi until the Offer Document had been posted, except with the consent of the Securities and Futures Commission. Consequently, investment in Fujian Nuoqi was classified as available-for-sale investments at its initial recognition.

On 8 February 2017, the Offer Document was posted. The directors of the Company are of the view that the Group, after considering the Group has the right to request for an extraordinary general meeting and exercise its shareholder's right in such meeting for the purposes of i) removal of existing directors of Fujian Nuoqi; ii) nominating and appointing new directors of Fujian Nuoqi, and; iii) the Group's dominance in shareholder's meeting of Fujian Nuoqi with its 51% of total issued equity interest in Fujian Nuoqi, has control over Fujian Nuoqi. Since then, Fujian Nuoqi has become an indirect and non-wholly owned subsidiary of the Company.

On 1 March 2017, the Group further acquired 8.93% issued share capital of Fujian Nuoqi at a total consideration of approximately HK$30,693,000 under the general offer required by Takeover Code (the "Fujian Nuoqi General Offer"). As at 31 March 2017, the Group held 59.93% of total issued share capital of Fujian Nuoqi.

42. ACQUISITION OF SUBSIDIARIES (continued)

(C) Acquisition of Fujian Nuoqi (continued)

As Fujian Nuoqi General Offer was triggered by Fujian Nuoqi Acquisition, they are considered as one single acquisition.

In determination of the total consideration transferred in this transaction, the consideration paid in Fujian Nuoqi Acquisition and Fujian Nuoqi General Offer are considered together.

On 21 April 2017, an extraordinary general meeting was held by Fujian Nuoqi and certain resolutions were passed, including, amongst others, i) removal of one of the existing directors of Fujian Nuoqi; and ii) appointing new directors of Fujian Nuoqi.

Assets acquired and liabilities recognised at the date of acquisition (determined on provisional basis):

	HK$'000
Property, plant and equipment	100,651
Prepaid lease payments	16,623
Inventories	2,714
Trade and other receivables	2,753
Bank balances and cash	2,926
Trade and other payables	(4,374)
Amount due to shareholder	(9,025)
Deferred tax liabilities	(9,250)
	103,018

The initial accounting for the above acquisition has been determined provisionally, awaiting the finalisation of professional valuation in relation to intangible assets which includes brand name and customer list.

The fair value as well as the gross contractual amounts of the trade and other receivables acquired amounted to HK$2,753,000 at the date of acquisition.

42. ACQUISITION OF SUBSIDIARIES (continued)

(C) Acquisition of Fujian Nuoqi (continued)

Consideration transferred

	HK$'000
Cash	205,233

Acquisition-related costs amounting to HK$12,865,000 have been excluded from the consideration transferred and have been recognised as other expenses in the current year.

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	205,233
Plus: non-controlling interests	41,279
Less: net assets acquired	(103,018)
Goodwill arising on acquisition	143,494

The non-controlling interests in Fujian Nuoqi was measured by the proportionate share of the carrying amount of its net assets.

Net cash outflow on acquisition of Fujian Nuoqi:

	HK$'000
Cash consideration paid	205,233
Acquisition-related cost paid	12,865
Bank balances and cash acquired	(2,926)
	215,172

42. ACQUISITION OF SUBSIDIARIES (continued)

(C) Acquisition of Fujian Nuoqi (continued)

Net cash outflow on acquisition of Fujian Nuoqi: *(continued)*

During the year ended 31 March 2017, Fujian Nuoqi contributed HK$9,323,000 to the Group's revenue and HK$992,000 to the profit for the period between the respective date of acquisition and 31 March 2017.

43. COMMITMENTS

(a) Operating lease commitments

The Group as lessor

The Group sub-leased vacant space of its leased warehouse and leased and sub-leased its owned and leased machinery under operating lease agreements. Income earned from the leasing during the year is HK$18,770,000 (2016: nil).

The minimum rent receivables under non-cancellable operating leases are as follows:

	2017 **HK$'000**	2016 HK$'000
Not later than one year	**3,023**	5,121

43. COMMITMENTS (continued)

(a) Operating lease commitments (continued)

The Group as lessee

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

	2017	2016
	HK$'000	HK$'000
Within one year	**21,762**	16,332
In the second to fifth year inclusive	**23,824**	16,071
	45,586	32,403

Operating lease payments represent rentals payable by the Group for certain of its office and residential premises. Leases are negotiated for lease term of one to five years (2016: two to five years) and rentals are fixed over the relevant lease term.

