Sun International Resources Limited
太陽國際資源有限公司

ANNUAL REPORT 2016

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8029

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Cheng Ting Kong *(Chairman)*
Cheng Mei Ching
Lee Chi Shing, Caesar
(resigned on 30 November 2015)
Lui Man Wah
Luk Wai Keung (appointed on 2 December 2015)

Independent Non-Executive Directors

Chan Tin Lup, Trevor
Tou Kin Chuen
Wang Zhigang

AUDIT COMMITTEE

Tou Kin Chuen *(Chairman)*
Chan Tin Lup, Trevor
Wang Zhigang

REMUNERATION COMMITTEE

Chan Tin Lup, Trevor *(Chairman)*
Tou Kin Chuen
Wang Zhigang

COMPANY SECRETARY

Lee Chi Shing, Caesar (resigned on 1 June 2015)
Chung Sze Fat (appointed on 1 June 2015)

COMPLIANCE OFFICER

Lee Chi Shing, Caesar
(resigned on 2 December 2015)
Luk Wai Keung (appointed on 2 December 2015)

AUTHORIZED REPRESENTATIVES

Cheng Ting Kong
Lee Chi Shing, Caesar (resigned on 1 June 2015)
Cheng Mei Ching (appointed on 1 June 2015)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2414-2418, 24/F
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

AUDITORS

Andes Glacier CPA Limited
Unit 1, 20/F., Malaysia Building
50 Gloucester Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND OFFICE

Butterfield Fund Services (Cayman) Limited
P.O. Box 705 GT, Butterfield House
68 Fort Street, George Town
Grand Cayman, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Banco de Oro Unibank, Inc
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

8029

WEBSITE

www.sun8029.com

FINANCIAL HIGHLIGHTS

– The Company and its subsidiaries (the "Group") recorded a turnover of continuing operations of approximately HK$121,139,000 for the year ended 31 March 2016.

– Gross profit from continuing operations was approximately HK$71,213,000 for the year ended 31 March 2016.

– Loss attributable to shareholders was approximately HK$115,695,000 for the year ended 31 March 2016.

– No final dividend was proposed by the Directors for the year ended 31 March 2016.

– As at 31 March 2016, the Group had bank balances and cash amounting to approximately HK$105,526,000.

CHAIRMAN'S STATEMENT

For the year ended 31 March 2016, the Group recorded a turnover of continuing operations of approximately HK$121,000,000 which was decreased 18% compared to the turnover of approximately HK$147,000,000 in the last financial year. The loss attributable to shareholders has been decreased from approximately HK$427,905,000 recorded in the year ended 31 March 2015 to a loss of HK$115,695,000. The loss in this year was mainly due to share of losses of associates, impairment loss arising from change in fair value of goodwill and biological assets.

Going forward, I have confidence about the prospects of the market for the computer software solution services business, the growth of equine services business and financial services business.

The Group is committed to bear its social responsibility and contribute to the weak and poor. The employees of the Group have actively participated in various charity activities involving cultural education, disaster relief, environmental protection, health and hygiene. The Group will continue to promote our corporate culture of dedicating sincerity and love to the community internally and bear our related social responsibility.

Finally, on behalf of the Directors of the Group, I would like to express our sincere appreciation to the management and staff of the company for their dedication and hard work throughout the year as well as to shareholders and business partners for their commitment and continuous support.

Cheng Ting Kong
Chairman

Hong Kong, 17 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group recorded a turnover of continuing operations of approximately HK$121,000,000 for the year ended 31 March 2016 which was decreased 18% compared to the turnover of approximately HK$147,000,000 in the last financial year. The revenue was mainly generated from the subsidiaries engaging in equine services business, information technology related business, securities services business and money lending business. The decrease in turnover was mainly due to the decrease income generated from computer services business.

The direct costs of continuing operations were increased to approximately HK$50,000,000 from approximately HK$45,000,000 recorded during last year. The decrease of 11% in gross profit percentage was mainly due to the decrease in sales turnover in equine services business and the decrease in direct cost generated from computer services business. The staff costs (excluding other benefits) were increased to approximately HK$33,975,000 (2015: HK$32,732,000). The increase was mainly due to disposal of subsidiary of hotel services business during the financial year.

Administrative expenses of continuing operations made a decrease of 35% to approximately HK$122,000,000 compared to HK$189,000,000 in 2015. The decrease was mainly attributable to equine services business during the financial year.

The net loss of the Group for the year ended 31 March 2016 was approximately HK$125,000,000 as compared with the net loss of approximately HK$404,000,000 of the last financial year. The reason of the loss was mainly due to share of losses of associates, impairment adjustments arising from change in fair value of goodwill and biological assets for the financial year.

GEARING RATIO

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 597.19% (31 March 2015: 203.16%).

CAPITAL STRUCTURE

Movements in share capital are reflected in note 39 to the consolidated financial statements.

EMPLOYEE INFORMATION

The total number of employees was 89 as at 31 March 2016 (2015: 94), and the total remuneration for the year ended 31 March 2016 was approximately HK$33,975,000 (2015: HK$32,732,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual on case by case basis. The Group may offer share options to reward employees who make significant contributions, in order to retain key and crucial staff. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

CONTINGENT LIABILITIES

As at 31 March 2016, the Group did not have significant contingent liabilities (2015: Nil).

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are denominated in Hong Kong Dollars, Renminbi and Australian Dollars, the impact of foreign exchange exposure of the Group were considered minimal. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

REVENUE

Revenue represents the net amounts received and receivable from services provided, goods sold, rental income and finance services by the Group to outside customers.

DIVIDEND

No final dividend was proposed by the Directors for the year ended 31 March 2016 (2015: Nil).

BUSINESS REVIEW

The East Asia and Pacific region, where most of the Group's operations are situated, achieved a lower than expected economic growth of approximately 6.5% in 2015. The economic development in the region last year was characterized by continuous growth in personal consumption expenditure, stagnated performance in industrial consumptions and high activities level in the financial sector. As the Group's operations covered a wide range of segment, the economic environment faced by the business units varied from one to another. Against this backdrop, the Group managed to reduce the loss attributable to shareholders to approximately HK$116,000,000 for the twelve months ended 31 March 2016 as compared to approximately HK$428,000,000 for the corresponding year ended 31 March 2015.

While the Group continued to implement cost controls and to improve operating results, the board of directors also identified opportunities in the financial services segment to diversify the business scope and broaden the revenue base of the Group. During the reporting period, the Group acquired a money lending business in November 2015 and completed the acquisition of the entire issued share capital of Sun International Securities Limited ("SISL") and Sun International Asset Management Limited ("SIAML") in February 2016. SISL is principally engaged in the provision of type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") in Hong Kong, while SIAML is principally engaged in the provision of type 4, (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the SFO in Hong Kong.

Apart from the operating results, the board of directors was also mindful of the overall financial position of the Group. Whilst the Group has successfully extended the tenure of the HK$140,000,000 promissory note from 31 March 2016 to 31 March 2017 and secured new stand-by financing facilities, the board of directors would continue to closely monitor the financial position of the Group and the financial market environment in order to establish a more sustainable foundation for the Group.

Management Discussion and Analysis

Equine services

The growth in personal consumption expenditure in the region has created a favorable environment for the equine services segment. This was also reflected in the increase in participants from the Asia countries in the Australian equine industry. Building on its experience in Australia, the Group has expanded the operation to Europe and Singapore. As of the latest practical date, approximately 16% of the Group's stallions and bloodstocks are located outside Australia. To better reflect the Group's global presence, the Group has changed the name of the operating company from Eliza Park International Pty. Limited to Sun Stud Pty. Limited.

For the twelve months ended 31 March 2016, the revenue and operating loss of the equine service segment was approximately HK$88,000,000 (2015: HK$99,000,000) and approximately HK$71,000,000 (2015: HK$113,000,000) respectively. The income from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last year. However, the results from rearing of bloodstocks for trading and racing were relatively volatile. This was partly due to the mixed racing performance of the off springs of our stallions and mares, including the off springs trained by other stables. Moreover, the performance of some colts and fillies acquired from third parties when the business was established in late 2013 were below expectation. The Group considered that the results can be improved by increasing the percentage of bloodstocks bred from its own mares and stallions because (i) the cost of bloodstock will be lower and (ii) the Group can have more influence on the training and development of the horses. As of the latest practical date, approximately 70% of the bloodstocks of the Group were bred from our own mares and stallions as compared to approximately 40% two years ago. This has laid a good foundation for enhancing the results from horse trading and racing. Besides improving the sales performance, the Group has implemented stringent cost controls and efficiency improvement measures. Overall speaking, the operating loss of the segment was reduced by 37% during the reported period.

Financial services

Whilst the financial systems in Asia have improved in the past decade, it is generally agreed that further deepening of banks and capital markets as well as broader access to households and firms are important to sustain growth and enhance equity. During the year ended 31 March 2016, the demand for financing by private enterprises in China remained high. The government had also implemented structural reforms in the capital markets in China to liberalize the market and to increase the linkage with the Hong Kong capital markets. The launch of Shanghai-Hong Kong Stock Connect program was a major milestone for such development.

The board of directors considered this a growth area to further broaden its revenue base and on 19 August 2015, Infinite Success Investments Limited, a wholly-owned subsidiary of the Company (the "Purchaser"), entered into a sales and purchase agreement (the "Sale and Purchase Agreement") with Sun International Financial Group Limited (the "Vendor") to acquire the entire issued capital of SISL and SIAML (the "Target Companies") at the consideration of HK$147,300,000 (subject to adjustment) (the "Acquisition"). The transaction was subsequently completed on 29 February 2016 signaling the Group's expansion into the financial services segment. The consideration for the Acquisition was satisfied by procuring the Company to issue the promissory note in the principal amount of HK$147,300,000 (the "Promissory Note") to the Vendor upon completion.

Pursuant to the Sale and Purchase Agreement, the Vendor has irrevocably and unconditionally warranted and guaranteed to the Purchaser that the aggregate profits before taxation and extraordinary items of the Target Companies for the year ending 31 March 2016 shall not be less than zero (the "Breakeven Guarantee"). In the event the actual aggregate profit before taxation and extraordinary items of the Target Companies for the year ending 31 March 2016 shall be less than zero, the Vendor shall compensate the Purchaser an amount equivalent to the absolute aggregate amount of loss recorded by the Target Companies. Please refer to the circular of the Company dated 4 November 2015 for further details of the Breakeven Guarantee.

The board of directors would like to inform the shareholders of the Company that the audited aggregated loss before taxation and extraordinary items of the Target Companies for the year ended 31 March 2016 is HK$18,604,741 (the "Shortfall"). Accordingly, the Breakeven Guarantee is not met. Pursuant to the Breakeven Guarantee, the compensation obligation of the Vendor shall be discharged by way of setting off the Shortfall against the face value of the Promissory Note on a dollar for dollar basis within three business days from the date of the guarantee certificate issued by the auditors of the Company. The board of directors considered that the Shortfall was mainly attributable to the poor performance of the stock markets in China and Hong Kong in late 2015 and early 2016. Despite such negative market sentiment, the board of directors is positive over the business prospect of the Target Companies.

To supplement the product offerings of SISL and SIAML, the Group acquired a money lending business in November 2015 with primary focus on equity financing, equity mortgage and corporate finance. As at 31 March 2016, loan portfolio of the money lending business amounted to HK$30 million, representing approximately 4% of the total assets of the Group. The maturity of the loans is typically within one year and the average interest rate is in the range of 20% to 25% per annum.

Since taking over of the operations of SISL and SIAML on 29 February 2016, the Group has successfully secured several mandates for placement and other corporate finance activities. The operating results of SISL have significantly improved over the corresponding period last year. Furthermore, we have secured the services of several seasoned investment managers for SIAML. During the reporting period, the financial services segment achieved revenue and operating loss of approximately HK$4,700,000 and HK$1,000,000 respectively.

Computer software solution and services

The computer software solution and services segment recorded another year of disappointing results with sales revenue of approximately HK$29,000,000 (2015: HK$48,000,000), representing a decrease of 40% as compared to the corresponding period last year. As stated in the last year's report, the industry has been experiencing increased competition, changing needs of customers and rapid development in information technology. Whilst the Group had increased the investment in new products development with a view of regaining our competitiveness, the initiative has yet to deliver significant positive results. Accordingly, the business continued to suffer loss in market share leading to further deterioration in its market position.

An assessment of the fair value and recoverable amount of the business segment was carried out in a consistent manner as in the previous years. A provision for impairment of goodwill of approximately HK$6,528,000 (2015: HK$173,985,000) for the Computer Software Solution and Services segment has been made during this reporting year to fully written off all the goodwill associated with this segment.

Mining operation

The Group's exposure to the mining segment is via our 35% interests in Yuet Sing Group Limited which holds 100% interest of a mining operation in Hubei Province, the People's Republic of China. Due to the slow recovery of the industrial sector in China, the outlook of demand for commodities remained weak. As a result, the timing for commencement of the mining operation would likely be further delayed. Coupled with the expected increase in operating costs following enhanced safety and environmental standard in China as well as challenge in securing financing for the development of the mine, it is expected that the project would not bring contribution to the Group in the near future. Pursuant to the valuation performed by an independent valuer, Roma Appraisals Limited, on the mining right of the associate, the Group recorded impairment loss of approximately HK$36,000,000 (2015: HK$110,000,000) for its interests in Yuet Sing Group Limited. The carrying value of the Group's interest in Yuet Sing Group Limited has decreased to approximately HK$130,000,000 as at 31 March 2016 (2015: HK$166,000,000).

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 March 2016, the Group had current assets of approximately HK$488,000,000 (2015: HK$282,000,000). The Group's current ratio, calculated on the basis of current assets of approximately HK$488,000,000 (2015: HK$282,000,000) over current liabilities of approximately HK$361,000,000 (2015: HK$191,000,000) was at level of approximately 1.35:1 (2015: 1.48:1). The bank balances as at 31 March 2016 was approximately HK$106,000,000 as compared to the balance of approximately HK$50,000,000 as at 31 March 2015. The Group had no interest-bearing borrowing (2015: Nil) at the end of the financial year.

The Group had issued a three-year 9.5% coupon and a five-year 7% coupon unlisted straight bonds with an aggregate principal amount of HK$212,000,000 and HK$36,000,000 respectively for the financial year (2015: HK$212,000,000 and HK$9,000,000). At the end of the financial year, the equity attributable to Company's equity owners amounting to approximately HK$79,000,000 (2015: HK$165,000,000), representing a decrease of approximately 52% compared to 2015.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Results Analysis

During the financial year ended 31 March 2016 (the "Financial Year"), we continued our business on different categories such as development of newly acquired financial services businesses including securities, assets management and money lending services, promotion of new on-line games and equine services including breeding service, pre-training and trading of thoroughbred horses, respectively.

Operation

Stable revenue will be expected from equine services, computer services and financial services businesses for the coming year as the Group will continue to take very effort on expanding potential market shares for the existing businesses.

The finance costs

The Group recorded a finance costs approximately HK$26,000,000 (2015: HK$27,000,000) for the year ended 31 March 2016, representing a decrease of HK$1,000,000 compared to that in the last financial year. The finance costs was mainly for medium-term bonds.

Medium-term Bonds

During the financial year, the Group had issued a three-year 9.5% coupon and a five-year 7% coupon unlisted straight bonds with an aggregate principal amount of HK$212,000,000 (2015: HK$212,000,000) and HK$36,000,000 (2015: HK$9,000,000) respectively to provide for general working capital.

Loss attributable to the equity holders of the Company

For the current financial year, the Group recorded a loss attributable to the equity holders of the Company of approximately HK$116,000,000 (2015: HK$428,000,000).

Prospects

The region's economic outlook remained modest with elevated risk of slowdown in economic growth as well as higher volatility in the financial markets. On the one hand, this is unlikely to have any material impact on the equine services business which will further solidify its foundation for growth. With its enhanced facilities and its global reach in trading activities of thoroughbred horses, the Group will continue to offer superior service to our clients and take our brand to the global stage. On the other hand, this presents both opportunities and challenges for the financial services segment. The continuous liberalization of the PRC financial market and its integration with the Hong Kong financial market would provide opportunities for the Group to offer more professional services to investors and small and medium sized enterprises in China. For example, it is envisaged that the Shenzhen-Hong Kong Stock Connect program will be launched within this fiscal year. However, the results of the Group's financial services segment would be heavily influenced by the performance of the stock markets in China and Hong Kong.

The Group would continue to use its best endeavor to improve the efficiency and effectiveness of the operation. Moreover, the board of directors would seek opportunities to establish strategic alliance to accelerate the growth of its businesses, to rebalance its business portfolio and to strengthen its financial position so as to create value for shareholders.

RISK FACTORS

Uncertainty on Horses Stud Farm

The services provided from a horse stud farm include processes on breeding, training, agistment and general upkeep which face different uncertainties including unexpected events regarding to the horses such as death, injuries, health problem, diseases and unfavourable weather which will affect directly the expected return and additional cost incurred in the stud farm.

Uncertainty on Market Trend of Sales

The market for sales of thoroughbred horses in Australia is mainly through regular seasonal auctions. Its selling price is uncertain and is highly affected by both the trend of global market as well as the reputation of the horses with different sire/dam and/or champion records.

Continuous expansion requires long term capital financing

The development of equine related services requires additional capital to finance these activities. These projects are often mid to long term nature, probably over 1 year. Therefore, stable source of long term financing with low cost of borrowing is critical to our future capital investment in the equine services business.

There is no assurance that we can obtain the stable source of long term capital with low cost.

Country Risk

The equine services business is mainly operated in Australia. Being one of the emerging markets, Australia's equine services definitely provide many potential opportunities to investors dedicating to equine industry. In the meantime, the uncertainties of their political, social and economic policies are considered to be relatively small.

There is no assurance that the current favorable policies remain unchanged in the near future. The future changes at the country level probably may have adverse effect to our business.

Uncertainty on Volatility of Stock Market

Global stock market is still faced with various uncertainties of different political and economic circumstances. The expected return on the services of the securities trading and assets management will be greatly influenced by the volatility of the stock market which tends to be highly unpredictable.

OUTLOOK AND DEVELOPMENT

The board of directors has always tried its best to improve the efficiency and effectiveness of the operation so as to enhance the group value.

BUSINESS DEVELOPMENT

The board has been actively seeking opportunities to diversify the business scope and broaden the revenue base of the Group. In August 2013, the Group had completed a purchase of one of Australia's largest stud farms, Eliza Park, in offering its clientele a total range of thoroughbred related services, including breeding, rearing, sales, agistment, spelling, education, administration advice and training.

Future plans include the purchase of bloodstock from the global marketplace, which would then be raised and traded when they reached a certain age. The Group also seeks for the opportunity to establish a UK company as a stepping stone in expanding our worldwide trading activities of thoroughbred horses. In addition, we have completed in building new pre-training and racing facilities including an uphill, all-weather, undercover training track, along with the training infrastructure, for the purpose of enhancing the superior service to our clients for pre-training services. Eliza Park International Pty. Limited has every intention of living up to its name by taking its brand to the global stage.