(b) Capital commitment:

	2017	2016
	HK$'000	HK$'000
Capital expenditure in respect of addition of property, plant and equipment:		
– contracted for but not provided in the consolidated financial statements (note)	**154,035**	140,397

Note: During the year ended 31 March 2015, a wholly-owned subsidiary of the Group has entered into contractual agreement for the development of the logistics warehousing business in the PRC. Total contract sum of approximately RMB116,803,000 or equivalent to HK$131,753,000 (2016: RMB116,803,000 or equivalent to HK$140,397,000) is included in the above amounts.

44. SHARE OPTION SCHEMES/SHARE AWARD SCHEME/EMOLUMENT SHARES

(a) Share Option Schemes

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

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

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

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

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

44. SHARE OPTION SCHEMES/SHARE AWARD SCHEME/EMOLUMENT SHARES (continued)

(a) Share Option Schemes (continued)

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

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

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

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

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

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

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

44. SHARE OPTION SCHEMES/SHARE AWARD SCHEME/EMOLUMENT SHARES (continued)

(a) Share Option Schemes (continued)

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

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

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

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

44. SHARE OPTION SCHEMES/SHARE AWARD SCHEME/EMOLUMENT SHARES (continued)

(a) Share Option Schemes (continued)

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

Grantee	Date of grant	Exercising period	Exercise price per share HK$	Outstanding at 1 April 2015	Granted during the year	Lapsed during the year	Forfeited during the year	Adjusted during the year (note c)	Outstanding at 31 March 2016	Lapsed during the year	Outstanding at 31 March 2017
				Number of share options							
Director											
Mr. Fok	8.4.2011	8.4.2013 to 8.4.2015	0.888	454,320	–	(454,320)	–	–	–	–	–
	8.4.2011	8.4.2014 to 8.4.2016	0.888	454,320	–	–	–	45,432	499,752	(499,752)	–
	8.4.2011	8.4.2015 to 8.4.2017	0.888	605,760	–	–	–	60,576	666,336	–	666,336
Senior Consultant											
Ms. Li (note a)	27.9.2010	27.9.2013 to 26.9.2015	0.961	4,316,040	–	(4,316,040)	–	–	–	–	–
	27.9.2010	27.9.2014 to 26.9.2016	0.961	5,754,720	–	–	–	575,472	6,330,192	(6,330,192)	–
Other employees	27.9.2010	27.9.2013 to 26.9.2015	0.961	3,717,852	–	(3,717,852)	–	–	–	–	–
	27.9.2010	27.9.2014 to 26.9.2016	0.961	13,296,432	–	(3,573,984)	–	972,245	10,694,693	(10,694,693)	–
	8.4.2011	8.4.2013 to 8.4.2015	0.888	1,022,220	–	(113,580)	(908,640)	–	–	–	–
	8.4.2011	8.4.2014 to 8.4.2016	0.888	1,022,220	–	–	(908,640)	11,358	124,938	(124,938)	–
	8.4.2011	8.4.2015 to 8.4.2017	0.888	1,362,960	–	–	(1,211,520)	15,144	166,584	–	166,584
	29.1.2016	3.2.2017 to 2.2.2020 (note b)	0.318	–	5,000,000	–	–	–	5,000,000	–	5,000,000
				32,006,844	5,000,000	(12,175,776)	(3,028,800)	1,680,227	23,482,495	(17,649,575)	5,832,920
Weighted average exercise price				1.045	0.318	0.958	0.961	0.956	0.820	0.9584	0.399
Exercisable at the end of the year				32,006,844					18,482,495		5,832,920

Notes:

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

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

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

44. SHARE OPTION SCHEMES/SHARE AWARD SCHEME/EMOLUMENT SHARES (continued)

(a) Share Option Schemes (continued)

(b) (continued)

Notes:

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

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

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

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

(c) The numbers of share options were adjusted upon the bonus issue (2016: (i) completion of Capital Reorganisation; and (ii) completion of the Open Offer with the Bonus Issue).

In the current year, share option expenses of approximately HK$671,000 (2016: HK$129,000) were recognised in profit or loss with a corresponding credit in the Group's share option reserve.

(b) Share Award Scheme

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

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

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

44. SHARE OPTION SCHEMES/SHARE AWARD SCHEME/EMOLUMENT SHARES (continued)

(b) Share Award Scheme (continued)

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

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

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

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

(c) Emolument Shares

On 26 September 2016, the Company entered into a director's services agreement with Mr. Fok covering period from 27 September 2016 to 26 September 2019. Pursuant to which, 36,452,004 shares of the Company will be allotted and issued to Mr. Fok during his service period. Details of which are set out in note 40(e).

45. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2016, the Company entered into a subscription agreement with Asia Link, the Company's immediate and ultimate holding company. Pursuant to this agreement, the Company issued 588,858,000 warrants of the Company at issue price of HK$0.001 per warrant and the subscription price for each underlying share for each warrant shall be HK$0.50. The subscription was completed on 2 July 2015. Details are set out in note 8.

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

	2017 **HK$'000**	2016 HK$'000
Salaries and other short-term benefits	**14,457**	15,137
Post-employment benefits	**83**	81
Share-based payments	**2,500**	6,370
	17,040	21,588

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

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) Details of the Company's principal subsidiaries at 31 March 2017 and 2016 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Class of shares held	Issued and fully paid up share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company				Principal activities
				2017		2016		
				Directly	**Indirectly**	Directly	Indirectly	
Win Team Investments Limited	BVI	Ordinary	US$1	**100%**	**-**	100%	–	Investment holding
Merrymaking Investment Limited	BVI	Ordinary	US$10,000	**-**	**100%**	–	100%	Investment holding
Pleasing Results Limited	BVI	Ordinary	US$50,000	**-**	**100%**	–	100%	Investment holding
Hao Tian Management (note iii)	Hong Kong	Ordinary	HK$10,821	**-**	**92.41%**	–	100%	Securities investment, investment holding and provision of management services
Hao Tian Finance (note i)	Hong Kong	Ordinary	HK$1,210,000,000	**-**	**75.21%**	–	75.21%	Money lending
Esteem Ocean Limited	BVI	Ordinary	US$1	**-**	**75.21%**	–	75.21%	Investment holding
Hong Kong Energy & Mining Investment Management Limited	Hong Kong	Ordinary	HK$1	**-**	**100%**	–	100%	Trading of futures
Hao Tian Oil & Gas Development Group Limited	Hong Kong	Ordinary	HK$1	**-**	**100%**	–	100%	Investment holding
Access Profit Global Enterprises Group Limited	BVI	Ordinary	US$1,000	**-**	**100%**	–	100%	Investment holding
New Style Corporation Limited	Hong Kong	Ordinary	HK$1,000	**-**	**100%**	–	100%	Investment holding
Xinjiang Xinpin Logistics Co., Ltd. (note ii)*	PRC	Registered	RMB15,000,000	**-**	**100%**	–	100%	Inactive
Hao Tian International Construction	Cayman Islands	Ordinary	HK$1,000,000	**-**	**80.79%**	–	–	Investment holding
Hao Tian Investment (China) Co., Limited (note ii)*	PRC	Registered	RMB50,000,000	**-**	**100%**	–	100%	Investment holding
Beijing Hao Tian Investment Fund Management Co., Limited (note ii)*	PRC	Registered	US$370,000	**-**	**100%**	–	100%	Investment holding
Hao Tian Hua Tong (Beijing) Trading Co., Limited (note ii)*	PRC	Registered	RMB5,000,000	**-**	**100%**	–	100%	Investment holding
King International Bullion Limited	Hong Kong	Ordinary	HK$10,000,000	**-**	**100%**	–	–	Commodities brokerage
Fujian Nuoqi Co., Ltd (note ii)*	PRC	Registered	RMB122,158,800	**-**	**59.93%**	–	–	Retailing of men's and women's apparels
Chim Kee Company Limited	Hong Kong	Ordinary	HK$1,000,000	**-**	**80.71%**	–	–	Construction machinery business
Chim Kee Machinery Co., Limited	Hong Kong	Ordinary	HK$1	**-**	**80.71%**	–	–	Construction machinery business
Hao Tian Securities	Hong Kong	Ordinary	HK$10,000	**-**	**100%**	–	–	Securities brokerage business

* English names are translated for identification purpose only.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) (continued)

Notes:

(i) During the year ended 31 March 2016, the share capital of Hao Tian Finance was resolved to be enlarged to HK$1,210,000,000. As at 31 March 2016, HK$1,210,000,000 ordinary shares were in issue, of which HK$300,000,000 ordinary shares were issued to non-controlling shareholders as stated in note 37(A).