Following the acquisition of SISL and SIAML in February 2016, the Group had successfully diversify the business segments into the financial services including provision of type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 5 (advising on future contracts) and type 9 (asset management) regulated activities under the SFO in Hong Kong. The Group has successfully secured several mandates for placement, services of several seasoned investment manager and other corporate finance activities. Furthermore, in November 2015, the Group had acquired a money lending business with principal activities in equity financing, equity mortgage and corporate finance.

In light of the above acquisitions, the Group is able to diversify its business segments by entering into the financial services segment so as to further enhance its revenue sources as well as to bring positive return to the Group.

DIRECTORS AND STAFF

EXECUTIVE DIRECTORS

Mr. Cheng Ting Kong, aged 41, was appointed as the Chairman and executive Director on 5 July 2013. Mr. Cheng is also the chairman and executive director of JF Household Furnishings Limited (Stock code: 776), a company listed on the main board of the Stock Exchange. Mr. Cheng has extensive experience in corporate management and investment. Prior to his appointment as the Chairman and the executive Director, Mr. Cheng was the senior manager of the Company.

Ms. Cheng Mei Ching, aged 34, is the Executive Director of the Company and Sun Century Group Limited (Stock code: 1383), holds a bachelors degree in commerce (marketing and advertising) from Curtin University of Technology in Perth, Western Australia. Ms. Cheng has over the past adopted a pragmatic and proactive management approach; and delivered solid performance in various areas, in particular corporate management and internal control.

Mr. Lui Man Wah, aged 33, has over 5 years of experience in financial institutions. He obtained a Bachelor of Arts degree in business studies from the Hong Kong Polytechnic University in 2004 and obtained a Master of Commerce degree from Macquarie University in 2005. Prior to his appointment as an executive Director, Mr. Lui served as an executive director of JF Household Furnishings Limited (stock code: 776) from 5 October 2012 to 8 July 2013. He was also appointed as an independent non-executive director of Sun Century Group Limited (stock code: 1383) from 20 February 2012 to 31 July 2012. From December 2009 to October 2010, he was the Institutional Sales Manager of the Securities Department of Cinda International Limited. From December 2008 to June 2009, he was the Vice President of the Securities Department of Polaris Securities (HK) Limited.

Mr. Luk Wai Keung, aged 51, is currently the executive Director of the Company and an independent non-executive Director of Suchuang Gas Corporation Limited (Stock Code: 1430). He obtained a Master Degree in Business Administration from the Australian Graduate School of Management of the University of New South Wales and a Bachelor of Science in Engineering from the University of Hong Kong. He has been a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst at the Association for Investment Management and Research. Mr. Luk has over 18 years of experience in the accounting and finance area. He worked for an international accounting firm and held senior positions in a number of listed companies in Hong Kong. Prior to his appointment as an executive Director, Mr. Luk served Fu Shou Yuan International Group Limited (Stock Code: 1448) from November 2013 to April 2015 and Larry Jewelry International Company Limited (Stock Code: 8351) from July 2011 to October 2013 as the chief financial officer.

Directors and Staff

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tou Kin Chuen, aged 39, is the independent non-executive director of the Company and Sun Century Group Limited (Stock code: 1383), is the principal of Roger K.C. Tou & Co., Mr. Tou graduated from the Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) with a Honours Diploma in Accounting in 2001. He is experienced in audit, taxation, company secretarial, insolvency and finance for over 15 years. Mr. Tou is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Taxation Institute of Hong Kong.

Mr. Chan Tin Lup, Trevor, aged 56, was born in Hong Kong and has been in the legal field for over 20 years. He received his law degree from the University of London and his Postgraduate Diploma in Legal Practice from the University of Wolverhampton with commendation. Mr. Chan has been an independent non-executive director of National Arts Holdings Limited (Stock Code: 8228), a company registered in Bermuda and the shares of which are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited, since 13 May 2009.

Mr. Wang Zhigang, aged 57, obtained his graduation certificate from 山東礦業學院 (unofficial English translation being Shandong Institute of Mining and Technology) in 1982 and his Master in Mine Construction Engineering (礦山建設工程) from China University of Mining and Technology (中國礦業大學) in 1994. Mr. Wang has participated in the Business Administration Training Programme (工商管理培訓班) organized by Tsinghua University (清華大學) and has obtained a completion certificate in 2002. Mr. Wang is the executive director of 兗礦集團鄒城設計研究院有限公司 (unofficial English translation being Yankuang Group Zoucheng Huajian Design Research Company Limited) since 2005. Mr. Wang was the deputy manager of 兗州礦業（集團）有限公司 (unofficial English translation being Yankuang Group Corporation Limited) since 1999. Mr. Wang has obtained the qualification of Senior Engineer (高級工程師) in 1994.

QUALIFIED ACCOUNTANT

Mr. Chung Sze Fat, aged 52, has been appointed as the qualified accountant of the Company with effect from 8 June 2011. Mr. Chung is the member of Hong Kong Institute of Certified Public Accountants and the fellow member of the Association of Chartered Certified Accountants. He has over 20 years' working experience in financial accounting, management accounting and internal control.

DIRECTORS' REPORT

The directors would like to present the annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 49 to the consolidated financial statements.

Detail of the analysis of the Group's performance for the year by operating segments are set out in note 9 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The financial performance of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 39 to 40.

The financial position of the Group and the Company as at 31 March 2016 is set out in the consolidated statement of financial position on pages 41 to 42 of this annual report and the Company statement of financial position in note 48 to the consolidated financial statement respectively.

No final dividends was proposed by the Directors for the reporting year (2015: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 136.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2016 are provided in the Chairman's Statements, Management discussion and analysis of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in note 19 to the consolidated financial statements.

DONATIONS

No charitable and other donations were made by the Group during the year (2015: Nil).

SHARE CAPITAL AND SHARE OPTIONS

Details of the authorised and issued share capital and share options of the Company are set out in notes 39 and 41 respectively to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 43 and in note 50 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution comprise share premium, capital reserves and accumulated losses. No reserve of the Company is available for distribution to shareholders as at 31 March 2016 (2015: HK$Nil).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Mr. Cheng Ting Kong *(Chairman)*
Ms. Cheng Mei Ching
Mr. Lee Chi Shing, Caesar (Resigned on 30 November 2015)
Mr. Lui Man Wah
Mr. Luk Wai Keung (Appointed on 2 December 2015)

Independent non-executive directors:

Mr. Chan Tin Lup, Trevor
Mr. Tou Kin Chuen
Mr. Wang Zhigang

The biographical details of current Directors are set out on page 13 to page 14 of this annual report.

In accordance with Article 108 of the Company's Article of Association, Ms. Cheng Mei Ching and Mr. Wang Zhigang will retire by rotation. All of these retiring directors, being eligible, offer themselves for re-election.

Each executive director has entered into a service contract with the Company with effect from the date of appointment and will continue thereafter unless and until terminated by either party by giving not less than one-month prior written notice to the other.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2016, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in the shares of the Company

Ordinary share of HK$0.04 each of the Company

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Chau Cheok Wa	Corporate *(Note)*	656,928,290	Interest of a controlled corporation	47.14%
Mr. Lee Chi Shing, Caesar	Personal	750,000	Beneficial owner	0.05%

Note: These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Chau Cheok Wa, as to 50% by Mr. Cheng Ting Kong.

(2) Long positions in the underlying shares of the Company

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the "New Scheme"), several Directors in the capacity as beneficial owner were granted share options to subscribe for shares of the Company, details of which as at 31 March 2016 were as follows:

Name of Director	Date of grant	Number of share options as at 31 March 2015	Adjust during the year	Exercised during the year	Share option lapsed	Exercise price of share options HK$	Exercise period from	Exercise period until	Number of options outstanding as at 31 March 2016
Mr. Chau Cheok Wa	25/11/2010	625,625	625,625	–	–	1.12	25/11/2010	24/11/2020	1,251,250
Ms. Cheng Mei Ching	9/2/2010	5,746,154	5,746,154	–	–	0.65	9/2/2010	8/2/2020	11,492,308
	25/11/2010	6,290,625	6,290,625	–	–	1.12	25/11/2015	24/11/2020	12,581,250
	10/9/2014	695,700	695,700	–	–	0.315	10/9/2014	9/9/2024	1,391,400
Mr. Lee Chi Shing, Caesar	19/8/2008	5,754,940	5,754,940	–	–	0.83	19/08/2008	18/08/2018	11,509,880
	9/2/2010	5,746,154	5,746,154	–	–	0.65	9/2/2010	8/2/2020	11,492,308
	25/11/2010	6,290,625	6,290,625	–	–	1.12	25/11/2010	24/11/2020	12,581,250
	10/9/2014	6,957,000	6,957,000	–	–	0.315	10/9/2014	9/9/2024	13,914,000
Mr. Lui Man Wah	10/9/2014	6,957,000	6,957,000	–	–	0.315	10/9/2014	9/9/2024	13,914,000

Save as disclosed above, during the year ended 31 March 2016, the Company grant no new share option for the Directors or their respective associates to subscribe for shares of the Company and had not been exercised such rights.

Save as disclosed above, during the year ended 31 March 2016, none of the Directors or Chief Executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 Rules 5.46 to 5.66 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Related Party Transactions" in this report and in note 47 to the consolidated financial statements, no other contracts of significance to which the Company, its holding companies or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

RELATED PARTY AND CONNECTED TRANSACTIONS

Details of the significant related party and connected transactions of the Group are set out in note 47 to the consolidated financial statements.

The independent non-executive directors of the Company have reviewed the continuing connected transactions in note 47 to the consolidated financial statements and have confirmed that the continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms to less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the members of the Company as a whole.

The Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in note 47 to the consolidated financial statements in accordance with paragraph 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or Chief Executives of the Company, as at 31 March 2016, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Ordinary share of HK$0.04 each of the Company

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
First Cheer Holdings Limited *(Note 1)*	Corporate	654,677,040	Beneficial owner	47.05%
Cheng Ting Kong *(Note 1)*	Corporate	654,677,040	Interest of a controlled corporation	47.05%
Chau Cheok Wa *(Note 1)*	Corporate	654,677,040	Interest of a controlled corporation	47.05%
Raywell Holdings Limited *(Note 2)*	Corporate	135,430,000	Beneficial owner	9.73%
Yeung Hak Kan *(Note 2)*	Corporate	135,430,000	Interest of a controlled corporation	9.73%

Notes:

1. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Cheng Ting Kong and as to 50% by Mr. Chau Cheok Wa. Accordingly, both Mr. Cheng Ting Kong and Mr. Chau Cheok Wa are deemed under the SFO to be interested in the 654,677,040 shares beneficial owned by First Cheer Holdings Limited.

2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 135,430,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 31 March 2016, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

MANAGEMENT SHAREHOLDERS

Save for the directors, management shareholders and substantial shareholders as herein disclosed, the directors are not aware of any persons who as at 31 March 2016 were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and who were able, as a practical matter, to direct or influence the management of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Mr. Cheng Tin Kong and Ms. Cheng Mei Ching are the executive directors of the Group and also are the director of Sun Finance Company Limited ("SFCL"), a private company incorporate in Hong Kong and is a licensed money lender engaged in money lending business. SFCL competes or may compete, either directly or indirectly, with the business of the Group.

Ms. Cheng Mei Ching resigned as the director of SFCL on 15 November 2015 before the Group acquired the money lending business.

The Board considers that, having considered the facts that:

(i) the Group is capable of, and does carry on its business independently of, and on an arm's length basis with the competing business of the SFCL Group;

(ii) the Company has established corporate governance procedures to ensure business opportunities and performance are independently assessed and reviewed from time to time;

(iii) Mr. Cheng Tin Kong is fully aware of their fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; and

(vi) The group have the first right of refusal in accepting or rejecting to provide services to the client, and Mr. Cheng Tin Kong only refer new clients to SFCL after the group decide not to proceed with such client.

Since (i) all the major and important corporate actions of the Company are and will be fully deliberated and determined by the Board; and (ii) any director(s) who is/are or deemed to be interested in any proposed transaction(s) will have his/their interest fully disclosed and will abstain from voting at the relevant resolution(s) in accordance with the applicable requirements of the New Bye-laws of the Company, the Board is of the view that each of the Relevant Directors does not, by himself/herself or in an individual capacity, competes with the Company and/or the business of the Group. The Group's interest is adequately safeguarded.

COMPETITION AND CONFLICT OF INTERESTS

Except of the above, as at 31 March 2016, none of the directors, the management shareholders (as defined in the GEM Listing Rules) or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company 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.

SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 and expired in 2010 and another one was adopted on 5 December 2006 (the "New Scheme").

New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2016, the number of shares issuable under share options granted under the Share Option Plan was 347,015,738, which represented approximately 24.94% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

Directors' Report

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

					Number of share options							
Category participants	Date of grant *(note 1)*	2016 adjusted exercise price *HK$*	2015 exercise price *HK$*	Exercise period	Outstanding at 31 March 2014	Grant during the year	Exercise during the year	Outstanding at 31 March 2015 *(note 4)*	Adjusted during the year *(note 3)*	Grant during the year	Exercise during the year	Outstanding at 31 March 2016
Mr. Chau Cheok Wa	25.11.2010	1.120	2.240	25.11.2010-24.11.2020	625,625	–	–	625,625	625,625	–	–	1,251,250
					625,625	–	–	625,625	625,625	–	–	1,251,250
Mr. Lee Chi Shing, Caesar	19.08.2008	0.825	1.660	19.08.2008-18.08.2018	5,754,940	–	–	5,754,940	5,754,940	–	–	11,509,880
	09.02.2010	0.650	1.300	09.02.2010-08.02.2020	5,746,154	–	–	5,746,154	5,746,154	–	–	11,492,308
	25.11.2010	1.120	2.240	25.11.2010-24.11.2020	6,290,625	–	–	6,290,625	6,290,625	–	–	12,581,250
	10.9.2014	0.315	0.63	10.9.2014-9.9.2024	–	6,957,000	–	6,957,000	6,957,000	–	–	13,914,000
					17,791,719	6,957,000	–	24,748,719	24,748,719	–	–	49,497,438
Ms. Cheng Mei Ching	09.02.2010	0.650	1.300	09.02.2010-08.02.2020	5,746,154	–	–	5,746,154	5,746,154	–	–	11,492,308
	25.11.2010	1.120	2.240	25.11.2010-24.11.2020	6,290,625	–	–	6,290,625	6,290,625	–	–	12,581,250
	10.9.2014	0.315	0.63	10.9.2014-9.9.2024	–	695,700	–	695,700	695,700	–	–	1,391,400
					12,036,779	695,700	–	12,732,479	12,732,479	–	–	25,464,958
Mr. Lui Man Wah	10.9.2014	0.315	0.63	10.9.2014-9.9.2024	–	6,957,000	–	6,957,000	6,957,000	–	–	13,914,000
					–	6,957,000	–	6,957,000	6,957,000	–	–	13,914,000
Consultants in aggregate	13.08.2007	0.550	1.100	13.08.2007-12.08.2017	12,056,364	–	–	12,056,364	12,056,364	–	–	24,112,728
	17.08.2007	0.52	1.040	17.08.2007-16.08.2017	6,646,154	–	–	6,646,154	6,646,154	–	–	13,292,308
	21.08.2007	0.5	1.000	21.08.2007-20.08.2017	6,624,000	–	–	6,624,000	6,624,000	–	–	13,248,000
	19.08.2008	0.83	1.660	19.08.2008-18.08.2018	36,988,193	–	–	36,988,193	36,988,193	–	–	73,976,386
	27.08.2008	0.84	1.680	27.08.2008-26.08.2018	3,314,286	–	–	3,314,286	3,314,286	–	–	6,628,572
	16.12.2009	0.540	1.080	16.12.2009-15-12.2019	14,320,370	–	–	14,320,370	14,320,370	–	–	28,640,740
	25.11.2010	1.120	2.240	25.11.2010-24.11.2020	13,206,875	–	–	13,206,875	13,206,875	–	–	26,413,750
	07.12.2010	1.260	2.520	07.12.2010-06.07.2020	6,317,857	–	–	6,317,857	6,317,857	–	–	12,635,714
					99,474,099	–	–	99,474,099	99,474,099	–	–	198,948,198
Other employees in aggregate	19.08.2008	0.830	1.660	19.08.2008-18.08.2018	2,877,470	–	–	2,877,470	2,877,470	–	–	5,754,940
	16.12.2009	0.540	1.080	16.12.2009-15-12.2019	19,801,852	–	–	19,801,852	19,801,852	–	–	39,603,704
	25.11.2010	1.120	2.240	25.11.2010-24.11.2020	6,290,625	–	–	6,290,625	6,290,625	–	–	12,581,250
					28,969,947	–	–	28,969,947	28,969,947	–	–	57,939,894
					158,898,169	14,609,700	–	173,507,869	173,507,869	–	–	347,015,738
Weighted average exercise price					1.567			1,489				0.745

Notes:

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

(3) The year 2016 exercise price of the share options have been adjusted to take into account the impact of the share sub-division completed in July 2015.

(4) These fair values of the share options granted for the years ended were calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

	The Group									
Date of grant	13 August 2007	17 August 2007	21 August 2007	19 August 2008	27 August 2008	16 December 2009	9 February 2010	25 November 2010	7 December 2010	10 September 2014
Number of share option	19,200,000	14,400,000	14,500,000	74,200,000	9,600,000	58,100,000	24,900,000	56,720,000	9,150,000	14,609,700
Share price at grant date (HK$)	0.38	0.28	0.34	1.11	1.16	0.74	0.89	1.54	1.74	0.63
Weighted average exercise price (HK$)	0.38	0.36	0.35	1.14	1.16	0.74	0.90	1.54	1.74	0.63
Expected volatility (expressed as weighted average volatility)	61.97%	62.15%	62.15%	99.81%	96.08%	76.61%	75.08%	60.28%	59.75%	101.47%
No. of years for option life (expressed as weighted average life)	10	10	10	10	10	10	10	10	10	10
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	3.96%	3.97%	3.88%	1.00%	1.15%	0.08%	0.18%	0.27%	0.35%	1.979%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No share options were granted for the year ended 31 March 2016 (2015: 14,609,700). At 31 March 2016, the Company had 347,015,738 share options (2015: 173,507,869) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 347,015,738 (2015: 173,507,869) additional ordinary shares of HK$0.04 each (2015: HK$0.08 each) of the Company and additional share capital of HK$13,880,629 (2015: HK$13,880,629) and cash proceeds to the Company of HK$258,271,113 (2015: HK$258,271,113) (before share issue expenses).

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as disclosed in this section headed "Share Option Scheme", no equity-linked agreements were entered into by the Group, or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the services provided to the Group's largest client and five largest clients accounted for 23% and 46%, respectively of the total turnover for the year. The Group's largest supplier and five largest suppliers accounted for 20% and 46% purchases of the Group for the year ended 31 March 2016.