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

(iii) During the year ended 31 March 2017, the share capital of Hao Tian Management was resolved to enlarge to HK$10,821. As at 31 March 2017, HK$10,821 ordinary shares were in issue, of which HK$821 ordinary shares were issued to non-controlling shareholders as stated in note 37(B).

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

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

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

Principal activity	**Principal place of business**	**Number of subsidiaries**	
		2017	2016
Investment holding	Hong Kong	**31**	29
	PRC	**3**	2
		34	31

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

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

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Hao Tian Finance	Hong Kong	**24.79%**	24.79%	**10,144**	(58,424)	**194,222**	208,248
Hao Tian Management	Hong Kong	**7.59%**	–	**(122,119)**	–	**(87,205)**	–
Hao Tian International Construction	Cayman Island	**19.21%**	–	**1,631**	–	**88,802**	–
Fujian Nuoqi	PRC	**40.07%**	–	**397**	–	**41,676**	–
				(109,947)	(58,424)	**237,495**	208,248

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

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

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

Hao Tian Finance and its subsidiaries

	2017 HK$'000	2016 HK$'000
Current assets	**1,961,262**	1,610,379
Non-current assets	**264,875**	388,051
Current liabilities	**(1,184,644)**	(908,283)
Non-current liabilities	**(106,490)**	(98,560)
Equity attributable to owners of the Company	**740,781**	783,339
Non-controlling interests	**194,222**	208,248
Revenue	**132,756**	129,601
Profit (loss) for the year	**40,916**	(229,977)
Profit (loss) for the year attributable to:		
– owners of the Company	**30,772**	(171,553)
– non-controlling interests	**10,144**	(58,424)
Profit (loss) for the year	**40,916**	(229,977)
Total comprehensive expense attributable to:		
– owners of the Company	**(42,558)**	(56,265)
– non-controlling interests	**(14,026)**	(92,502)
Total comprehensive expense for the year	**(56,584)**	(148,767)
Net cash inflow (outflow) from operating activities	**93,988**	(244,599)
Net cash outflow from investing activities	**(273,985)**	(114,778)
Net cash inflow from financing activities	**267,720**	437,389
Net cash inflow	**87,723**	78,012

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

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

Hao Tian Management and its subsidiaries

	2017 HK$'000
Current assets	**2,319,997**
Non-current assets	**696,125**
Current liabilities	**(2,007,287)**
Non-current liabilities	**–**
Equity attributable to owners of the Company	**932,265**
Non-controlling interests	**76,570**
Revenue	**–**
Loss for the period	**(1,608,948)**
Loss for the period attributable to:	
– owners of the Company	**(1,486,829)**
– non-controlling interests	**(122,119)**
Loss for the period	**(1,608,948)**
Total comprehensive expense attributable to:	
– owners of the Company	**(1,904,536)**
– non-controlling interests	**(132,784)**
Total comprehensive expense for the period	**(2,037,320)**
Net cash inflow from operating activities	**436,764**
Net cash outflow from investing activities	**(419,995)**
Net cash inflow from financing activities	**64,124**
Net cash inflow	**80,893**

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

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

Hao Tian International Construction and its subsidiaries

	2017 HK$'000
Current assets	**157,114**
Non-current assets	**578,988**
Current liabilities	**(150,606)**
Non-current liabilities	**(122,260)**
Equity attributable to owners of the Company	**373,468**
Non-controlling interests	**88,802**
Revenue	**51,232**
Profit for the period	**9,457**
Profit for the period attributable to:	
– owners of the Company	**7,826**
– non-controlling interests	**1,631**
Profit for the period	**9,457**
Total comprehensive income attributable to:	
– owners of the Company	**7,826**
– non-controlling interests	**1,631**
Total comprehensive income for the period	**9,457**
Net cash outflow from operating activities	**(13,476)**
Net cash outflow from investing activities	**(10,836)**
Net cash inflow from financing activities	**7,381**
Net cash outflow	**(16,931)**

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

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

Fujian Nuoqi and its subsidiaries

	2017 HK$'000
Current assets	11,148
Non-current assets	116,885
Current liabilities	(14,773)
Non-current liabilities	(9,250)
Equity attributable to owners of the Company	(62,334)
Non-controlling interests	(41,676)
Revenue	9,323
Profit for the period	992
Profit for the period attributable to:	
– owners of the Company	595
– non-controlling interests	397
Profit for the period	992
Total comprehensive income attributable to:	
– owners of the Company	595
– non-controlling interests	397
Total comprehensive income for the period	992
Net cash outflow from operating activities	(3,671)
Net cash outflow from investing activities	(359)
Net cash inflow from financing activities	6,203
Net cash inflow	2,173

47. CAPITAL RISK MANAGEMENT

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

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries engaged in securities and futures dealings and broking, which are regulated by the Hong Kong Securities and Futures Commission.

During the year, the subsidiaries of the Group which are subject to minimum capital requirements imposed by respective regulatory authorities, complied with all the minimum capital requirements.

As at 31 March 2017, the capital structure of the Group consists of debt, which include borrowings, secured notes and equity attributable to owners of the Company, comprising issued share capital, reserves, set off with accumulated loss.

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

48. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 **HK$'000**	2016 HK$'000
Financial assets		
Financial assets at FVTPL		
– Held for trading	**1,241,008**	4,860,141
– Designated as FVTPL	**27,779**	490,402
Loans and receivables (including cash and cash equivalents)	**1,964,730**	1,447,137
Available-for-sale investments	**764,488**	1,399,486
	3,998,005	8,197,166
Financial liabilities		
Financial liabilities at FVTPL		
– Designated as FVTPL	**319,350**	41,515
Amortised cost	**1,321,201**	946,365
	1,640,551	987,880

(b) Financial risk management objectives and policies

As at 31 March 2017, the Group's financial instruments include deposits, pledged bank deposits, trade and interest receivables, other receivables, loan receivables, finance lease receivables, consideration receivable, investments held for trading, financial assets/liabilities designated at FVTPL, available-for-sale investments, bank balances, trust and segregated accounts, bank balances and cash, trade payables, other payables and accruals, borrowings, obligations under finance leases, secured notes and other long term liability (2016: deposits, pledged bank deposits, trade, bills and interest receivables, other receivables, loan receivables, consideration receivable, investments held for trading, financial assets/liabilities designated at FVTPL, available-for-sale investments, bank balances and cash, other payables and accruals, borrowings, secured notes and other long term liability). Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the polices on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

48. FINANCIAL INSTRUMENTS (continued)

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

Market risk

Foreign currency risk management

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

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

	Assets		**Liabilities**	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States Dollars ("US$")	**40,130**	650	**234,860**	337,014
Renminbi ("RMB")	**68,404**	72,161	**-**	–
Euro ("EURO")	**1,759**	–	**83**	–
Japanese dollar ("JPY")	**4,404**	–	**17,345**	–
Singapore dollar ("SGD")	**-**	–	**6,777**	–
Macau Pataca ("MOP")	**613**	–	**-**	–

In addition, as at 31 March 2017, the directors of the Company considered that the Group's exposure to foreign currency risk arose from intra-group balances due to foreign operation of HK$246,083,000 (2016: HK$277,950,000), which were not denominated in the functional currency of the respective group entities. These intra-group loans do not form part of the Group's net investment in foreign operations.

48. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

Foreign currency risk management (continued)

Sensitivity analysis

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

5% is the sensitivity rate used by the directors of the Company in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis below demonstrates the effect of the foreign exchange differences by a 5% change in exchange rate of the functional currencies against the relevant foreign currencies of the Company and respective subsidiaries, other than US$ for those with HK$ functional currency, assuming all other variables were held constant. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or borrower. A negative number below indicates an increase in post-tax loss (2016: a decrease in post-tax profit) where the functional currencies strengthening 5% against the relevant foreign currencies of the Company and respective subsidiaries, other than US$ (for those with HK$ functional currency). For a 5% weaken of the functional currencies of the Company and respective subsidiaries, there would be an equal and opposite impact on the results for the year.

	2017 **HK$'000**	2016 HK$'000
Increase in post-tax loss (2016: decrease in post-tax profit) for the year	**(2,128)**	(3,013)

48. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

Interest rate risk management

As at 31 March 2017, the Group is exposed to cash flow interest rate risk in relation to pledged bank deposits, bank balances and variable rate borrowings (2016: pledged bank deposits, bank balances and variable rate borrowings) carrying prevailing market interest rate.

As at 31 March 2017 and 2016, the Group is also exposed to fair value interest rate risk in relation to fixed-rate borrowings, finance lease payables and loan receivables.

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to the variable rate pledged bank deposits, bank balances and borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2016: 50 basis point) increase or decrease is used on variable rate borrowings after considering the impact of volatile financial market conditions. The directors of the Company used 10 basis points (2016: 10 basis points) for assessing interest rate risk on pledged bank deposits and bank balances because they considered that the fluctuations on interest rate on pledged bank deposits and bank balances would be less significant.