In the opinion of the directors, none of the directors, their associates or any shareholders of the Company who owned more than 5% of the Company's share capital had any interest in the Group's five largest customers and suppliers.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year under review.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the year ended 31 March 2016.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2016.

EMOLUMENT POLICY

The Group's emolument policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident funds are also provided to employees where appropriate.

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.

PERMITTED INDEMNITY PROVISION

The Articles provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Group has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for legal actions brought against the Directors and directors of the subsidiaries of the Group. The level of the coverage is reviewed annually.

EVENTS AFTER REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 54 to the consolidated financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 March 2016 were audited by Andes Glacier CPA Limited, who would retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-appointment.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Andes Glacier CPA Limited, as auditor of the Company.

On behalf of the Board

Cheng Ting Kong
Chairman

Hong Kong, 17 June 2016

CORPORATE GOVERNANCE REPORT

The Company is committed to high standards of corporate governance for the enhancement of shareholder value. The Company believes that good corporate governance is not only in the interest of investors but also in the interest of the Company. It is also of the view that good corporate governance is a reflection of the standard and quality of the management and operations of the Company and it also helps sustain the long-term support of shareholders upon which the Company's success depends.

The Company closely monitors corporate governance development in Hong Kong and it regularly reviews its corporate governance practices in light of experience and evolving regulatory requirements to ensure that the Company keeps abreast of shareholders' expectations. The principles of corporate governance adopted by the Company emphasize a quality board, sound internal control, and transparency and accountability to shareholders.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 15 of the GEM Listing Rules. Throughout the year ended 31 March 2016 and up to the date of this report, to the best knowledge of the Board, the Company has complied with all the code provisions set out in Appendix 15 of the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings ("Code of Conduct") set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

BOARD OF DIRECTORS

Composition of the Board

As at 31 March 2016, the Board comprised 7 Directors, including the Chairman, 4 Executive Directors and 3 Independent Non-executive Directors. One of the Independent Non-executive Directors has appropriate professional qualifications in accounting. Biographical details of the Directors are set out on pages 13 and 14.

The updated list of Directors and their role and function are published at the GEM website and the Company's website (www.sun8029.com).

Independent non-executive Directors

In compliance with Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board, and with at least one of them possessing the appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence and considers that their independence is in compliance the Rule 5.09 of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

The Board

The Board has the responsibility for leadership and control of the Group. They are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board is accountable to shareholders for the strategic development of the Group with the goal of maximizing long-term shareholder value, while balancing broader stakeholder interests. The Board has delegated the day-to-day responsibility to the Executive Directors and senior management of the Company who meet on a regular basis to review the financial results and performance of the Group and make financial and operational decisions for the implementation of strategies and plans approved by the Board. The Board also communicates with shareholders and regulatory bodies and makes recommendations to shareholders on final dividends and the declaration of any interim dividend.

Board Meetings and Attendance

The Board meets regularly, and at least 4 times a year, either in person or through other electronic means of communication to determine overall strategic direction, objectives and development of the businesses of the Group, approve quarterly, interim and annual results, and other significant matters Notice of at least 14 days is given to all Directors for a regular Board meeting.

Apart from the regular Board meetings of the year, the Board also meets on other occasions when a Board-level decision on a particular matter is required. For such, reasonable notice is generally given. All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, senior management and Compliance Officer who are responsible for ensuring the compliance of the Company with the GEM Listing Rules and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors of the Company. Any Directors and their associates who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed in the Board meetings shall abstain from voting on the relevant resolutions and are not to be counted in the quorum at meetings.

At least 3 days (or such other period as agreed in advance) before each Board meeting, a draft agenda is sent out to all Directors in order to allow the Directors to include any other matters in the agenda that are required for discussion and resolution in the meeting. To enable the Directors to make informed decisions, Board papers together with all appropriate and relevant information in relation to the matters of the meeting are sent to all Directors 3 days or such other period as agreed before each Board meeting such that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The Company Secretary is responsible to keep minutes of all Board meetings and committees meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final versions are open for Directors' inspection.

The Board held 10 meetings during the year ended 31 March 2016. Details of attendance of individual Directors at Board Meetings are presented below:

	Attended/ Eligible to attend
Chairman	
Mr. Cheng Ting Kong	10/10
Executive Directors	
Ms. Cheng Mei Ching	10/10
Mr. Lee Chi Shing, Caesar	9/9
Mr. Lui Man Wah	10/10
Mr. Luk Wai Keung	1/1
Independent non-executive Directors	
Mr. Tou Kin Chuen	10/10
Mr. Chan Tin Lup, Trevor	10/10
Mr. Wang Zhigang	10/10

Relationships between the Board

Save as disclosed below, there was no direct or indirect financial, business, family or other material relationship among the Directors and with the Company and the Board follows the requirements set out in the GEM Listing Rules.

One of the executive Directors, Ms. Cheng Mei Ching, is the sister of Mr. Cheng Ting Kong, the chairman and executive Director of the Company as well.

Directors' Continuing Professional Development Programme

Each Director receives comprehensive and formal induction and orientation to ensure he/she adequately understand the operations and business of the Group. The Company also provided detailed director's responsibilities and obligations statement pursuant to the GEM Listing Rules for the Director to review and study. In addition, materials in relation to regularly update on latest development in relation to the GEM Listing Rules, other applicable regulatory requirements and the Group's business and governance policies (the "Reading Materials in relation to Continuous Professional Developments") were circulated to the Directors. Continuing briefings and seminars for the directors will be arranged as necessary. The Directors are encouraged to participate in continuous professional developments to develop and refresh their knowledge and skills periodically.

During the year ended 31 March 2016 the Directors participated in the continuous professional developments in the following manner:

Name	Reading Materials/ Attending seminars/ courses/conferences in relation to Continuous Professional Developments
Executive Directors	
Mr. Cheng Ting Kong	✓
Ms. Cheng Mei Ching	✓
Mr. Lui Man Wah	✓
Mr. Lee Chi Shing, Caesar (resigned on 30 November 2015)	✓
Mr. Luk Wai Keung (appointed on 2 December 2015)	✓
Independent non-executive Directors	
Mr. Chan Tin Lup, Trevor	✓
Mr. Tou Kin Chuen	✓
Mr. Wang Zhigang	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

The Board, led by the Chairman, is responsible for the formulation of Company-wide strategies and policies, including an oversight of the management. Management is responsible for the day-to-day operations of the Company under the leadership of the Chief Executive Officer.

The position of the Chairman and the Chief Executive Officer are held by separate individuals. The role of the Chairman is separated from that of the Chief Executive Officer. Such division of responsibilities helps to reinforce their independence and accountability.

Mr. Cheng Ting Kong is the Chairman of the Company and Mr. Lui Man Wah is the Chief Executive Officer of the Company.

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that the Board acts in the best interest of the Company. To ensure that Board meetings are planned and conducted effectively, the Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting, taking into account, where appropriate, any matters proposed by other Directors for inclusion in the agenda. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages Directors to be fully engaged in the Board's affairs and make contribution to the Board's functions. With the support of all other members of the Board, the Chairman procures that good corporate governance practices and procedures are established and that appropriate steps are taken to provide effective communication with shareholders.

The Chief Executive Officer is responsible for managing the business of the entire Company, attending to the formulation and successful implementation of company policies and assuming full accountability to the Board for all Company operation. Acting as the principal navigator of the Company's businesses, the Chief Executive Officer attends to developing strategic operation plans that reflect the longer term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Company. The Chief Executive Officer also maintains ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business development and issues.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Executive Directors

Each of Ms. Cheng Mei Ching, Mr. Lui Man Wah, Mr. Lee Chi Shing, Caesar and Mr. Luk Wai Keung, being all the executive Directors, except Mr. Cheng Ting Kong, has entered into a service agreement with the Company for an initial fixed term of one year and shall continue thereafter until terminated by either party by giving two months' notice in writing to the other. For Mr. Cheng Ting Kong, he has entered into a service agreement with the Company for an initial fixed term of three year.

Mr. Lee Chi Shing, Caesar, the executive Directors has terminated from the service agreement with the Company effective on 30 November 2015.

Each of these executive Directors is entitled to the respective director's fee. In addition, each of the executive Directors is also entitled to a discretionary bonus determined by the Board.

Independent non-executive Directors

Each of Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang, the independent non-executive Directors has entered into a letter of service with the Company for a term of one year's period, provided that either our Company or our independent non-executive Directors may terminate such appointment at any time by giving at least one month's notice in writing to the other. Each of our independent non-executive Directors is entitled to a director's fee.

Upon appointment, Directors would receive an orientation review of the Company and its business from senior executives. Information are provided to Directors regularly to ensure that Directors keep up with the latest changes in the commercial and regulatory environment in which the Group conducts its businesses.

In accordance with the articles 84 of the Articles, one-third of the Directors are subject to retirement by rotation or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from the office and being eligible offer themselves for re-election at each annual general meeting of the Company.

BOARD COMMITTEES

The Board has established the Audit Committee and the Remuneration Committee in order to maintain high standard of corporate governance of the Company.

Audit Committee

The Company established an audit committee ("Audit Committee") on 29 November 2000 with written terms of reference in compliance with the GEM Listing Rules. During the year under review, the audit committee comprises three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Wang Zhigang. All of them are independent non-executive Directors of the Company and Mr. Tou Kin Chuen was appointed as the Chairman of the Audit Committee. The biographies of members of the audit committee are set out in the paragraph headed "Directors and Staff" on page 14.

The Audit Committee held 2 meetings during the year ended 31 March 2016 and the attendance records are set out below:

Name of Member	Attended/ Eligible to attend
Mr. Tou Kin Chuen *(Chairman)*	2/2
Mr. Chan Tin Lup, Trevor	2/2
Mr. Wang Zhigang	2/2

For the year ended 31 March 2016, the Audit Committee reviewed with senior management and the external auditors of the Company their respective audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and internal control, risk management and financial reporting matters (including the interim and annual financial statements for the year ended 31 March 2016 before recommending them to the Board for approval). In particular, the Audit Committee monitored the integrity of financial statements of the Company and the annual report and accounts and quarterly reports and accounts of the Company, discussed with management and the external auditor, and reviewed significant financial reporting judgments contained in them. In this regard, in reviewing such reports and accounts of the Company before submission to the Board, the Audit Committee focused particularly on:

(a) any changes in financial reporting and accounting policies and practices;

(b) major judgmental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumption and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the GEM Listing Rules and any other legal requirements in relation to financial reporting.

The Audit Committee has met its responsibilities to review the audited consolidated results of the Group for the year ended 31 March 2016 and provided advice and comments thereon.

Remuneration Committee

The Company established a remunerations committee ("Remuneration Committee") on 18 March 2005. During the year under review, the Remunerations Committee comprises three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Wang Zhigang. All of them are independent non-executive Directors of the Company and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee. The biographies of members of the Remuneration Committee are set out in the paragraph headed "Directors and Staff" on page 14.

The Remunerations Committee would assist the Board to develop and administer a fair and transparent procedure for setting policy on the remuneration of Directors and senior management of the Company and for determining their remuneration packages and also is responsible for the administration of the share option schemes adopted by the Company. Terms of reference of the Remunerations Committee are approved by the Directors.

Executive Directors are responsible for reviewing all relevant remuneration data and market conditions as well as the performance of the individual and the profitability of the Company, and propose to the Remunerations Committee for consideration and approval, remuneration packages for Directors and senior management.

The Remunerations Committee held 1 meeting during the year ended 31 March 2016. The attendance records are presented below:

Name of Member	Attended/ Eligible to attend
Mr. Chan Tin Lup, Trevor *(Chairman)*	1/1
Mr. Tou Kin Chuen	1/1
Mr. Wang Zhigang	1/1

The remuneration of Directors and senior management was determined with reference to the performance and profitability of the Company as well as remuneration benchmarks from other local and international companies and the prevailing market conditions. Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

During the year ended 31 March 2016, the Remuneration Committee determined the policy for the remuneration of executive Directors, assessed the performance of executive Directors and approved the terms of executive Director's services contracts. The Remuneration Committee adopted the model which is described in the code provision B.1.2 (c)(ii) of the CG Code and Report, it makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

Details of Directors' emoluments for the year ended 31 March 2016 are set out in note 14 to the consolidated financial statements.

Nomination Committee

A nomination committee is not necessary for the Company, after the Board reviewed the needs and current situation of the Company. The Board will be responsible for reviewing the profile of current directors and potential candidate of director to ensure that the composition of the Board is appropriate for the Company.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties in accordance with code provision D.3.1 to the CG Code which are included to develop and review the Company policies and practices on corporate governance, to review and monitor the training and continuous professional development of Directors and senior management of the Company, the issuer's policies and practices on compliance with legal and regulatory requirements and reviewing the issuer's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2016, the Board has performed the corporate governance duties stated in code provision D.3.1 of the CG Code.

AUDITORS AND THEIR REMUNERATION

The amount of fees charged by the Auditors generally depends on the scope and volume of the auditors' work. For the year ended 31 March 2016, the Auditors of the Company received HK$1,290,000 (2015: HK$1,300,000) for audit services. There was no significant non-audit service provided by the auditor of the Group for the year.

Directors' Acknowledgement

The Directors acknowledge their responsibility for preparing the consolidated financial statements which give a true and fair view of the financial position of the Group.

The Directors ensure the consolidated financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the publication of the consolidated financial statements of the Group is made in a timely manner. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Auditors' Statement

The statement of the Auditors of the Company about their reporting responsibilities on the consolidated financial statements of the Group for the year ended 31 March 2016 is set out in the Auditors' Report on pages 37 and 38.

Financial Reporting

The Management has provided to all Directors quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings. In addition, the Management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The Management will spare no effort to provide all members of the board with more detailed and promptly monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail in coming future.

Compliance with Relevant Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with relevant requirements could lead to adverse impact on business operation and financial position of the Group. The Board as a whole is responsible to ensure the Group is in compliance with relevant laws and regulations that have a significant impact on the Group. To the best of knowledge of the Board, the Group has complied with relevant laws and regulations during the year ended 31 March 2016.

INTERNAL CONTROL

An internal control system, being an integral part of the Company's operations, is a process effected by the Board and management team to provide reasonable assurance regarding the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding Company assets, providing reliable financial reporting, and complying with applicable laws and regulations.

The Board is responsible for making appropriate assertions on the adequacy of internal controls over financial reporting and the effectiveness of disclosure controls and procedures. During the year ended 31 March 2016, a review of the effectiveness of the Group's internal control systems was conducted and the results were summarized and reported to the Audit Committee and the Board. The Board will continue to assess the effectiveness of internal controls by considering reviews performed by the audit committee and executive management.

The Group has engaged external auditors to conduct independent internal control review for the year ended 31 March 2016 and the review is completed up to the latest practicable date.

COMPANY SECRETARY

The company secretary of the Company (the "Company Secretary") is Mr. Chung Sze Fat. In accordance with the Rule 5.15 of the GEM Listing Rule, he has taken no less than 15 hours of relevant professional training during the year ended 31 March 2016.

SHAREHOLDERS' RIGHT

Procedures for the Shareholders to convene an extraordinary general meeting

Pursuant to article 64 of the Articles of Association of the Company, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting (the "EGM") to be called by the Board for the transaction of any business specified in such requisition.

Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for the Shareholders to put their enquiries to the board

The Company endeavor to maintain two way communications with the Shareholders through various channels. The Shareholders are encouraged to send their enquiries about the Group to the Company's email at info@sun8029.com or by mail to the principle address of the Company at Rooms 2414-18, 24/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. All the enquiries are dealt with in a timely manner. The Shareholders are also encouraged to attend annual general meeting (the "AGM") and EGM of the Company and to put their enquiries to the Board directly. Notices are duly being circulated to the Shareholders in order to ensure each Shareholder is informed to attend the AGM and the EGM. The Chairman of the Board, chairmen of each of the Remuneration Committee and Audit Committee and the senior management attend the aforesaid meetings and respond proactively to the Shareholders' enquiries. The detailed procedures for conducting a poll are set out in the proxy forms and will be explained by the chairmen of the AGM and EGM orally in the beginning of the aforesaid meetings.

Procedures for putting forward proposals by Shareholders at Shareholders' meetings

Shareholders may include a resolution to be considered at an EGM. The requirements and procedures are set out above in the paragraph headed "Procedures for the Shareholders to convene an extraordinary general meeting".

VOTING BY POLL

In compliance with the requirements on the poll voting procedures, the Company has informed the Members in respect of the procedures for voting by poll and the rights of the Members in demanding for poll in each general meeting. Pursuant to Article 72 of the Company's Articles of Association, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded at any general meeting. In the general meetings held during the Year, the Company counted all proxy votes, and except where polls were required, chairman of each general meeting had expressly indicated to the members attending the meetings the levels of proxies lodged on each resolution, and the balance for and against the resolution, after each of the resolution had been dealt with on a show of hands.

Furthermore, Article 72 of the Articles of Association, a vote by poll may be demanded by:

(a) the Chairman of the meeting; or

(b) at least three members present in person or by proxy and entitled to vote; or any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right attend and vote at the meeting; or

(c) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

In the general meetings held during the year, there were resolutions requiring polls either demanded by the chairmen of the meetings or required under the Listing Rules. In each general meeting, Tricor Tengis Limited, the Company's Hong Kong Branch Registrar, was instructed to act as scrutineer. In each general meeting held during the year, the Company had ensured that where appropriate:

(i) the procedure for demanding a poll by the Shareholders before putting a resolution to the vote on a show of hands; and

(ii) the detailed procedures for conducting a poll and then answer any questions from the Shareholders whenever voting by way of a poll is required.

As such, the Company has complied with the requirements in relation to vote by poll.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to providing clear and full information about the Company's performance to shareholders through the publication of quarterly reports and annual report. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the websites of the Group at www.sun8029.com and the Stock Exchange.

The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 clear business days' notice. The Chairman and Directors and external auditors are available to answer questions on the Company's businesses at the meeting.

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published on the respective websites of the Stock Exchange and the Company its Memorandum and Articles of Association. During the year ended 31 March 2016, there had not been any changes in the Company's constitutional documents.

INDEPENDENT AUDITORS' REPORT

Andes Glacier CPA Limited
CERTIFIED PUBLIC ACCOUNTANTS
思捷會計師行有限公司

Unit 1, 20/Floor, Malaysia Building,
No. 50 Gloucester Road,
Wanchai, Hong Kong
香港灣仔告士打道50號馬來西亞大廈20樓01室

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUN INTERNATIONAL RESOURCES LIMITED
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sun International Resources Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 135 which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditors' Report

OPINION

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

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 3 to the consolidated financial statements which indicates that the Group has sustained losses for 4 consecutive years. In particular, the Group incurred a loss of HK$125,573,641 for the year ended 31 March 2016 and the gearing ratio increased to 597.19% at the end of the reporting period. These conditions along with other matters as set forth in Note 3 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern.

Andes Glacier CPA Limited
Certified Public Accountants

Ng Sung Hau
Practising Certificate Number: P06122

Hong Kong, 17 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	**2016** **HK$**	2015 HK$ (Restated)
Continuing operations			
Revenue	8	**121,138,764**	147,147,693
Direct costs		**(49,925,699)**	(44,964,600)
Gross profit		**71,213,065**	102,183,093
Other operating income	10	**4,581,572**	5,070,240
Administrative expenses		**(122,188,165)**	(188,617,885)
Finance costs	11	**(25,571,776)**	(26,611,751)
Impairment loss on goodwill	18	**(6,528,059)**	(173,985,077)
Impairment loss on other assets		**–**	(1,184,517)
Impairment loss on amount due from non-controlling shareholders of a subsidiary	28	**(9,360,000)**	–
Fair value gain on breakeven guarantee	44a	**232,096**	–
Share-based payment expenses	41	**–**	(8,299,693)
Fair value change of biological assets, net	22	**(1,777,994)**	24,181,544
Share of losses of associates	21	**(35,653,059)**	(109,987,222)
Net loss on disposal of subsidiaries	43	**(91)**	(17,489,691)
Loss before taxation	12	**(125,052,411)**	(394,740,959)
Income tax expense	13	**(338,276)**	(1,182,165)
Loss for the year from continuing operations		**(125,390,687)**	(395,923,124)
Discontinued operations			
Loss for the year from discontinued operations, net of income tax	42	**(182,954)**	(7,936,008)
Loss for the year		**(125,573,641)**	(403,859,132)
Other comprehensive income/(loss):			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences on translating foreign operations		**30,274,868**	(35,770,074)
Total comprehensive loss for the year		**(95,298,773)**	(439,629,206)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	Notes	**2016 HK$**	2015 HK$ (Restated)
(Loss)/profit for the year attributable to:			
Owners of the Company			
– Continuing operations		**(115,512,441)**	(396,607,856)
– Discontinued operations		**(182,954)**	(31,297,441)
		(115,695,395)	(427,905,297)
Non-controlling interests			
– Continuing operations		**(9,878,246)**	684,732
– Discontinued operations		**–**	23,361,433
		(9,878,246)	24,046,165
		(125,573,641)	(403,859,132)
Total comprehensive (loss)/profit for the year attributable to:			
Owners of the Company		**(85,420,527)**	(461,426,698)
Non-controlling interests		**(9,878,246)**	21,797,492
		(95,298,773)	(439,629,206)
Loss per share (HK cents per share)	16		(Restated)
From continuing and discontinued operations			
– Basic and diluted		**(8.32)**	(30.75)
From continuing operations			
– Basic and diluted		**(8.30)**	(28.50)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	2016 HK$	2015 HK$
Non-current assets			
Intangible assets	17	**500,000**	–
Goodwill	18	**53,037,756**	6,528,059
Property, plant and equipment	19	**58,462,325**	57,352,429
Other asset	20	**350,000**	–
Interests in associates	21	**130,170,323**	165,683,163
Biological assets – non-current portion	22	**64,781,786**	78,571,459
		307,302,190	308,135,110
Current assets			
Biological assets – current portion	22	**121,906,841**	127,801,912
Inventories	23	**175,640**	808,279
Loan receivable	24	**30,000,000**	–
Trade receivables	25	**28,111,690**	75,354,531
Advances to customers in margin financing	26	**18,173,006**	–
Prepayments, deposits and other receivables	27	**11,937,933**	10,533,642
Amounts due from non-controlling shareholders of a subsidiary	28	**–**	9,360,000
Amount due from a related company	31	**56,000**	–
Tax recoverables		**–**	7,260,098
Bank balances and cash	29	**105,525,721**	50,438,508
Cash held on behalf of customers	30	**171,968,670**	–
		487,855,501	281,556,970
Current liabilities			
Trade payables	32	**189,589,176**	8,464,665
Accruals and other payables	33	**28,079,016**	37,437,453
Deposits received and deferred income	34	**2,466,910**	5,103,482
Amount due to related companies	36	**593,841**	–
Promissory note	35	**140,000,000**	140,000,000
Tax payables		**24,713**	–
		360,753,656	191,005,600
Net current assets		**127,101,845**	90,551,370
Total assets less current liabilities		**434,404,035**	398,686,480
Non-current liabilities			
Medium-term bonds	37	**248,000,000**	221,000,000
Promissory note	35	**104,016,328**	–
		352,016,328	221,000,000
Net assets		**82,387,707**	177,686,480

Consolidated Statement of Financial Position

At 31 March 2016

	Notes	**2016** **HK$**	2015 HK$
Capital and reserves			
Share capital	39	**55,656,000**	55,656,000
Reserves		**23,494,958**	108,915,485
Equity attributable to owners of the Company		**79,150,958**	164,571,485
Non-controlling interests		**3,236,749**	13,114,995
Total equity		**82,387,707**	177,686,480

Approved and authorised for issue by the Board of Directors on 17 June 2016 and are signed on its behalf by:

Cheng Ting Kong
Director

Lui Man Wah
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company									
	Share Capital *HK$*	Share Premium *HK$*	Capital Redemption Reserve *HK$*	Merger Reserve *HK$*	Share Options Reserve *HK$*	Translation Reserve *HK$*	(Accumulated losses) *HK$*	Sub-total *HK$*	Non-Controlling Interests *HK$*	Total *HK$*
At 1 April 2014	55,656,000	775,075,169	254,600	369,866	38,254,919	(3,665,018)	(269,628,531)	596,317,005	(14,793,863)	581,523,142
Loss for the year	–	–	–	–	–	–	(427,905,297)	(427,905,297)	24,046,165	(403,859,132)
Other comprehensive loss:										
Currency translation differences on translating foreign operations	–	–	–	–	–	(33,521,401)	–	(33,521,401)	(2,248,673)	(35,770,074)
Total comprehensive loss for the year ended 31 March 2015	–	–	–	–	–	(33,521,401)	(427,905,297)	(461,426,698)	21,797,492	(439,629,206)
Transactions with owners:										
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(2,260,000)	(2,260,000)
Issuance of share options	–	–	–	–	8,299,693	–	–	8,299,693	–	8,299,693
Disposal of subsidiaries	–	–	–	–	–	21,381,485	–	21,381,485	8,371,366	29,752,851
Total transactions with owners of the Company	–	–	–	–	8,299,693	21,381,485	–	29,681,178	6,111,366	35,792,544
At 31 March 2015 and 1 April 2015	55,656,000	775,075,169	254,600	369,866	46,554,612	(15,804,934)	(697,533,828)	164,571,485	13,114,995	177,686,480
Loss for the year	–	–	–	–	–	–	(115,695,395)	(115,695,395)	(9,878,246)	(125,573,641)
Other comprehensive income:										
Currency translation differences on translating foreign operations	–	–	–	–	–	30,274,868	–	30,274,868	–	30,274,868
Total comprehensive loss for the year ended 31 March 2016	–	–	–	–	–	30,274,868	(115,695,395)	(85,420,527)	(9,878,246)	(95,298,773)
Transactions with owners:										
Transfer	–	–	–	–	–	7,700,428	(7,700,428)	–	–	–
Total transactions with owners of the Company	–	–	–	–	–	7,700,428	(7,700,428)	–	–	–
At 31 March 2016	55,656,000	775,075,169	254,600	369,866	46,554,612	22,170,362	(820,929,651)	79,150,958	3,236,749	82,387,707

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
Loss before taxation		**(125,235,365)**	(403,193,780)
Depreciation		**11,136,764**	12,575,148
Bank Interest income	10	**(549,887)**	(425,516)
Finance costs	11	**25,571,776**	26,611,751
Share of losses of associates	21	**35,653,059**	109,987,222
Impairment loss on goodwill	18	**6,528,059**	173,985,077
Impairment loss on other assets		**–**	1,184,517
Impairment loss on amount due from non-controlling shareholders of a subsidiary	28	**9,360,000**	–
Fair value change of biological assets, net	22	**1,777,994**	(24,181,544)
Fair value gain on breakeven guarantee	44a	**(232,096)**	–
Net loss on disposal of subsidiaries	43	**91**	17,489,691
Gain on disposal of property, plant and equipment		**(120,000)**	–
Loss on disposal of property, plant and equipment		**4,431**	113,417
Provision for bad debts		**1,052,125**	1,876,292
Share-based payment expenses	41	**–**	8,299,693
Operating cash flows before working capital change		**(35,053,049)**	(75,678,032)
Decrease/(Increase) in biological assets – current portion		**7,071,100**	(34,980,421)
Decrease/(Increase) in inventories		**632,639**	(342,304)
Decrease/(Increase) in trade receivables, prepayments, deposits and other receivables		**58,407,387**	(40,820,100)
(Increase) in loan receivable		**(30,000,000)**	–
Decrease in advances to customers in margin financing		**3,118,741**	–
Decrease in amount due from a related company		**21,473**	–
(Increase) in cash held on behalf of customers		**(139,330,401)**	–
Increase/(Decrease) in trade payables, accruals, other payables, deposits received and deferred income		**95,923,517**	(9,045,501)
(Decrease) in amount due to relaled companies		**(1,043,103)**	–
Cash (used in) operations		**(40,251,696)**	(160,866,358)
Income tax refund		**6,946,535**	2,165,040
Net cash (used in) operating activities		**(33,305,161)**	(158,701,318)
Investing activities			
Net proceeds (paid)/received from disposal of subsidiaries	43	**(91)**	67,225,412
Purchase of biological assets – non-current portion		**(2,955,960)**	(30,466,995)
Acquisition of equine business related assets		**–**	(22,071,668)
Acquisition of securities brokerage and asset management business	44a	**51,988,247**	–
Acquisition of money lending business	44b	**(500,000)**	–
Proceeds from disposal of property, plant and equipment		**638,516**	93,905
Purchase of property, plant and equipment		**(13,409,198)**	(3,813,514)
Payment of cash advances to associates		**(140,219)**	(250,148)
Bank Interest received		**549,887**	425,516
Net cash generated from investing activities		**36,171,182**	11,142,508

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
Financing activities			
Repayment of interest-bearing borrowing		–	(135,474,735)
Payment for interest on medium-term bonds		**(19,484,877)**	(15,328,657)
Interest paid for interest-bearing borrowing		–	(4,497,901)
Issuance of medium-term bonds		**27,000,000**	221,000,000
Inception of interest-bearing borrowing		–	30,000,000
Net cash generated from financing activities		**7,515,123**	95,698,707
Net increase/(decrease) in cash and cash equivalents		**10,381,144**	(51,860,103)
Cash and cash equivalents at beginning of the year		**50,438,508**	65,105,903
Effect of changes in exchange rate, net		**44,706,069**	37,192,708
Cash and cash equivalents at end of the year		**105,525,721**	50,438,508
Analysis of the balance of cash and cash equivalents			
Bank balances and cash	29	**105,525,721**	50,438,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands on 11 July 2000 as exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at the reporting date, the ultimate holding company of the Company (the "Ultimate Holding Company") is First Cheer Holdings Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in page 3 of the annual report.

The Company's principal activity is investment holding and the principal activities of its principal subsidiaries are set out in note 49.

The accompanying consolidated financial statements and the comparative figures have been prepared to reflect the results of the discontinued business separately.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

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

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2015. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int").

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

The application of the new and revised 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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS16	Leases[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 cycle[4]

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

[2] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, 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 1 January 2016, with earlier application permitted.

[5] Effective for annual periods beginning on or after a date to be determined.

The Group has already commenced considering the potential impact of these new HKFRSs. Except as described below, the Group is not yet in a position to state whether these new HKFRSs would have a material impact on its financial performance and financial position.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

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

HKFRS 9 Financial Instruments *(continued)*

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be 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. 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 fair value through profit or loss, 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was 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.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

HKFRS 15 Revenue from Contracts with Customers

In July 2014, 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.

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 satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in HKFRS l5 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

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

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

HKFRS 16 Leases

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

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

The Directors will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

3. GOING CONCERN CONVENTION

In preparing the consolidated financial statements, the Directors of the Company ("Directors") have given careful consideration to the liquidity of the Group as the Group has sustained losses for 4 consecutive years. In particular, the Group incurred a loss of HK$125,573,641 for the year ended 31 March 2016 and the gearing ratio increased to 597.19% at the end of the reporting period.

In the opinion of the Directors, the Group is able to operate as a going concern in the coming year after taking into consideration the following conditions and/or measures:

(a) Included in current liabilities, deposits received and deferred income as at 31 March 2016 amounting to HK$2,466,910 represented funds received from customers for the Equine Services and which are non-refundable;

(b) There was a net cash used in operating activities of approximately HK$33,305,000 for the year ended 31 March 2016 compared to a net cash used in operating activities of approximately HK$158,701,000 for the year ended 31 March 2015, which show a substantial improvement in cash flow control;

(c) The Group continues to implement measures to enhance cost controls in various operating expenses and to improve the Group's operating results and positive cash flow operation;

(d) In addition to the HK$100,000,000 revolving loan facility disclosed in note 54, the Group continues to study any possible additional external funding to improve the Group's liquidity;

(e) The Group communicates and negotiates with the promissory note holders for the further extension of repayment of the promissory notes.

The Directors are of the opinion that the Group will be able to have sufficient working capital to finance its operations and meet its financial obligations when they fall due in the foreseeable future. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective term includes all applicable HKFRSs, HKASs and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM Listing rule") of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention except for certain properties, biological assets and financial instruments, which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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. 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.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of consolidation

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

- has power over the investee;
- is exposed, or has 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.

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 of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When 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, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries presented in the statement of financial position included in note 48 to the consolidated financial statements are stated at cost less any identified impairment loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(b) 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Business combinations *(continued)*

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), 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.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets and contingent liabilities recognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising in acquisition during a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period.

If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

(d) Property, plant and equipment

Property, plant and equipment other than leasehold land and land use right are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Buildings	2.5%
Computer equipment	30% to 33.33%
Office equipment	11.25% to 20%
Furniture and fixtures	20%
Machine equipment	20%
Motor vehicles	8.3% to 20%
Yacht	20%
Farm and vet equipment	10% to 15%
Leasehold improvements	4% to 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Property, plant and equipment *(continued)*

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

When an item of property, plant and equipment is transferred to investment property, following a change in its use, any differences between the carrying amount and the fair value of the item arising at the date of transfer is recognised directly in equity at a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in profit or loss. On subsequent disposal of the investment property, the revaluation surplus is transferred to retained earnings.

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

(e) 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.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see accounting policy in respect of impairment losses on tangible and intangible assets below).

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

(f) Biological assets

Biological assets, including Stallions and Bloodstocks, are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resulting gain or loss recognised in the profit or loss for the year in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation cost and excluding finance costs and income taxes. The fair value of biological assets is determined based on their present location and condition and is determined independently by a professional valuer.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its 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 is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

Where a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised on the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Inventories

Inventories represent mainly are drugs held for re-sale. Inventories are stated at the lower of cost and net realisable value.

The cost of work in progress and finished goods, comprising raw materials, direct labour, other direct costs and an appropriate proportion of related production overheads, are determined using the weighted average method. Net realisable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(i) Financial instruments

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

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) ("FVTPL") 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 at FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of financial assets and its 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 debt instrument 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 premium or discounts) through the expected life of the debts instruments, 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 at FVTPL.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified 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.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination 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 to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

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 are measured at amortised cost using the effective interest method, less any identified impairment losses.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity other than:

(a) those that the entity upon initial recognition designates as at fair value through profit or loss;

(b) those that the entity designates as available for sale; and

(c) those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

AFS financial assets

AFS investments are non-derivatives that are either designated as available-for-sale or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as AFS financial assets 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 AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each 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 asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

(i) significant financial difficulty of the issuer or counterparty; or

(ii) default or delinquency in interest or principal payments; or

(iii) it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or

(iv) the disappearance of an active market for the financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of an 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 certain categories of financial assets, such as loan receivables and advances to customers in margin financing, assets that are assessed are, in addition, assessed for impairment on a collective basis not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan receivable, advances to customers in margin financing, accounts receivable and other 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 loan receivable and an advance to customer in margin financing, an accounts receivable or a receivable 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 AFS 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Impairment of financial assets *(continued)*

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

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade 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 trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, 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 loses 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.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity 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 instrument issued by the Group are recognised at the proceeds received, net direct issued costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) those designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified 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.

A financial liability other than a financial liability held for trading or contingent consideration may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

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

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities. Fair value is determined in the manner described in note 6(b).

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 unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Other financial liabilities

Other financial liabilities (including accruals and other payables, deposit received, medium-term bonds, and trade payables) are subsequently measured at amortised cost, using the effective interest rate method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Financial instruments *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expenses are recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Compound financial instruments

The component parts of the convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium and share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in the profit or loss.

Financial liabilities are derecognised when and only when, the Group's obligation specified in the relevant contract are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Borrowing costs

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

(k) Impairment losses 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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.

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

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

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods sold and services provided in the normal course of business, net of discounts and sale related taxes.

Service income is recognised when services are rendered, on an accrual basis or where condition attached to the relevant agreements and mandates is in satisfaction of the relevant condition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Revenue recognition *(continued)*

Stallions service fees are recognised when a vet certificate is produced for confirming that a viable live foal was produced.

Commission income on securities brokerage, futures and options brokerage is recognised on a trade date basis when the relevant contract notes are executed.

Commission income on placing, underwriting and sub-underwriting, consultancy and financial advisory fees and commission income on wealth management is recognised in accordance with the terms of underlying agreements when the relevant significant acts have been completed.

Income from fund management and custodian and other services is recognised when services are rendered.

Interest income from a financial asset 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.

Sales of goods are recognised when the goods are delivered to the customer and the customer has accepted the related risks and rewards of ownership.

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

(m) 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 tax as reported in the profit or loss and because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable and 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Taxation *(continued)*

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which 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 tax profit nor the accounting profit.

Deferred tax

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.

The carrying amount of deferred tax assets is reviewed at each 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Taxation *(continued)*

Deferred tax *(continued)*

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.

(n) Leases

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

Rental income from operating leases is recognised in the profit or loss and 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 recognised as an expense on a straight-line basis over the lease term.

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 above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-ling basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in profit or loss in the period in which they are incurred.

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, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong and Superannuation Guarantee Contribution Scheme ("SGC Scheme") in Australia are recognised as an expense when employees have rendered services entitling them to the contributions.

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the report date, regardless of when the actual settlement is expected to occur.

(p) 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 recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Foreign currencies *(continued)*

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 purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of each reporting period, income and expenses 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 translation reserve (attributed to non-controlling interest as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Share-based payments

Where share options are awarded to employees, the fair value of the options based on the valuation by an external independent valuer at the date of grant is charged to the profit or loss on a straightline basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit or loss over the remaining vesting period.

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

(r) Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. When 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Related parties

A related party is a person or entity, this is related to the Group.

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

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

(ii) has significant influence over the Group; or

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

B. An entity is related to the Group if any of the following conditions applies:

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

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

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

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

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

(vi) The entity is controlled or jointly controlled by a person identified in note A(i).