If interest rates had been 50 basis points (2016: 50 basis points) higher/lower for variable-rate borrowings and 10 basis points (2016: 10 basis points) higher/lower for pledged bank deposits and balances and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2017 would decrease/increase by HK$2,067,000 (2016: HK$1,601,000).

48. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

Price risk management

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

Price risk equity and debt investments

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity and debt price risks at the end of the reporting period. The sensitivity analysis included those available-for-sale investments and investments held for trading carried at fair values. If the prices of the respective available-for-sale investments in listed equity securities and investments held for trading had been 10% (2016: 10%) higher, assuming all other variables were held constant, the impact to the Group would be:

	2017 **HK$'000**	2016 HK$'000
Decrease in loss (2016: increase in profit) for the year	**103,624**	405,822
Decrease in other comprehensive expenses (2016: increase in other comprehensive income) for the year	**69,431**	131,750

48. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

Price risk equity and debt investments (continued)

Sensitivity analysis (continued)

If the prices of respective available-for-sale investments and held for trading investments had been 10% (2016: 10%) lower, assuming all other variables were held constant, the impact to the Group would be:

	2017	2016
	HK$'000	HK$'000
Increase in loss (2016: decrease in profit) for the year	**110,774**	411,444
Increase in other comprehensive expenses (2016: decrease in other comprehensive income) for the year	**62,281**	126,128

10% (2016: 10%) change in price represents the directors of the Company's assessment of the reasonably possible change in price.

As at 31 March 2017 and 2016, the Group was exposed to concentration risk on the listed available-for-sale investments and investments held for trading as they comprise equity shares issued by several companies listed in Hong Kong.

48. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

Price risk on financial assets/liabilities designated at FVTPL

As at 31 March 2017, the Group was also exposed to price risk through its financial assets/liabilities designated at FVTPL (2016: financial assets/liabilities designated at FVTPL).

The sensitivity analysis below has been determined based on the exposure to price risk at the end of the reporting period. If the prices of the listed equity securities, which was used as key input in the valuation of financial assets/liabilities designated at FVTPL (particulars are set out in note 21), had been 10% higher/lower, assuming all other variables were held constant, the impact to the Group would be:

	2017 **HK$'000**	2016 HK$'000
Increase in post-tax loss (2016: post-tax profit) for the year	**(24,346)**	37,482
Decrease in post-tax loss (2016: post-tax profit) for the year	**24,346**	(37,482)

In opinion of the directors of the Company, the sensitivity analysis above is unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of financial assets/liabilities designated at FVTPL (2016: financial assets/liabilities designated at FVTPL) involves multiple variables and certain variables are interdependent.

Credit risk

As at 31 March 2017, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group is disclosed in note 39.

48. FINANCIAL INSTRUMENTS (continued)

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

***Credit risk** (continued)*

As at 31 March 2017, the Group has concentration of credit risk in respect of financial assets/ liabilities designated at FVTPL, loan receivables and consideration receivable (2016: financial assets/liabilities designated at FVTPL, loan receivables, consideration receivables). As at 31 March 2017, the Group's financial assets designated at FVTPL were due from 1 (2016: 2) counterparty (see note 21); the Group's loan receivables were due from 116 (2016: 126) counterparties (see note 28); and the Group's consideration receivable was due from 1 (2016: 1) counterparty (see note 31). In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

As at 31 March 2017, the Group had outstanding consideration receivable of HK$67,680,000 (2016: HK$72,120,000) due from 1 (2016: 1) counterparty buyer in respect to the disposal of subsidiaries (2016: disposal of subsidiaries). The Group is exposed to credit risk for the amount of HK$67,680,000 (2016: HK$72,120,000) which had been due as at 31 March 2017. The management of the Group takes active negotiation and follow-up action to recover the consideration receivables in order to minimise the credit risk. Details are set out in note 31.

As at 31 March 2017, loan receivables of HK$47,450,000 (2016: HK$58,257,000) were past due. The Group is exposed to credit risk in the event of the loan borrowers fails to perform its obligation to repay the amount in full. The management of the Group takes active negotiation and follow-up action to recover the loan receivables in order to minimise the credit risk. In the opinion of the directors of the Company, the risk of non-recoverability of the amount is minimal, as the loan receivables was secured by sufficient collateral which could recover the amount of the loan receivables in case the loan borrowers fails to perform its obligation. Details are set out in note 28.

48. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk

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

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

	Weighted average effective interest rate %	**On demand or between 1 to 3 months HK$'000**	**Between 4 to 12 months HK$'000**	**Over 1 year HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount at 31 March HK$'000**
2017						
Trade payable	**N/A**	**61,390**	**-**	**-**	**61,390**	**61,390**
Other payables and accruals	**N/A**	**57,079**	**-**	**-**	**57,079**	**57,079**
Borrowings	**6.36**	**707,947**	**39,995**	**237,269**	**985,211**	**939,019**
Secured notes	**21.15**	**-**	**20,400**	**159,154**	**179,554**	**150,331**
Other long term liability	**8.0**	**-**	**-**	**115,000**	**115,000**	**106,490**
Financial liabilities designated at FVTPL	**N/A**	**163,775**	**34,561**	**121,014**	**319,350**	**319,350**
Obligations under finance leases	**8.1**	**1,056**	**3,169**	**3,131**	**7,356**	**6,892**
		991,247	**98,125**	**635,568**	**1,724,940**	**1,640,551**

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

48. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk *(continued)*

Bank loans with a repayment on demand clause are included in the "on demand or between 1 to 3 months" time band in the above maturity analysis. As at 31 March 2017, the aggregate undiscounted principal amounts of these bank loans amounted to HK$696,196,000 (2016: HK$429,619,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows are set out as follows:

	Weighted average effective interest rate	On demand or between 1 to 3 months	Between 4 to 12 months	Over 1 year	Total undiscounted cash flows	Carrying amount at 31 March
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Borrowings						
At 31 March 2017	**6.23**	**649,420**	**16,753**	**59,623**	**725,796**	**696,196**
At 31 March 2016	4.22	430,758	–	–	430,758	429,619

(c) Fair value measurement of financial instruments

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

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

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

48. FINANCIAL INSTRUMENTS (continued)

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

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

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation techniques and key inputs
	2017	2016		
	HK$'000	HK$'000		
Listed equity securities classified as available-for-sale investments	**694,310**	1,317,504	Level 1	Quoted prices in an active market
Listed equity securities classified as investments held for trading	**1,237,200**	4,859,871	Level 1	Quoted prices in an active market
Overseas listed derivatives classified as investments held for trading	**3,808**	270	Level 1	Quoted prices in an active market
Convertible bond classified as financial assets designated at FVTPL	**27,779**	24,252	Level 3	Discounted cash flow and Binomial Option Pricing Model. Future cash flows are estimated based on the prevailing market rate of interest of similar instruments. The unobservable key input is expected volatility detailed in note 21(i) (note a)
Top-up Options and Put Options	**-**	466,150	Level 3	Discount cash flow and Black Scholes Option Pricing Model. Future cash flows are estimated based on the prevailing market rate of interest of similar instruments. The unobservable key inputs are expected volatility and probabilities detailed in note 21(ii)

48. FINANCIAL INSTRUMENTS (continued)

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

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

Financial liabilities	Fair value as at 31 March		Fair value hierarchy	Valuation techniques and key inputs
	2017	2016		
	HK$'000	HK$'000		
CIFG Option and HTF Warrants	**34,561**	41,515	Level 3	Binomial Option Pricing Model. The unobservable key input is expected volatility detailed in note 21(iii) (note b)
HTD Options and HTM Put Option	**284,789**	–	Level 3	The present value and Monte-Carlo Simulation Model. The gross obligation arising from HTM Put Option represents present value of estimated share redemption amount. The unobservable key input are expected volatility of the Company, expected volatility of Hao Tian Management and correlation detailed in note 21 (note iv) (note c)

Notes:

(a) If the expected volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of convertible bond would increase/decrease by approximately HK$4,000/HK$8,000 (2016: HK$34,000/HK$37,000). In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent price risk as the period end exposure does not reflect the exposure during the year.

(b) If the expected volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the aggregate carrying amount of CIFG Option and HTF Warrants would increase/decrease by approximately HK$2,590,000/HK$2,251,000 (2016: HK$5,626,000/HK$5,695,000). In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent price risk as the period end exposure does not reflect the exposure during the year.

48. FINANCIAL INSTRUMENTS (continued)

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

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

Notes: (continued)

(c) If the expected volatility of the Company to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of HTD Option would increase/decrease by approximately HK$684,000/HK$936,000. If the expected volatility of Hao Tian Management to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of HTD Option would increase/decrease by approximately HK$864,000/HK$1,928,000. If the correlation to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of HTD Option would decrease/increase by approximately HK$198,000/HK$206,000. In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent price risk as the period end exposure does not reflect the exposure during the period.