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

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

(u) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATION

In the application of the Group's accounting policies which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts 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 to be relevant. Actual results may differ from these estimates.

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

Critical judgments in applying accounting policies

The followings are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern and liquidity

As explained in Note 3, the Group had sustained losses for 4 consecutive years. In particular, the Group incurred loss of HK$125,573,641 for the year ended 31 March 2016 and the gearing ratio increased to 597.19% at the end of the reporting period. The consolidated financial statements indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. The assessment of the going concern assumptions involves making judgment by the Directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors of the Company consider that the Group has ability to continue as a going concern and the major conditions that may cast doubt about the going concern assumptions are set out in Note 3 to the consolidated financial statements.

Estimated income tax and deferred tax

The Group is subject to income taxes mainly in the Macau, Australia and Hong Kong. Significant estimates are required in determining the amount of the provision for income tax and the time of payment of the related tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference or tax losses can be utilised. The outcome of their actual utilisation may be different.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATION *(continued)*

Impairment of loans and advances to customers

The Group reviews its loans and advances to customers (including loan receivable and advances to customers in margin financing) to assess impairment on a periodic basis.

Each loan and advance to customer that is individually significant is reviewed for indication of impairment at the end of each reporting period. Loans and advances to customers that are individually not significant or assessed not to be impaired individually are reviewed at the end of each reporting period on a collective portfolio basis. Objective evidence of collective impairment includes Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

In assessing the individual impairment and determining whether an impairment loss should be recognised in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is an objective evidence of impairment that will have a measurable decrease in the estimated future cash flows from a portfolio of advances. Moreover, the Group also reviews the value of the collateral received from the customers in determining the impairment. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Details of disclosures for loans receivable and advances to customers in margin financing are set out in notes 24 and 26 respectively.

Useful lives and impairment assessment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation record. Property, plant and equipment are evaluated for possible impairment on a specific asset basic or in company of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each of company asset. For instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount written is charged against the results of operations.

Estimated impairment of receivables

The policy for impairment loss in respect of receivables, including trade receivables, deposits and other receivables, of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATION *(continued)*

Fair value of biological assets

The Group's biological assets are valued at fair value less costs to sell. The fair value of biological assets is determined based on either the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition, costs incurred and expected yield to reflect differences in characteristics and/or stages of growth of the horse; or the present value of expected net cash flows from the biological assets discounted at a current market-determined rate, when market-determined prices are unavailable; or the cost when appropriate. Any change in the estimates may affect the fair value of the biological assets significantly. Independent professional valuers and the management review assumptions and estimates periodically to identify any significant change in the fair value of the biological assets. Details of assumptions used are disclosed in note 22.

Estimated impairment of goodwill

The Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 4(c). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations. Details of the recoverable amount calculation for goodwill are disclosed in note 18.

Impairment of intangible assets

The carrying amounts of intangible assets are reviewed annually and adjusted for impairment in accordance with HKAS 36 whenever certain events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group determines the recoverable amount of the assets based on the estimations of future expected cash flows from the usage of these assets and a suitable discount rate. Where the future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculation for intangible assets are disclosed in note 17.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 ***HK$***	2015 *HK$* (restated)
Financial assets		
Loans and receivables (including bank balances and cash)	**190,233,834**	136,795,862
Financial liabilities		
Amortised cost	**710,278,361**	406,902,118

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include promissory note, medium-term bonds, trade receivables, loan receivable, advances to customers in margin financing, bank balances and cash. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

Market risk

In addition, the Group's exposures are closely monitored by other relevant internal control units, including Risk Management Department, the Finance Department, the Legal and Compliance Department.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in economic environment. Market risk comprises three types of risks: price risk, currency risk and interest rate risk.

The Group's exposures to market risk include price risk, currency risk and interest rate risk.

Price risk

Price risk is the risk that the fair values of equity investments, fund investments, debt securities and derivatives decrease as a result of changes in the levels of equity indices and the values of individual investment.

The Group is minimum exposed to price risk.

In management's opinion, the sensitivity analysis is unrepresentative of the price risk as the year end exposure does not reflect the exposure during the year.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(i) Foreign currency risk

The majority of the Group's monetary assets and monetary liabilities by value and the rental income are denominated in Hong Kong Dollar ("HK$"), Renminbi ("RMB") and Australian Dollar ("AUD"). The conversion of RMB into other currencies is subjected to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China ("PRC"). The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB and AUD. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely 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 monetary liabilities at the reporting date are as follows:

	2016 ***HK$***	2015 *HK$*
Assets		
AUD	**52,637,310**	33,836,404
RMB	**5,210,135**	5,076,829

	2016 ***HK$***	2015 *HK$*
Liabilities		
AUD	**20,262,916**	18,960,904

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.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(i) Foreign currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Hong Kong Dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the relevant currencies strengthen 5% against the Hong Kong Dollars. For a 5% weakening of the relevant currencies against the Hong Kong Dollars, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2016 ***HK$***	2015 *HK$* (Restated)
Impact of AUD		
Profit or (loss)	**3,508,380**	2,639,865
Impact of RMB		
Profit or (loss)	**260,507**	253,841

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(ii) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowing. The Group's effect on changes in interest rate is considered immaterial to the profit or loss.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. 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.

The Group has no floating interest rate borrowing at the end of the reporting period (2015: Nil) and no usage of bank overdraft during current year (2015: Nil).

Sensitivity analysis

As at 31 March 2016, a reasonably possible change of 50 basis points (2015: 50 basis points) interest rates on borrowing with all other variables held constant, would increase/decrease the Group's loss before tax for the year by approximately HK$528,000 (2015: HK$252,000).

A 50 basis points (2015: 50 basis points) increase or decrease is used for variable-rate balances when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure dose not reflect the exposure during the year.

Credit risk

As at 31 March 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Among the respective recognised financial assets as stated in the consolidated statement of financial position, the directors considered that the advances to customers in margin financing, loan receivable, trade receivables, bank balances and cash and other assets represent the Group's major exposure to the credit risk arising from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets in the consolidated statement of financial position.

In order to minimise the credit risk, the senior management of the Group has appointed a working team of authorised persons who are charged with the responsibility of approving credit limit of each customer, including the advances to customers in margin financing and loan receivable.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk *(continued)*

For margin lending, the working team is responsible for approval of share acceptable for margin lending, setting stock margin ratio for each approved share. The approved share list is updated bimonthly, and will be revised as and when deemed necessary by the working team. They will further prescribe from time to time lending limits on individual share or on any individual customer and his/her associates.

The working team is also responsible for overall monitoring of the credit risk of its customers and will make margin call to those customers whose trades exceed their respective limits. Any such excess is required to be made good within two days for securities and the next day for futures of the deficiency report. The deficiency report will be monitored daily by the Group's Chief Risk Officer and responsible officers. Failure to meet margin calls may result in the liquidation of the customers' positions. For each individual other loans and advances, the working team will closely monitor financial position of the debtors and guarantors, and for the loans with collateral pledged to the Group, they will ensure sufficient collateral was received and to maintain an acceptable loan to collateral value ratio.

For the loan receivable, prior to the lending of loan, the working team will review the financial strength, purpose of the borrowing, repayment ability of the borrower to ensure that the borrower has sound financial repayment ability. The Group assesses the credit profiles of each individual debtor by analysing many factors that influence the default probability, including (but not limited to) the counterparty's financial profile, business prospects and management, macroeconomic development, industrial and sovereign risk, and historical performance. The working team also meets regularly and reviews from time to time the financial conditions of the borrower or the guarantors.

For the other credit exposures such as trade receivables, bank balances and cash and other asset, the Group ensure that the exposures are limited to reputable counterparties, such as the financial institution, brokers, dealers or clearing houses, which are governed by regulators including the Hong Kong Monetary Authority and the Hong Kong Securities and Futures Commission and other overseas regulators. The risk of default in repayment is considered to be minimal by the directors.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk *(continued)*

The management is confident in its ability to continue to control and sustain minimal exposure of credit risk arising from below major recognised financial assets as stated in the consolidated statement of financial position.

- For accounts receivables, approximately HK$1,434,816 (2015: HK$Nil) was receivables from clients arising from dealing in securities, which normally had a delivery-against payment settlement term of 2 days.

  There is no concentration of credit risk with respect to the receivables, as the Group has a large number of clients who are internationally dispersed. Most of the accounts and other receivables from clients with overdue more than 30 days are fully secured by listed securities with market value significantly higher than the carrying amount.

- Advances to customers in margin financing are backed by collateral. The Group only accepts collateral in the form of cash and liquid stocks. Advances to customer in margin financing of neither past due nor impaired are fully secured by liquid stocks as set out in note 26.

- Loan receivable are either secured and backed by guarantees as set out in note 24.

- Majority of bank balances and cash were deposited in reputable large commercial banks with credit rating of Baa1 or above issued by Moody's or BBB+ or above issued by Standards & Poor's.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. As part of the measures to safeguard liquidity, the Group has maintained substantial long term and other stand-by banking facilities, diversifying the funding sources and spacing out the maturity dates.

A number of the Group's activities in Hong Kong are subject to various statutory liquidity requirements as prescribed by the Hong Kong Securities and Futures Commission in accordance with the Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

The Group has also put in place a monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with relevant liquid capital requirements under the SFO.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

The Group closely monitors its liquidity risk by performing periodic reviews and evaluations of its liquidity with regard to the industry characteristics, market conditions, business strategies and changes in the Group's state of affairs and adjusting the current and non-current portions of the Group's debt portfolio on a proper and timely basis. In addition, the Group aims to ensure continuity of funds and flexibility through the use of various means of financing and by keeping committed facilities available.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted cash flows, are as follows:

	Effective interest rate	Within 1 year *HK$*	Within 1 to 5 years *HK$*	Over 5 years *HK$*	Total undiscounted cash flow *HK$*	Carrying amount *HK$*
2016						
Non-derivative financial liabilities						
Accruals and other payables	–	28,079,016	–	–	28,079,016	28,079,016
Trade payables	–	189,589,176	–	–	189,589,176	189,589,176
Promissory note	–	140,000,000	104,016,328	–	244,016,328	244,016,328
Medium-term Bonds	8.0%-10.3%	–	248,000,000	–	248,000,000	248,000,000
Amount due to related companies	–	593,841	–	–	593,841	593,841
		358,262,033	352,016,328	–	710,278,361	710,278,361
2015						
Non-derivative financial liabilities						
Trade payables	–	8,464,665	–	–	8,464,665	8,464,665
Accruals and other payables	–	37,437,453	–	–	37,437,453	37,437,453
Promissory note	–	140,000,000	–	–	140,000,000	140,000,000
Medium-term Bonds	8.0-10.3%	–	221,000,000	–	221,000,000	221,000,000
		185,902,118	221,000,000	–	406,902,118	406,902,118

6. FINANCIAL INSTRUMENTS *(continued)*

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

Financial assets and liabilities measured at fair value

The fair values of financial assets and financial liabilities are determined as follows.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair value of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable:

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

Level 2 fair value measurements are those derived from inputs other than quotes prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

There is no transfer between Level 1, 2 and 3 during both years.

7. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The directors of the Company actively and regularly review and manage the Group's capital structure to maximise the returns to shareholders through the optimisation of the debt afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group's overall strategy remains unchanged from 2011.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries engaged in securities and futures dealings and broking, corporate finance and advisory, nominee and custodian services, leveraged foreign exchange trading, and fund management, which are regulated entities under the SFO.

7. CAPITAL RISK MANAGEMENT *(continued)*

During the year, the subsidiaries of the Group which are subject to minimum capital requirements imposed by the SFO, complied with all the minimum capital requirements.

During the year ended 31 March 2016, the capital structure of the Group mainly consists of debts, which include medium-term bonds, promissory note and equity attributable to equity holders, comprising issued capital and reserves. The directors of the Company consider the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. The ratio is calculated as borrowings divided by total equity. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios as at 31 March 2016 and 31 March 2015 were as follows:

	2016 ***HK$***	2015 *HK$*
Borrowings	**492,016,328**	361,000,000
Total equity	**82,387,707**	177,686,480
Gearing ratio	**597.19%**	203.16%

8. REVENUE

Revenue represents the aggregate of amounts received and receivable from (i) services provided to customers; (ii) goods sold to customers; (iii) equine services income; (iv) commission from brokerage; (v) loan interest income and (vi) hotel services income and is analysed as follows:

	2016 ***HK$***	2015 *HK$*
Continuing operations		
Equine services income	**87,852,602**	99,382,152
Computer software solution and services income	**28,590,000**	47,765,541
Financial services income	**4,696,162**	–
	121,138,764	147,147,693
Discontinued operations		
Hotel services income	**–**	4,145,493
	121,138,764	151,293,186

9. SEGMENT INFORMATION

Segment information is presented by way in two segments formats: (i) on a primarily segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Business segments

The Group's operating businesses are structured and managed separately, according to the nature of their operations and services provided. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other segments.

For management purposes, the Group is organised into six business segments as follows:

Computer software solution and services	–	provision of computer hardware and software services
Equine services	–	provision of stallions services, trading and breeding of bloodstocks
Financial services	–	provision of securities and futures brokerage; provision of margin financing, asset management services and custodian services to customers and engaging in money lending business
Entertainment operations	–	production and distribution of motion pictures, model agency services and provision of other film related services (ceased in November 2015)
Mining services	–	provision of mining iron ores and minerals (ceased in December 2014)
Hotel services	–	provision of hotel operation and management services (ceased in July 2014)

The accounting policies of the operating segments are the same as those of the Group. Segment profit or loss do not include corporate finance costs and loss on disposal of subsidiaries. Segment assets include all current and non-current assets with the exception of other corporate assets. Segment liabilities include all current and non-current liabilities with the exception of other corporate liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

9. SEGMENT INFORMATION *(continued)*

Business segments *(continued)*

Consolidated statement of profit or loss
For the year ended 31 March 2016

	Discontinued operations				Continuing operations					
	Hotel services HK$	Mining services HK$	Entertainment operations HK$	Subtotal HK$	Computer software solution and services HK$	Equine services HK$	Financial services HK$	Others and unallocated corporate HK$	Subtotal HK$	Total HK$
Revenue										
External sales	–	–	–	–	28,590,000	87,852,602	4,696,162	–	121,138,764	121,138,764
Profit/(loss) before interest, tax and depreciation	–	–	(182,954)	(182,954)	2,492,343	(45,533,224)	(900,153)	(44,402,746)	(88,343,780)	(88,526,734)
Depreciation	–	–	–	–	(378,780)	(2,259,490)	–	(8,498,494)	(11,136,764)	(11,136,764)
Finance costs	–	–	–	–	–	(23,531,168)	–	–	(23,531,168)	(23,531,168)
Result										
Segment result	–	–	(182,954)	(182,954)	2,113,563	(71,323,882)	(900,153)	(52,901,240)	(123,011,712)	(123,194,666)
Loss on disposal of subsidiaries										(91)
Finance costs										(2,040,608)
Loss before tax										(125,235,365)
Income tax expenses										(338,276)
Loss for the year										(125,573,641)

Consolidated statement of financial position
As at 31 March 2016

	Discontinued operations			Continuing operations				
	Hotel services HK$	Mining services HK$	Entertainment operations HK$	Computer software solution and services HK$	Equine services HK$	Financial services HK$	Others and unallocated corporate HK$	Total HK$
Assets								
Segment assets	–	–	–	53,726,200	334,748,989	321,167,478	85,515,024	795,157,691
Liabilities								
Segment liabilities	–	–	–	2,071,715	26,200,114	322,115,227	362,382,928	712,769,984

9. SEGMENT INFORMATION *(continued)*

Business segments *(continued)*

Consolidated statement of profit or loss
For the year ended 31 March 2015 (Restated)

	Discontinued operations				Continuing operations				
	Hotel services *HK$*	Mining services *HK$*	Entertainment operations *HK$*	Sub-total *HK$*	Computer software solution and services *HK$*	Equine services *HK$*	Other and unallocated corporate *HK$*	Sub-total *HK$*	Total *HK$*
Revenue									
External sales	4,145,493	–	–	4,145,493	47,765,541	99,382,152	–	147,147,693	151,293,186
Loss before interest, tax and depreciation	(42,470,574)	(34,498,037)	(550,320)	(77,518,931)	(162,166,756)	(90,856,184)	(15,458,506)	(268,481,446)	(346,000,377)
Depreciation	(298,782)	(369,161)	(343)	(668,286)	(309,165)	(1,633,139)	(9,964,558)	(11,906,862)	(12,575,148)
Finance costs	–	–	–	–	–	(20,222,798)	–	(20,222,798)	(20,222,798)
Result									
Segment result	(42,769,356)	(34,867,198)	(550,663)	(78,187,217)	(162,475,921)	(112,712,121)	(25,423,064)	(300,611,106)	(378,798,323)
Loss on disposal of subsidiaries									(17,489,691)
Finance costs									(6,388,953)
Loss before tax									(402,676,967)
Income tax expenses									(1,182,165)
Loss for the year									(403,859,132)

Consolidated statement of financial position
As at 31 March 2015 (Restated)

	Discontinued operations			Continuing operations			
	Hotel services *HK$*	Mining services *HK$*	Entertainment operations *HK$*	Computer software solution and services *HK$*	Equine services *HK$*	Other and unallocated corporate *HK$*	Total *HK$*
Assets							
Segment assets	–	–	7,090	84,084,787	301,272,761	204,327,442	589,692,080
Liabilities							
Segment liabilities	–	–	30,000	5,723,130	22,034,596	384,217,874	412,005,600

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

9. SEGMENT INFORMATION *(continued)*

Geographical segments

The Group's operations are principally located in Hong Kong, Australia and Macau. The following table provides an analysis of the Group's revenue by geographical market:

	2016 *HK$*	2015 *HK$*
Continuing operations		
Australia	**87,570,280**	99,382,152
Macau	**27,590,000**	47,765,541
Hong Kong	**5,978,484**	–
	121,138,764	147,147,693

The following table provides an analysis of the Group's non-current assets by reference to the geographical area in which they are located:

	2016 *HK$*	2015 *HK$*
Continuing operations		
Hong Kong	**194,194,930**	181,097,506
Australia	**113,086,988**	126,977,370
Macau	**20,272**	60,234
	307,302,190	308,135,110

Revenue from major customers

During the year no customer (2015: Nil) contributed for 10% or more of Group's total revenue.

10. OTHER OPERATING INCOME

	2016 *HK$*	2015 *HK$* (Restated)
Other operating income comprised of the followings:		
Continuing operations		
Bank interest income	**549,887**	425,516
Gain on disposal of property, plant and equipment	**120,000**	–
Sundry income	**3,911,685**	4,644,724
	4,581,572	5,070,240

11. FINANCE COSTS

	2016 *HK$*	2015 *HK$*
Finance costs comprised of the followings:		
Continuing operations		
Interest on medium-term bonds	**24,409,939**	17,865,452
Handling charges for interest-bearing borrowing	**324,000**	4,498,000
Interest on interest-bearing borrowing wholly repayable within five years	**–**	4,248,299
Effective interest expense on promissory note	**837,837**	–
	25,571,776	26,611,751

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2016 *HK$*	2015 *HK$* (Restated)
Continuing operations		
Staff costs:		
Directors' emoluments *(Note 14(a))*	**4,076,063**	12,623,530
Salaries and other benefits	**29,173,317**	26,140,553
Retirement benefit scheme contributions (excluding directors)	**1,944,715**	2,268,091
Total employees benefit expenses	**35,194,095**	41,032,174
Auditors' remuneration	**1,290,000**	1,300,000
Depreciation on property, plant and equipment	**11,136,764**	11,906,862
Direct costs	**49,925,699**	44,964,600
Net foreign exchange difference	**(1,137,175)**	73,062,642
Loss on disposal of property, plant and equipment	**4,431**	113,417
Net loss on disposal of subsidiaries *(Note 43)*	**91**	17,489,691
Provision for bad debts	**1,052,125**	1,876,292

13. INCOME TAX EXPENSE

	2016 HK$	2015 HK$ (Restated)
Continuing operations		
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	**24,713**	–
Other than Hong Kong Profits Tax	**–**	328,182
Under provision in prior year	**313,563**	40,000
	338,276	368,182
Deferred tax: *(Note 38)*		
Reversal of temporary differences	**–**	813,983
Income tax expense for the year	**338,276**	1,182,165

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

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

	2016 HK$	2015 HK$ (Restated)
Continuing operations		
Loss before taxation	**(125,052,411)**	(394,740,959)
Tax credit at the Hong Kong Profits Tax rate of 16.5%	**(20,633,648)**	(65,132,258)
Tax effect of income not taxable for tax purposes	**(60,118)**	(26)
Tax effect of expenses not deductible for tax purposes	**9,241,660**	26,498,173
Under provision in prior years	**313,563**	40,000
Effect of different tax rate for subsidiaries operating in other jurisdictions	**6,407,537**	12,345,082
Tax effect of tax losses not recognised	**4,411,414**	26,666,189
Effect of unrecognised temporary differences	**657,868**	765,005
Income tax expense for the year	**338,276**	1,182,165

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each director for the years ended 31 March 2016 and 2015 were as follows:

	Directors fee		Salaries and other benefits		Retirement benefits scheme contributions		Share options Granted		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors										
Mr. Cheng Ting Kong	–	–	409,500	409,500	18,000	17,500	–	–	427,500	427,000
Ms. Cheng Mei Ching	–	–	1,425,015	1,315,805	18,000	18,000	–	395,223	1,443,015	1,729,028
Mr. Lee Chi Shing, Caesar#	–	–	270,000	419,532	–	–	–	3,952,235	270,000	4,371,767
Mr. Lo Kai Bong##	–	–	–	840,000	–	16,000	–	–	–	856,000
Mr. Lui Man Wah	–	–	1,000,000	910,000	18,000	17,500	–	3,952,235	1,018,000	4,879,735
Mr. Luk Wai Keung*	–	–	551,548	–	6,000	–	–	–	557,548	–
	–	–	3,656,063	3,894,837	60,000	69,000	–	8,299,693	3,716,063	12,263,530
Independent non-executive directors										
Mr. Chan Tin Lup Trevor	120,000	120,000	–	–	–	–	–	–	120,000	120,000
Mr. Tou Kin Chuen	120,000	120,000	–	–	–	–	–	–	120,000	120,000
Mr. Wang Zhigang	120,000	120,000	–	–	–	–	–	–	120,000	120,000
	360,000	360,000	–	–	–	–	–	–	360,000	360,000
Total	360,000	360,000	3,656,063	3,894,837	60,000	69,000	–	8,299,693	4,076,063	12,623,530

* appointed on 2 December 2015
\# resigned on 30 November 2015
\## resigned on 28 February 2015

No director waived any emoluments during the years ended 31 March 2016 and 2015.

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14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Employees' emoluments

Of the five individual with the highest emoluments in the Group, two (2015: four) were directors of the Company whose emoluments are included in (a) above. The emoluments of the remaining three (2015: one) individuals were as follows:

	2016 *HK$*	2015 *HK$*
Salaries and other benefits	**2,582,488**	824,815
Retirement benefit scheme contributions	**132,743**	85,939
	2,715,231	910,754

The emoluments were within the following bands:

	Number of employees **2016**	2015
Nil-HK$1,000,000	**2**	2
HK$1,000,001-HK$2,000,000	**3**	1
HK$3,000,001-HK$4,000,000	**–**	–
HK$4,000,001-HK$4,500,000	**–**	2

During the years ended 31 March 2016 and 2015, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group.

15. DIVIDENDS

No final dividend was proposed by the Board for the year ended 31 March 2016 (2015: Nil).

16. LOSS PER SHARE

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

	2016 HK$	2015 HK$ (Restated)
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share		
– Continuing operations	**(115,512,441)**	(396,607,856)
– Discontinued operations	**(182,954)**	(31,297,441)
Continuing operations and discontinued operations	**(115,695,395)**	(427,905,297)

	2016	2015 (Restated) *(Note b)*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,391,400,000**	1,391,400,000
Effect of dilutive potential ordinary shares: Share options *(Note a)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,391,400,000**	1,391,400,000

Note a: The computation of diluted loss per share for the year ended 31 March 2016 does not assume the exercise of the Company's outstanding share options since their exercise would result in anti-dilutive effect on loss per share for the year.

The computation of diluted loss per share for the year ended 31 March 2015 does not assume the exercise of the Company's outstanding share options as their exercise price is higher than the average market price of the shares during the year.

Note b: The weighted average number of ordinary shares for the purpose of basic loss per shares for the year 2015 has been retrospectively adjusted to take into account the effect of the Company's share sub-division effective in July 2015 (note 39).

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17. INTANGIBLE ASSETS

	Trading rights *HK$*	Mining rights *HK$*	Total *HK$*
Cost			
At 1 April 2014	–	1,139,264,139	1,139,264,139
Disposal of subsidiaries	–	(1,139,264,139)	(1,139,264,139)
At 31 March 2015 and 1 April 2015	–	–	–
Acquisition of a subsidiary *(Note 44a)*	500,000	–	500,000
At 31 March 2016	500,000	–	500,000
Accumulated amortisation			
At 1 April 2014	–	1,139,264,139	1,139,264,139
Written back on disposal of subsidiaries	–	(1,139,264,139)	(1,139,264,139)
At 31 March 2015 and 1 April 2015	–	–	–
Charge for the year	–	–	–
At 31 March 2016	–	–	–
Carrying amount			
At 31 March 2016	500,000	–	500,000
At 31 March 2015	–	–	–

Upon the adoption of HKAS 38 "Intangible assets", the Group's eligibility rights to trade on or through the Stock Exchange and The Hong Kong Futures Exchange Limited at carrying amount of HK$500,000 is considered to have infinite useful lives, accordingly it is not amortised.

17. INTANGIBLE ASSETS *(continued)*

Impairment testing on trading rights with infinite useful lives

The carrying amount of intangible assets of trading rights is allocated to the following cash generating unit:

	Brokerage business *HK$*
Carrying amount of trading rights	500,000

The trading rights held by the Group are considered by the directors of the Company as having infinite useful lives because they are expected to contribute net cash inflows infinitely. The trading rights will not be amortised until their useful life is determined to be finite and have an expiry date. Instead, they will be tested for impairment annually and impairment loss will be recognised whenever there is an indication that they are impaired. The recoverable amount of the cash generating unit relating to brokerage business, whereby these trading rights are allocated to, using a value in use calculation, exceeds the carrying amounts.

Accordingly, there is no impairment of the trading rights as at 31 March 2016.

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18. GOODWILL

	HK$
Cost	
At 1 April 2014	510,685,062
Disposal of subsidiaries	(79,300,476)
At 31 March 2015 and 1 April 2015	431,384,586
Additions	53,037,756
At 31 March 2016	484,422,342
Accumulated impairment losses	
At 1 April 2014	330,171,926
Impairment loss for the year	173,985,077
Written back on disposal of subsidiaries	(79,300,476)
At 31 March 2015 and 1 April 2015	424,856,527
Impairment loss for the year	6,528,059
At 31 March 2016	431,384,586
Carrying amount	
At 31 March 2016	53,037,756
At 31 March 2015	6,528,059

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units ("CGU"). The carrying amounts of goodwill (net of accumulated impairment losses) as at the end of the reporting period are allocated as follows:

	2016 *HK$*	2015 *HK$*
Computer software solution and services	–	6,528,059
Securities brokerage and asset management business	**52,537,757**	–
Money lending business	**499,999**	–
	53,037,756	6,528,059

Computer software solution and services

During the year ended 31 March 2016, the directors of the Company reassessed the recoverable amount of the CGU of computer software solution and services with reference to the valuation performed by Roma Appraisals Limited, independent qualified professional valuers and impairment loss of HK$6,528,059 (2015: HK$173,985,077) on goodwill associated with the CGU of computer software solution and services was identified. The recoverable amount of goodwill allocated to computer software solution and services segment was assessed by reference to value-in-use model which based on a six years cash flow projection approved by the directors of the Company with a zero growth rate (2015: zero). A discount rate of approximately 14.67% (2015: 14.41%) per annum was applied in the value-in-use model when assessing the recoverability of the goodwill. There are a number of assumptions and estimates involved in the preparation of the cash flow projection. Key assumptions included gross margin and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Gross margin is referred to budgeted gross margin and the discount rate used is pre-tax and reflect specific risks relating to the industry.

18. GOODWILL *(continued)*

Securities brokerage and asset management business

During the year ended 31 March 2016, the directors of the Company reassessed the recoverable amount of the CGU of securities brokerage and asset management services with reference to the business valuation performed by Roma Appraisals Limited, independent qualified professional valuers and no impairment loss on goodwill associated with the CGU of securities brokerage and asset management business was identified. The recoverable amount of goodwill allocated to securities brokerage and asset management business was assessed by reference to value-in-use model which based on a six years cash flow projection (with terminal value) approved by the directors of the Company with a growth rate of 69.7% for the first year, 50% for the second year, 25% for the third year, 10% for the fourth and fifth year and 2.9% for afterward year in securities brokage services and 5% growth rate per annum in Asset management services. A discount rate of approximately 16.4% per annum was applied in the value-in-use model when assessing the recoverability of the goodwill. There are a number of assumptions and estimates involved in the preparation of the cash flow projection. Key assumptions included gross revenue and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. The Directors consider the revenue base is small in the year of acquisition for the securities brokerage business, and after taking into account of the synergy effect of additional capital to be injected and the current business connection of the Group, the Directors are confident in achieving the above high growth rates even the existence of current negative market sentiment. The Management believes that any reasonably possible change in assumptions would not cause the aggregate recoverable amount to fall below the aggregate carrying amount. Gross revenue is referred to budgeted gross revenue from customers and the discount rate used is pre-tax and reflect specific risks relating to the industry.

Money lending business

During the year ended 31 March 2016, the directors of the Company reassessed the recoverable amount of the CGU of money lending business with reference to the business valuation performed by Roma Appraisals Limited, independent qualified professional valuers and no impairment loss on goodwill associated with the CGU of money lending business was identified. The recoverable amount of goodwill allocated to money lending business was assessed by reference to value-in-use model which based on a six years cash flow projection (with terminal value) approved by the directors of the Company with a growth rate of 28% for the first year, 20% for the second year, 12% for the third year and then 10% afterward. A discount rate of approximately 12.22% per annum was applied in the value-in-use model when assessing the recoverability of the goodwill. There are a number of assumptions and estimates involved in the preparation of the cash flow projection. Key assumptions included gross revenue and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Management believes that any reasonably possible change in assumptions would not cause the aggregate recoverable amount to fall below the aggregate carrying amount. Gross revenue is referred to budgeted gross revenue and the discount rate used is pre-tax and reflect specific risks relating to the industry.

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19. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$	Leasehold improvements HK$	Construction in process HK$	Farm and Vet equipment HK$	Computer equipment HK$	Office equipment HK$	Furniture and fixtures HK$	Machine equipment HK$	Motor vehicles HK$	Yacht HK$	Total HK$
Cost											
At 1 April 2014	104,833,922	7,004,499	1,059,898	16,651,696	4,033,337	1,833,554	7,690,549	10,677,425	7,692,088	30,009,112	191,486,080
Additions	2,227,349	1,700	–	9,809,812	98,563	130,721	16,080	–	1,267,101	72,000	13,623,326
Disposals	–	–	–	–	–	–	–	–	(217,248)	–	(217,248)
Disposals of Subsidiaries *(Note 38)*	(86,524,955)	(2,623,182)	(1,091,785)	–	(3,159,734)	(434,735)	(7,442,284)	(8,154,393)	(3,522,939)	–	(112,954,007)
Foreign currency realignment	(1,978,194)	–	31,887	(3,351,935)	39,518	(177,484)	207,864	(2,523,032)	(488,216)	–	(8,239,592)
At 31 March 2015	**18,558,122**	**4,383,017**	**–**	**23,109,573**	**1,011,684**	**1,352,056**	**472,209**	**–**	**4,730,786**	**30,081,112**	**83,698,559**
At 1 April 2015	18,558,122	4,383,017	–	23,109,573	1,011,684	1,352,056	472,209	–	4,730,786	30,081,112	83,698,559
Additions	8,254,576	2,087,320	–	2,353,557	11,870	15,875	–	–	686,000	–	13,409,198
Disposals	–	–	–	(518,516)	(7,596)	–	–	–	(618,720)	–	(1,144,832)
Foreign currency realigment	(854,857)	–	–	(108,256)	(427)	(4,198)	–	–	(11,539)	–	(979,277)
At 31 March 2016	**25,957,841**	**6,470,337**	**–**	**24,836,358**	**1,015,531**	**1,363,733**	**472,209**	**–**	**4,786,527**	**30,081,112**	**94,983,648**
Accumulate depreciation											
At 1 April 2014	4,274,459	2,718,219	–	757,461	3,333,014	509,375	6,653,449	7,963,287	4,471,390	10,246,753	40,927,407
Charge for the year	1,895,907	920,323	–	1,469,404	146,480	229,237	313,191	1,204,224	423,760	6,012,622	12,615,148
Written back	–	–	–	–	–	–	–	–	(32,855)	–	(32,855)
Written back upon disposal of subsidiaries	(5,578,221)	(338,041)		–	(2,657,802)	(132,091)	(6,796,713)	(8,425,657)	(2,292,690)	–	(26,221,215)
Foreign currency realignment	(92,692)	–	–	(230,054)	52,165	(36,931)	184,501	(741,854)	(77,490)	–	(942,355)
At 31 March 2015	**499,453**	**3,300,501**	**–**	**1,996,811**	**873,857**	**569,590**	**354,428**	**–**	**2,492,115**	**16,259,375**	**26,346,130**
At 1 April 2015	499,453	3,300,501	–	1,996,811	873,857	569,590	354,428	–	2,492,115	16,259,375	26,346,130
Change for the year	2,088,199	1,050,547	–	1,219,318	73,133	210,836	93,169	–	385,340	6,016,222	11,136,764
Written back	–	–	–	–	(3,165)	–	–	–	(618,720)	–	(621,885)
Foreign currency realigment	(178,355)	–	–	(175,688)	702	4,517	–	–	9,138	–	(339,686)
At 31 March 2016	**2,409,297**	**4,351,048**	**–**	**3,040,441**	**944,527**	**784,943**	**447,597**	**–**	**2,267,873**	**22,275,597**	**36,521,323**
Carrying amount											
At 31 March 2016	23,548,544	2,119,289	–	21,795,917	71,004	578,790	24,612	–	2,518,654	7,805,515	58,462,325
At 31 March 2015	18,058,669	1,082,516	–	21,112,762	137,827	782,466	117,781	–	2,238,671	13,821,737	57,352,429

At the reporting date, the Group's interests in buildings are located in Australia of HK$23,548,544 (2015: HK$18,098,669 in Australia).

20. OTHER ASSETS

	2016 HK$	2015 HK$
At cost:		
Deposits with the Stock Exchange:		
– Compensation fund	50,000	–
– Fidelity fund	50,000	–
Stamp duty deposits	150,000	–
Contributions to the Central Clearing and Settlement System Guarantee Fund	50,000	–
Admission fees paid to Hong Kong Securities Clearing Company Limited	50,000	–
	350,000	–

21. INTERESTS IN ASSOCIATES

	2016 HK$	2015 HK$
Cost of unlisted investments	280,000,000	280,000,000
Share of post-acquisition losses	(155,039,813)	(119,393,666)
	124,960,187	160,606,334
Amount due from an associate	5,210,136	5,076,829
Interests in associates	130,170,323	165,683,163

Amount due from an associate is unsecured, interest free and is repayable on demand.

Particulars of the Group's associates at 31 March 2016 and 2015 are as follows:

Name of associate	Place of registration/operation	Percentage of issued share capital/ registered capital held by the Group	Issued share capital/ registered capital	Principal activities
Yuet Sing Group Limited	British Virgin Islands	35%	USD50,000	Investment holding
日盛世紀(湖北)礦業有限公司	People's Republic of China	35%	RMB94,489,984	Mining operation

Associates are unlisted entities without quoted market price available.

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21. INTERESTS IN ASSOCIATES *(continued)*

The summarised financial information in respect of the Group's associates are set out as follows:

	2016 **HK$**	2015 HK$
Total assets	**403,870,695**	514,260,521
Total liabilities	**(31,078,531)**	(30,959,434)
Net assets of associates	**372,792,164**	483,301,087
Group's share of net assets	**130,477,257**	169,155,380
Total revenue	**–**	–
Loss for the year	**(101,865,883)**	(314,249,205)
Group's share of losses for the year	**(35,653,059)**	(109,987,222)

The PRC associate prepared the financial statements in accordance with the chinese accounting standards, and the adjustment provided to conformity with the HKFRSs before consolidation. The associates adopted the same accounting policy with the Group.

During the year ended 31 March 2016, the directors of the associate appointed an independent professional valuer, Roma Appraisals Limited, to perform a mining right valuation and impairment loss HK$101,704,972 (2015: HK$293,167,457) has been recognised according to the short fall between the recoverable amount and the aggregate carrying amounts of the mining rights based on the valuation report. According to the accounting standards, the impairment loss was shared by the Group. The valuation is based on a discount rate of 21.23% (2015: 21.16%) and cashflow projection prepared from the financial forecasts approved by the directors of associate covering 18 years (2015: 19 years).

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

	2016 **HK$**	2015 HK$
Net assets	**372,792,164**	483,301,087
Proportion of the Group's ownership interests in associates	**35%**	35%
Group's share of net assets	**130,477,257**	169,155,380
Foreign currency realignment and other adjustments	**(5,517,070)**	(8,549,046)
Net book value of investment in associates	**124,960,187**	160,606,334

22. BIOLOGICAL ASSETS

A subsidiary of the Group is holding quality Stallions and provides horse breeding services in Australia, and another subsidiary of the Group is engaged in the rearing of Bloodstocks for trading and racing in Australia. The quantity and value of Stallions and Bloodstocks owned by the Group at the end of the reporting period are shown below.