Of the total gains and losses for the year included in profit or loss, net loss of HK$468,986,000 (2016: net gain of HK$85,465,000) relates to financial assets/liabilities designated as at FVTPL held at the end of the current year. Fair value gains or losses on financial assets/liabilities designated as at FVTPL are included in "other gains and losses".

Fair value measurements and valuation processes

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

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

48. FINANCIAL INSTRUMENTS (continued)

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

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

Fair value measurements and valuation processes (continued)

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 21 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

	31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Available-for-sale investments	**694,310**	**–**	**–**	**694,310**
Investments held for trading	**1,241,008**	**–**	**–**	**1,241,008**
Financial assets designated at FVTPL	**–**	**–**	**27,779**	**27,779**
Financial liabilities designated at FVTPL	**–**	**–**	**(319,350)**	**(319,350)**
	1,935,318	**–**	**(291,571)**	**1,643,747**

	31 March 2016			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale investments	1,317,504	–	–	1,317,504
Investments held for trading	4,860,141	–	–	4,860,141
Financial assets designated at FVTPL	–	–	490,402	490,402
Financial liabilities designated at FVTPL	–	–	(41,515)	(41,515)
	6,177,645	–	448,887	6,626,532

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

48. FINANCIAL INSTRUMENTS (continued)

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

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

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

	Financial assets designated at FVTPL HK$'000	Financial liabilities designated at FVTPL HK$'000
At 1 April 2015	**585,324**	(202,601)
Addition	**25,000**	(44,301)
Total gains or losses recognised in profit or loss		
– Change in fair value	**(119,922)**	205,387
At 31 March 2016	**490,402**	(41,515)
Addition	**–**	(271,472)
Total gains or losses recognised in profit or loss		
– Change in fair value	**(462,623)**	(6,363)
At 31 March 2017	**27,779**	(319,350)

48. FINANCIAL INSTRUMENTS (continued)

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

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

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

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

49. EVENTS AFTER THE REPORTING PERIOD

(i) On 19 April 2017, the directors of the Company proposed a bonus issue on the basis of one bonus share for every six existing shares held, subject to approval by the shareholders at the extraordinary general meeting to be convened on 5 July 2017.

(ii) On 21 April 2017, the Group obtained a loan facility of up to RMB80,000,000 with a term of three years and the loan facility was secured by the 51% of the entire issued share capital of Fujian Nuoqi which is held by the Group, the leasehold land and building and the prepaid lease payments.

(iii) On 10 May 2017, Hao Tian International Construction entered into a placing agreement with placing agents to place maximum 200,000,000 shares at HK$0.62 per share (the "Placing"). The Placing was completed on 26 May 2017 and the Group's interest in Hao Tian International Construction reduced to 62.5%.

(iv) On 26 May 2017, private placements to independent private investors of 200,000,000 new share of Hao Tian International Construction of HK$0.01 each were completed, at placing price of HK$0.62 per share.

(v) On 14 June 2017, the Group obtained a loan facility of up to HK$350,000,000 with a term of twelve months from the drawdown date and the loan facility was secured by certain available-for-sale investments and certain investments held for trading held by the Group.

(vi) On 27 June 2017, the Group fully redeemed the secured notes at the principal amount of HK$155,800,000. The investments held for trading pledged to secure the secured notes was released.

Financial Summary

RESULTS

	Year ended 31 March				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	145,510	201,768	60,899	129,986	**206,313**
(Loss) profit for the year attributable to:					
– owners of the Company	(219,324)	(12,415)	1,522,565	524,398	**(3,078,901)**
– non-controlling interests	(2)	(44)	(187)	(58,424)	**(109,947)**
(Loss) profit for the year	(219,326)	(12,459)	1,522,378	465,974	**(3,188,848)**

ASSETS AND LIABILITIES

	As at 31 March				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	2,689,216	2,830,127	6,193,193	8,428,362	**5,343,202**
Total liabilities	(241,913)	(276,270)	(1,267,883)	(1,560,233)	**(1,781,718)**
	2,447,303	2,553,857	4,925,310	6,868,129	**3,561,484**
Equity attributable to owners of the Company	2,442,305	2,548,903	4,925,310	6,659,881	**3,323,989**