	2016 No. of horses	**2016** *HK$*	2015 No. of horses	2015 *HK$*
Current assets				
Bloodstocks				
Mares	**69**	**65,944,908**	73	55,670,854
Colts	**58**	**34,500,537**	50	35,880,700
Geldings	**2**	**302,649**	–	–
Fillies	**43**	**21,158,747**	43	36,250,358
Total Bloodstocks	**172**	**121,906,841**	166	127,801,912
Non-current assets				
Stallions	**12**	**64,781,786**	11	78,571,459
Total biological assets, at fair value	**184**	**186,688,627**	177	206,373,371

Stallions represent adult male horses that have not been castrated and are held for breeding purpose. The Stallions are classified as non-current assets as the Group has no intention to sell these Stallions in the foreseeable future.

Bloodstocks represent thoroughbred horses held for trading and racing purpose and are classified as current assets.

54 (2015: 51) live foals were born during the year and there is no other output of agricultural produce (2015: Nil) during the year.

The movements in value of Stallions and Bloodstocks during the reporting period were:

	2016 **Bloodstocks** ***HK$***	2015 Bloodstocks *HK$*	**2016** **Stallions** ***HK$***	2015 Stallions *HK$*
At beginning of the reporting period at fair value	**127,801,912**	126,888,730	**78,571,459**	51,125,209
Increase due to purchases and natural increase	**34,397,218**	58,400,591	**3,547,906**	30,466,995
Foreign currency realignment	**(12,803,910)**	(51,757,141)	**(987,700)**	(9,418,482)
Net gain/(loss) in fair value change	**13,979,939**	17,689,902	**(15,757,933)**	6,491,642
Decrease due to sales	**(35,333,735)**	(18,027,267)	**(591,946)**	(93,905)
Decrease due to death	**(6,134,583)**	(5,392,903)	**–**	–
At end of the reporting period at fair value	**121,906,841**	127,801,912	**64,781,786**	78,571,459

22. BIOLOGICAL ASSETS *(continued)*

The biological assets are exposed to domatic, disease and other nature risks, the Group have been provided a veterinarian in from to reduce the risks and purchase the insurance over those biological asset. The Group engaged an external veterinarian hospital to provide a qualified and professional veterinarian services to the Group's biological assets to minimise the risk and take care on the horse status, depend on the emergency, the veterinarian arrives the farm around 10–45 minutes, or delivery to veterinarian hospital within 15–30 minutes. The insurance coverage 172 Bloodstock (2015: 166) and 12 stallions, (2015: 11) for the year are AUD2,644,000 and AUD17,940,000 (2015: AUD25,762,000 and AUD18,465,000) where covered 128% and 164% of their book value. In opinion of directors, the above policies are effective and sufficient against the financial risk arising from biological assets.

There is no restriction on the title of biological assets owned by the Group and there is no commitment on acquisition of additional biological assets at the end of reporting period. The management is regularly reviewing the portfolio of biological assets to maximize the return.

The fair value of the biological assets measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The biological assets of the group are classified as level 3 under the fair value hierarchy. The level into which a fair value measurement classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

The qualification of Valuer

The Group's biological assets were independently valued by Magic Millions Sales Pty Limited, which is an Australia's leading bloodstock sales company, a major market place and key actor of the global horse economy ("Valuer"), as at 31 March 2016 (the "Valuation Date"). The professional valuer in charge of this valuation Mr. Barry Bowditch, Bloodstock Manager of Magic Millions Sales Pty Limited, has appropriate qualification and relevant experiences in various appraisal assignments involving biological assets, he has worked in the industry of thoroughbred bloodstock and provides regular Bloodstock valuations in Australia. In addition, this valuation report has been consulted with the following experts:

– Clint DONOVAN (Valuer's consultant and auctioneer)
– Arthur HOYEAU (Valuer's consultant and international representative)

The valuation methodologies adopted are consistent with those described in accounting standards HKAS 41 Agriculture.

Based on the above qualification, history and various experiences of the Valuer, the directors of the Company are of the view that the Valuer is competent to determine the fair value of the Group's biological assets.

22. BIOLOGICAL ASSETS *(continued)*

Valuation methodology of biological assets

In the process of valuing the biological assets, the Valuer has taken into consideration the nature and specialty of the above biological assets and considered that the market approach would be appropriate and reasonable in the valuation of the fair value less costs to sell of the biological assets by making reference to the requirement of HKAS 41 Agriculture.

Valuation of Stallions and Bloodstocks (including Mares, Colts, Geldings and Fillies)

The valuations are based on fair market value. In determining the fair market value, the valuer has had regard to the price that a buyer could be reasonably be expected to pay and a seller could reasonably be expected to accept if the assets were exposed for sales on the open market for a reasonable period of time with both buyer and seller being in possession of the pertinent facts and neither being under and compulsion to act.

Where available, publicly observable information has been used to the maximum extent possible in deriving valuations. In the absence of such information, or where such observable information is believed not to derive a fair value measurement at measurement date, Valuer has adopted valuation techniques with inputs that valuer believes are reasonably based.

With respect to the valuation of horses, Valuer adopted a stand-alone basis of valuation. In this regard, each horse is valued having regard to the price that the horse could be realized for at auction less the costs of disposal. Such valuations are determined by considering large number of qualitative and quantitative factors which including:

1. The economic outlook in general and the condition and outlook of the specific industry in particular.
2. The nature of the asset.
3. The earning capacity of an asset.
4. The residual value for breeding of an asset.
5. The age of the asset.
6. The market price of in the same or a similar line of business having their stocks actively traded in a free and open market.
7. Based on circumstances unique, additional factors have been considered.

These factors vary for each valuation depending on the unique circumstances of the general economic conditions that exist at the effective date of the valuation.

In the rare event that a market based value cannot be derived, initial cost of acquisition may be used to approximate fair value, particularly where the horse was acquired within the past year.

Major inputs

The major inputs for the above models are the discount rate, income from the horse and expected remaining life of the horse and the fertility rate of the Stallions.

22. BIOLOGICAL ASSETS *(continued)*

Valuation assumptions

In addition, the following principal assumptions have been adopted by the Valuer:

i) All horses being in good health, of good conformation, and suitable for future rearing, sale, racing and breeding purposes in the opinion of a qualified veterinary surgeon.

ii) A market participant would acquire the asset for utilization in its highest and best usage.

iii) An acquirer is financially feasible, physically possible, and equally permissible with respect to the assets.

iv) The current utilization of the assets is presumed to represent the highest and best usage.

As the valuation results are subjective based on the experiences of the Valuer and current market conditions which are unable to be quantitatively measured, accordingly, the Directors of the Company consider that no sensitivity analysis is presented.

23. INVENTORIES

	2016 ***HK$***	2015 *HK$*
Finished goods	**175,640**	808,279

All the inventories as at the reporting dates are carried at cost.

None of the inventories was written down during the year (2015: Nil).

24. LOAN RECEIVABLE

There is neither impaired nor overdue loan receivable as at the reporting date.

The loan receivable is secured and backed by guarantee with contractual maturity within six months from the reporting date. Credit limit is set for borrower and regular reviews on the loan receivable is conducted by the working team of risk management of the Group based on the latest status of loan receivable, and the latest announced or available information about the borrower and the underlying collateral held. Apart from the collateral monitoring, the Group seeks to maintain effective control over its loan receivable in order to minimise credit risk by reviewing the borrower's and/or guarantors' financial positions.

Details of the loan receivable are set out in the announcement of the Company dated 18 November, 2015.

Interest income derived from loan receivable was recognised as "loan interest income" under financial services income (note 8). The carrying amount of the loan receivable is approximated to its fair value.

25. TRADE RECEIVABLES

	2016 ***HK$***	2015 *HK$*
Trade receivables	**26,839,321**	77,830,791
Less: Provision for bad debts	**(2,678,721)**	(2,476,260)
	24,160,600	75,354,531
Accounts receivables from brokers, dealers and clearing house *(note 45)*	**3,951,090**	–
	28,111,690	75,354,531

25. TRADE RECEIVABLES *(continued)*

Accounts receivables from brokers, dealers and clearing house are due and settled on two business days after the trade date and denominated in Hong Kong Dollars. Therefore, no ageing analysis is disclosed.

The following is an ageing analysis of trade receivables (excluding accounts receivables from brokers, dealers and clearing house) after provision for bad debts at the end of the reporting period:

	2016 *HK$*	2015 *HK$*
Within 30 days	**7,630,522**	11,981,083
31–60 days	**4,731,424**	5,781,067
61–90 days	**3,053,730**	3,385,441
Over 90 days	**8,744,924**	54,206,940
	24,160,600	75,354,531

The average credit period on the trade receivables is 30–90 days. The carrying amounts of the trade receivables are mainly denominated in Hong Kong Dollars and Australian Dollars. The age of trade receivables which are past due but not impaired was as follows:

	2016 *HK$*	2015 *HK$*
Within 30 days	**2,732,987**	6,201,940
31–60 days	**1,302,381**	2,660,000
61–90 days	**1,675,368**	2,660,000
Over 90 days	**3,034,188**	42,685,000
	8,744,924	54,206,940

HK$3,034,188 of trade receivables (2015: HK$42,685,000) was past due for over 90 days but not impaired for. These balances related to a number of customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

In determining the recoverability of trade receivables, the directors of the Company considered any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Accordingly, the directors of the Company considered provision for impairment be made in respect of trade receivables to their recoverable amounts and believe that there is no further provision for impairment required in excess of the provision for bad debts.

The directors of the Company consider that the carrying amounts of the trade receivables and accounts receivables at the reporting date are approximated to their fair values.

26. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2016 **HK$**	2015 HK$
Advances to margin customers	**20,418,620**	–
Less: Impairment allowance	**(2,245,614)**	–
	18,173,006	–

The credit facility limits to margin customers are determined by reference to the discounted market value of the collateral securities accepted by the Group.

The advances to margin customers are secured by the underlying pledged securities and interest bearing. The Group maintains a list of approved stocks for margin financing at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call which the customers have to make good the shortfall.

As at 31 March 2016, advances to customers of HK$20,418,620 (2015: Nil) were secured by securities pledged by the customers to the Group as collateral with undiscounted market value of approximately HK$157 million (2015: Nil).

The advances to customers in margin financing have been reviewed by management to assess impairment allowances which are based on the evaluation of collectability, ageing analysis of accounts and on management's judgement, including the current creditworthiness and the past collection statistics of individual account. Except for the amount of HK$2,245,614 which were fully impaired, there was no other impaired debt for the year ended 31 March 2016.

For the impaired advances to customers, the Group has taken necessary procedure to recover the debts from customers by monthly settlement. And the Group will recognise the recovered amount as other income in the period of recovery.

No ageing analysis is disclosed as in the opinion of the directors, the ageing analysis is not meaningful in view of the revolving nature of the business of securities margin financing.

The advances to customers in margin financing are provided in the ordinary and usual course of business of securities brokerage under normal commercial terms, the directors consider that it is fully exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rules 19.04(l)(e)(iii) of GEM Listing Rules.

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27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK$	2015 HK$
Prepayments	3,570,516	8,890,819
Deposits	2,939,745	1,489,673
Other receivables	5,427,672	153,150
	11,937,933	10,533,642

The directors of the Company consider that the carrying amounts at the reporting date are approximated to their fair values.

28. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS OF A SUBSIDIARY

These amounts due are unsecured, non-interest bearing and repayable on demand. The directors of the Company consider that the carrying amounts at the reporting date are approximated to their fair values. As the subsidiary was dissolved subsequently on 27 April 2016, the outstanding amount of HK$9,360,000 was fully impaired at the end of the reporting period.

29. BANK BALANCES AND CASH

The carrying amounts of the Group's bank balances and cash are denominated in the following currencies:

	2016 HK$	2015 HK$
Hong Kong Dollar	59,337,707	38,266,136
Australian Dollar	42,788,716	10,534,751
United States Dollar	2,980,848	1,259,673
Indonesian Rupiah	2,854	2,903
Renminbi ("RMB")	11,377	–
Others	404,219	375,045
	105,525,721	50,438,508

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

At 31 March 2016, bank balances of approximately HK$105,525,721 (2015: HK$50,438,508) are subject to floating interest rate ranged from 0% to 0.5% (2015: 0% to 0.7%) per annum.

30. CASH HELD ON BEHALF OF CUSTOMERS

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 cash held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable (note 32) to respective clients on the ground that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

31. AMOUNT DUE FROM A RELATED COMPANY

	2016 *HK$*	2015 *HK$*
Trade related		
Company which is beneficially owned and controlled by Chau Cheok Wa	56,000	–

The amount due is unsecured, non-interest bearing and repayable on demand. The directors of the Company consider that the carrying amount at the reporting date is approximated to its fair value.

32. TRADE PAYABLES

	2016 *HK$*	2015 *HK$*
Trade payables	14,410,761	8,464,665
Accounts payables to clients and clearing house *(note 45)*	175,178,415	–
	189,589,176	8,464,665

Majority of the accounts payables to clients are repayable on demand except where certain accounts payables to clients represent deposits received from clients for their securities trading activities under normal course of business. Only the excess amounts over the required margin deposits are repayable on demand.

Accounts payables to clients and clearing house include those payables placed in trust accounts with authorised institutions of HK$169,440,225 and amounts due to other futures dealers of HK$5,738,190. Amount due to clearing house of HK$550,759,789 has been offset against a corresponding amount due from the clearing house (note 45).

No ageing analysis for accounts payables to clients and clearing house is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of the business.

The Group has a practice to satisfy all the requests for payments immediately within the credit period.

Except for the accounts payables to clients which bear interest at 0.001% per annum as at 31 March 2016 (2015: Nil), all the trade payables are non-interest bearing.

32. TRADE PAYABLES *(continued)*

The following is an ageing analysis of trade payables (excluding accounts payables to clients and clearing house) at the end of reporting period:

	2016	2015
	HK$	*HK$*
Within 30 days	**11,939,885**	8,464,665
31–90 days	**1,967,641**	–
91–120 days	**282,976**	–
Over 180 days	**220,259**	–
	14,410,761	8,464,665

The average credit period on trade payables is 90 days (2015: 90 days). The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

The directors of the Company consider that the carrying amounts at the reporting date are approximated to their fair values.

33. ACCRUALS AND OTHER PAYABLES

	2016	2015
	HK$	*HK$*
Accruals	**11,585,789**	12,087,453
Other payables	**14,403,541**	22,216,356
Provision for long service payment and annual leave	**2,089,686**	3,133,644
	28,079,016	37,437,453

The directors of the Company consider that the carrying amounts at the reporting date are approximated to their fair values.

34. DEPOSITS RECEIVED AND DEFERRED INCOME

	2016	2015
	HK$	*HK$*
Deposits received	**834,681**	1,129,788
Deferred income	**1,632,229**	3,973,694
	2,466,910	5,103,482

Deposits received are expected to be settled within one year.

Deferred income represents the Stallions services income received but deferred to recognise as revenue until viable live foal is produced and is expected to be settled within one year. The Group has changed the billing practice to bill customers after live foal is produced, therefore there is no further increase in deferred income.

The directors of the Company consider that the carrying amounts at the reporting date are approximated to their fair values.

35. PROMISSORY NOTE

	2016	2015
	HK$	*HK$*
At 1 April	**140,000,000**	140,000,000
Issuance upon acquisition of Target Companies *(note 44a)*	**116,946,000**	–
Imputed interest charged	**837,837**	–
Adjustment to breakeven guarantee *(note 44a)*	**(13,767,509)**	–
At 31 March	**244,016,328**	140,000,000

The promissory note are repayable as follows:

	2016	2015
	HK$	*HK$*
Within one year *(note (a))*	**140,000,000**	140,000,000
In the third year (*note (b)*)	**104,016,328**	–
	244,016,328	140,000,000

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35. PROMISSORY NOTE *(continued)*

(a) On 31 March 2011, the Company issued a promissory note in aggregate principal amount of HK$140,000,000 as part of consideration for the acquisition of 日盛世紀(湖北)礦業有限公司. The promissory note was unsecured, interest free and originally mature on 30 March 2016. The Company renewed the promissory note with the note-holder to extend the maturity date of the promissory note to 31 March 2017 during the year ended 31 March 2016.

The promissory note may be assigned or transferred (in integral multiple of HK$500,000) to any third party (whether such party is a connected person to the Company or not) subject to the Listing Rules and the applicable laws. The Company may repay all or part of the principle amount at any time prior to the maturity date (i.e. 31 March 2017) by giving the note-holder not less than five business days' prior written notice specifying the amount and date of repayment provided that the amount shall be at least HK$500,000. Otherwise, repayment of principal of the promissory note shall be made in full upon the maturity date.

The directors of the Company consider that the carrying amount of promissory note is approximated to its fair value.

(b) On 29 February 2016, the Company issued a promissory note in aggregate principal amount of HK$147,300,000 (subject to breakeven guarantee adjustment) as consideration for the acquisition of Target Companies (note 44a). The promissory note bears interest at 2% per annum and with maturity date on 28 February 2019. The Company has the right to redeem in full or in part of principal amount of the promissory note before maturity date.

Following the completion of the acquisition of Target Companies on 29 February 2016 and in accordance with the terms of the relevant acquisition agreement, the Company has issued the promissory note to the seller pursuant to the terms of the promissory note instrument. However since the profit specified in the breakeven guarantee for the year ended 31 March 2016 has not been met, the amount payable by the Company on redemption of the promissory note shall be reduced on a dollar for dollar basis by the amount of HK$18,604,741.

The principal amount of promissory note finally issued was HK$128,695,259 and its fair value (net of the fair value of breakeven guarantee) was approximately HK$103,178,491 as at the issue date by using the discounted cash flow approach at prevailing market rate of approximately 9.5% per annum. The promissory note is carried at the amoristed cost until settlement on the due date.

As at 31 March 2016, the carrying amount of the promissory note was HK$104,016,328 and is approximated to its fair value.

36. AMOUNTS DUE TO RELATED COMPANIES

	2016 ***HK$***	2015 *HK$*
Trade related		
Companies which are beneficially owned and controlled by Chau Cheok Wa	**593,841**	–

These amounts due are unsecured, non-interest bearing and repayable on demand. The directors of the Company consider that the carrying amounts at the reporting date are approximated to their fair values.

37. MEDIUM-TERM BONDS

	2016 **HK$**	2015 HK$
Medium terms bonds due:		
Within one year	**–**	–
In the second year	**212,000,000**	–
In the third to fifth year inclusive	**36,000,000**	221,000,000
	248,000,000	221,000,000

The details of the medium-term bonds issued are set out as follows:

	Date of issue	Principal amount HK$	Nominal interest rate	Effective interest rate	Date of maturity
Bonds A	From 5 June 2014 to 24 September 2014	212,000,000 (2015: 212,000,000)	9.5%	10.3%	From 4 June 2017 to 23 September 2017
Bonds B	From 2 January 2015 to 5 November 2015	36,000,000 (2015: 9,000,000)	7%	8%	From 1 January 2020 to 4 November 2020

Bonds A and B were issued to various independent third parties according to the approvals issued by CONVOY Investment Services Limited.

According to the terms and conditions of bonds A, the interest rate of the enterprise bonds is 9.5% per annum for the three years, up to 23 September 2017.

According to the terms and conditions of bonds B, the interest rate of the enterprise bonds is 7% per annum for the five years, up to 4 November 2020.

Interest is repayable annually. Issue costs are included in the carrying amount of the medium-term bonds and amortised over the tenure of the medium-term bonds using the effective interest method.

38. DEFERRED TAXATION

The following are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior reporting years:

	Deferred tax assets in respect of temporary differences *HK$*	Deferred tax (liabilities) in respect of intangible assets, investments properties and other *HK$*	Total *HK$*
At 1 April 2014	1,331,547	(517,564)	813,983
(Charge)/credit to profit or loss for the year	(1,331,547)	517,564	(813,983)
At 31 March 2015 and 2016	–	–	–

39. SHARE CAPITAL

	2016 ***HK$***	2015 *HK$*
Authorised:		
40,000,000,000 ordinary shares of HK$0.04 each (2015: 20,000,000,000 ordinary shares of HK$0.08 each)	**1,600,000,000**	1,600,000,000
Issued and fully paid:		
1,391,400,000 ordinary shares of HK$0.04 each (2015: 695,700,000 ordinary shares of HK$0.08 each)	**55,656,000**	55,656,000

Pursuant to an ordinary resolution passed by the members of the Company on 6 July 2015, every issued and unissued ordinary share of HK$0.08 each in share capital of the Company be sub-divided into two ordinary shares of HK$0.04 each.

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

40. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all its qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs or HK$1,500 for each of its employees to the Scheme per month, which contribution is matched by employees.

The employees for the equine business are employed by the subsidiaries in Australia. These employees are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The subsidiaries are required to contribute a 9.5% (2015: 9.5%) of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

41. SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 and expired in 2010 and another one was adopted on 5 December 2006 (the "New Scheme").

New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2016, the number of shares issuable under share options granted under the Share Option Plan was 347,015,718, which represented approximately 24.94% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

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41. SHARE OPTION SCHEME *(continued)*

New Scheme *(continued)*

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

					Number of share options	Adjusted during the year *(Note 3)*						
Category participants	Date of grant *(note 1)*	2015 Exercise price *HK$* *(note 2)*	2016 Adjusted exercise price *HK$*	Exercise period	Outstanding at 31 March 2014	Grant during the year *(note 6)*	Exercise during the year	Outstanding at 31 March 2015 *(note 4)*	Adjust during the year *(note 3)*	Grant during the year	Exercise during the year	Outstanding at 1 April 2016
Mr. Chau Cheok Wa	25.11.2010	2.240	1.12	25.11.2010-24.11.2020	625,625	–	–	625,625	625,625	–	–	1,251,250
					625,625	–	–	625,625	625,625	–	–	1,251,250
Mr. Lee Chi Shing, Caesar	19.08.2008	1.660	0.83	19.08.2008-18.08.2018	5,754,940	–	–	5,754,940	5,754,940	–	–	11,509,880
	09.02.2010	1.300	0.65	09.02.2010-08.02.2020	5,746,154	–	–	5,746,154	5,746,154	–	–	11,492,308
	25.11.2010	2.240	1.12	25.11.2010-24.11.2020	6,290,625	–	–	6,290,625	6,290,625	–	–	12,581,250
	10.9.2014	0.63	0.315	10.9.2014-9.9.2024	–	6,957,000	–	6,957,000	6,957,000	–	–	13,914,000
					17,791,719	6,957,000	–	24,748,719	24,748,719	–	–	49,497,438
Ms. Cheng Mei Ching	09.02.2010	1.300	0.65	09.02.2010-08.02.2020	5,746,154	–	–	5,746,154	5,746,154	–	–	11,492,308
	25.11.2010	2.240	1.12	25.11.2010-24.11.2020	6,290,625	–	–	6,290,625	6,290,625	–	–	12,581,250
	10.9.2014	0.63	0.315	10.9.2014-9.9.2024	–	695,700	–	695,700	695,700	–	–	1,391,400
					12,036,779	695,700	–	12,732,479	12,732,479	–	–	25,464,958
Mr. Lui Man Wah	10.9.2014	0.63	0.315	10.9.2014-9.9.2024	–	6,957,000	–	6,957,000	6,957,000	–	–	13,914,000
					–	6,957,000	–	6,957,000	6,957,000	–	–	13,914,000
Consultants in aggregate	13.08.2007	1.100	0.55	13.08.2007-12.08.2017	12,056,364	–	–	12,056,364	12,056,364	–	–	24,112,728
	17.08.2007	1.040	0.52	17.08.2007-16.08.2017	6,646,154	–	–	6,646,154	6,646,154	–	–	13,292,308
	21.08.2007	1.000	0.5	21.08.2007-20.08.2017	6,624,000	–	–	6,624,000	6,624,000	–	–	13,248,000
	19.08.2008	1.660	0.83	19.08.2008-18.08.2018	36,988,193	–	–	36,988,193	36,988,193	–	–	73,976,386
	27.08.2008	1.680	0.84	27.08.2008-26.08.2018	3,314,286	–	–	3,314,286	3,314,286	–	–	6,628,572
	16.12.2009	1.080	0.54	16.12.2009-15-12.2019	14,320,370	–	–	14,320,370	14,320,370	–	–	28,640,740
	25.11.2010	2.240	1.12	25.11.2010-24.11.2020	13,206,875	–	–	13,206,875	13,206,875	–	–	26,413,750
	07.12.2010	2.520	1.26	07.12.2010-06.07.2020	6,317,857	–	–	6,317,857	6,317,857	–	–	12,635,714
					99,474,099	–	–	99,474,099	99,474,099	–	–	198,948,198
Other employees in aggregate	19.08.2008	1.660	0.83	19.08.2008-18.08.2018	2,877,470	–	–	2,877,470	2,877,470	–	–	5,754,940
	16.12.2009	1.080	0.54	16.12.2009-15-12.2019	19,801,852	–	–	19,801,852	19,801,852	–	–	39,603,704
	25.11.2010	2.240	1.12	25.11.2010-24.11.2020	6,290,625	–	–	6,290,625	6,290,625	–	–	12,581,250
					28,969,947	–	–	28,969,947	28,969,947	–	–	57,939,894
					158,898,169	14,609,700	–	173,507,869	173,507,869	–	–	347,015,738
Weighted average exercise price					1.567			1,489				0.745

Notes:

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

41. SHARE OPTION SCHEME *(continued)*

New Scheme *(continued)*

Notes: (continued)

(3) The year 2016 exercise price of the share options have been adjusted to take into account the impact of the shares sub-division (note 39) completed in July 2015.

(4) As at 31 March 2016, the weighted average remaining contractual life of the share options is 3.53 years (2015: 4.53 years).

(5) These fair values of the share options granted for the years ended were calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

	The Group									
Date of grant	13 August 2007	17 August 2007	21 August 2007	19 August 2008	27 August 2008	16 December 2009	9 February 2010	25 November 2010	7 December 2010	10 September 2014
Number of share option	19,200,000	14,400,000	14,500,000	74,200,000	9,600,000	58,100,000	24,900,000	56,720,000	9,150,000	14,609,700
Share price at grant date (HK$)	0.38	0.28	0.34	1.11	1.16	0.74	0.89	1.54	1.74	0.63
Weighted average exercise price (HK$)	0.38	0.36	0.35	1.14	1.16	0.74	0.90	1.54	1.74	0.63
Expected volatility (expressed as weighted average volatility)	61.97%	62.15%	62.15%	99.81%	96.08%	76.61%	75.08%	60.28%	59.75%	101.47%
No. of years for option life (expressed as weighted average life)	10	10	10	10	10	10	10	10	10	10
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	3.96%	3.97%	3.88%	1.00%	1.15%	0.08%	0.18%	0.27%	0.35%	1.979%

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(6) 14,609,700 share options were granted to the directors on 10 September 2014, the fair value of the options granted was HK$8,299,693 valued by Asset Appraisal Limited, an independent qualified professional valuers. The Company recognized it as share-based payment expenses in that period.

No share options were granted for the year ended 31 March 2016 (2015: 14,609,700). At 31 March 2016, the Company had 347,015,738 share options (2015: 173,507,869) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 347,015,738 (2015: 173,507,869) additional ordinary shares of HK$0.04 each (2015: HK$0.08 each) of the Company and additional share capital of HK$13,880,629 (2015: HK$13,880,629) and cash proceeds to the Company of HK$258,271,113 (2015: HK$258,271,113) (before share issue expenses).

42. DISCONTINUED OPERATIONS

On 30 July 2014, the Group completed its disposal of the entire interest in the subsidiary group of Superb Kings Limited which together with its subsidiary operated hotel business, to an independent third party New Prosperous Limited at the cash consideration of HK$35,000,000. Full consideration was received on 7 August 2014 and the analysis is shown in note 43(a).

On 30 December 2014, the Group completed its disposal of the entire interest in the subsidiary group of Gold Track Coal and Mining Limited and Gold Track Mining and Resources Limited which together with their subsidiaries operated the mining business, to an independent third party – Lofty Will Limited at the cash consideration of HK$30,000,000. Full consideration was received on 2 January 2015 and the analyses of disposal is shown in Note 43(b).

On 30 November 2015, the Group completed its disposal of the subsidiary of Sun Entertainment Group Limited which operated the entertainment business, to an independent third party – Sun Entertainment Holdings Limited at the cash consideration of HK$6,400. Full consideration was received in January 2016 and the analysis of disposal is shown in note 43(d).

Accordingly, the results of entertainment, hotel business and mining business have been presented as discontinued operations in the consolidated financial statements for the year ended 31 March 2016 and 31 March 2015 respectively.

(a) Analysis of the results of discontinued operations is as follows:

	2016 ***HK$***	2015 *HK$* (Restated)
Revenue	**–**	4,145,493
Direct costs	**–**	(2,959,383)
Gross profit	**–**	1,186,110
Other operating income	**1**	222,335
Administrative expenses	**(182,955)**	(9,861,265)
Loss before taxation	**(182,954)**	(8,452,820)
Income tax credit	**–**	516,812
Loss for the year from discontinued operations, net of income tax	**(182,954)**	(7,936,008)

42. DISCONTINUED OPERATIONS *(continued)*

(b) Analysis of the loss for the year from discontinued operations is as follows:

	2016 *HK$*	2015 *HK$*
Cost of inventories	–	2,959,383
Depreciation of property, plant and equipment	–	667,943
Employee benefit expenses	–	51,153
Reversal of deferred tax liabilities	–	517,564

(c) Analysis of the cash flows of discontinued operations is as follows:

	2016 *HK$*	2015 *HK$*
Net cash outflow from operating activities	**(599)**	(14,217,824)
Net cash outflow from investing activities	–	(65,877)
Net cash outflow from discontinued operations	**(599)**	(14,283,701)

43. DISPOSAL OF SUBSIDIARIES

a) During the year ended 31 March 2015, the Group disposed of its subsidiaries, Superb Kings Limited together with its subsidiary ("Superb Kings") to an independent third party, for a consideration of HK$35,000,000. Superb Kings provides a wide range of hotel services and operates and owns a hotel in the Philippines. After the disposal the Group ceased the hotel services segment in July 2014.

The net assets of Superb Kings at the date of disposal were as follows:

	HK$
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	75,097,436
Inventories	974,502
Prepayments and deposits	625,987
Bank balances and cash	2,928,644
Trade payables	(460,820)
Deposit received	(22,781,690)
Net assets disposed of	56,384,059
Loss on disposal of subsidiaries	
Cash consideration received	35,000,000
Net assets disposed of	(56,384,059)
Translation reserve	2,420,653
Non-controlling interests	11,793
Loss on disposal of subsidiaries	(18,951,613)
Net cash inflow arising on disposal	
Cash consideration	35,000,000
Bank balances and cash disposed of	(2,928,644)
	32,071,356

43. DISPOSAL OF SUBSIDIARIES *(continued)*

b) During the year ended 31 March 2015, the Group disposed of its subsidiaries, Gold Track Coal and Mining Limited and Gold Track Mining and Resources Limited together with their subsidiaries ("Gold Track") to an independent third party for a consideration of HK$30,000,000. Gold Track is engaging in trading and extraction of minerals and holding the mining rights in Padang and Ende. After the disposal the Group ceased the mining services segment in December 2014.

The net assets of Gold Track at the date of disposal are as follows:

	HK$
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	8,475,987
Intangible assets	5,836,834
Goodwill	5,707,956
Loans receivable	18,372,590
Inventories	21,037,896
Trade and other receivables	1,625,362
Prepayments and deposits	297,638
Bank balances and cash	646,173
Trade payables	(1,923,288)
Accruals and other payables	(20,497,644)
Amount due to an immediate holding company	(21,450,000)
Amount due to a non-controlling shareholder	(25,350,000)
Net liabilities disposed of	(7,220,496)
Loss on disposal of subsidiaries	
Cash consideration received	30,000,000
Net liabilities disposed of	7,220,496
Translation reserve	(23,801,337)
Non-controlling interests	(14,376,589)
Loss on disposal of subsidiaries	(957,430)
Net cash inflow arising on disposal	
Cash consideration	30,000,000
Bank balances and cash disposed of	(646,173)
	29,353,827

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43. DISPOSAL OF SUBSIDIARIES *(continued)*

c) During the year ended 31 March 2015, the Group disposed of its subsidiary, Alliance Computer Systems Limited ("ACSL") to a former director of the subsidiary, Mr. Tam Kit Keung, for a consideration of HK$6,200,000. The Group continues to provide the computer software solution and services to the existing customers, hence the directors of the Company do not consider the disposal of ACSL as part of discontinued operation.

The net assets of ACSL at the date of disposal were as follows:

	HK$
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	3,159,370
Inventories	6,377
Trade and other receivables	4,439,289
Prepayments and deposits	1,255,342
Bank balances and cash	399,771
Tax recoverable	1,435,373
Accruals and other payables	(567,003)
Deposit received	(395,357)
Net assets disposed of	9,733,162
Gain on disposal of a subsidiary	
Cash consideration received	6,200,000
Net assets disposed of	(9,733,162)
Non-controlling interests	5,952,514
Gain on disposal of a subsidiary	2,419,352
Net cash inflow arising on disposal	
Cash consideration	6,200,000
Bank balances and cash disposed of	(399,771)
	5,800,229

43. DISPOSAL OF SUBSIDIARIES *(continued)*

d) During the year ended 31 March 2016, the Group disposed of its subsidiary, Sun Entertainment Group Limited ("SEGL") to an independent third party for a consideration of HK$6,400. After the disposal, the Group ceased the Entertainment operations segment in November 2015.

The net assets of SEGL at the date of disposal were as follows:

	HK$
Analysis of assets over which control was lost:	
Bank balances and cash	6,491
Net assets disposed of	6,491
Loss on disposal of a subsidiary	
Cash consideration received	6,400
Net assets disposed of	(6,491)
Loss on disposal of a subsidiary	(91)
Net cash outflow arising on disposal	
Cash consideration	6,400
Bank balances and cash disposed of	(6,491)
	(91)

44. ACQUISITION OF BUSINESS

(a) On 19 August 2015, Infinite Success Investments Limited ("Infinite Success"), a subsidiary of the Company, entered into a sale and purchase agreement ("Acquisition Agreement") with seller, Sun International Financial Group Limited("SIFGL"), a company incorporated in BVI with limited liability and is a related party, pursuant to which Infinite Success agreed to acquire and, SIFGL agreed to sell the entire equity interest in Sun International Securities Limited, a company incorporated in Hong Kong with limited liability and a licenced corporation under the Securities and Futures Ordinance ("SFO") to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities as defined under the SFO (the "Target A") and Sun International Asset Management Limited, a company incorporated in Hong Kong with limited liability and a licenced corporation under the SFO to carry on type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities as defined under the SFO (the "Target B") (Target A and Target B are collectively referred to as the "Target Companies") for an aggregate consideration of HK$147,300,000 (subject to breakeven guarantee adjustment). The Acquisition of Target Companies was approved by Securities and Futures Commission and completed on 29 February, 2016.

Details of this acquisition are set out in the announcement of the Company dated 19 August 2015.

The carrying amount of the acquired assets of the Target Companies at the date of acquisition comprised:

	Total *HK$*
Trading rights	500,000
Other assets	350,000
Trade receivables	13,138,423
Advances to customers in margin financing	21,291,747
Prepayments, deposits and other receivables	482,538
Cash held on behalf of customers	32,638,269
Cash and cash equivalents	51,988,247
Amount due from a related company	77,473
Trade payables	(58,349,710)
Accruals and other payables	(9,607,213)
Amount due to a related company	(1,636,944)
Net identifiable assets	50,872,830
Fair value of breakeven guarantee	13,535,413
Goodwill arising on acquisition *(note 18)*	52,537,757
Consideration transferred, satisfied by issue of Promissory Note *(note 35)*	116,946,000
Analysis of net inflow of cash and cash equivalents in respect of acquisition of subsidiaries:	
Cash consideration paid	–
Cash and cash equivalents acquired	51,988,247
	51,988,247

44. ACQUISITION OF BUSINESS *(continued)*

(a) *(continued)*

Pursuant to the Acquisition Agreement, the full consideration of HK$147.3 million is settled by the issue of a promissory note which bears interest at 2% per annum with a maturity of 3 years. The fair value of the promissory note was HK$116,946,000 at the date of acquisition based on valuation performed by Roma Appraisals Limited, an independent professional valuer.

The fair value of the liability component of the promissory note is determined by discounting the estimated contractual cash flow over the remaining contractual terms of the promissory note at the interest rate that was appropriate to the riskiness of the promissory note.

Pursuant to the Acquisition Agreement, SIFGL has irrevocably and unconditionally warranted and guaranteed to the Company that the aggregate profits before taxation and extraordinary items of the Target Companies for the year ending 31 March 2016 will not be less than zero (the "Breakeven Guarantee"), otherwise SIFGL shall compensate Infinite Success an amount equivalent to the absolute aggregate amount of loss recorded by the Target Companies.

The final consideration after adjustment under the Breakeven Guarantee shall be:
Final Consideration = HK$147,300,000 – Shortfall of profit

The fair value of the Breakeven Guarantee of Target Companies was HK$13,535,413 at the date of acquisition based on valuation performed by Roma Appraisals Limited, an independent professional valuer.

As confirmed by the auditors of the Company, with Guarantee Certificate issued, the recorded actual loss before taxation and before extraordinary items of the Target Companies was HK$18,604,741, and thus, was failed to meet the guaranteed profit under the Breakeven Guarantee. The shortfall in profit is due to the unexpected market conditions and keen market competition. As such, the principal of promissory note shall be reduced on a dollar for dollar basis by the amount of HK$18,604,741 ("Short fall of profit") of which the fair value was finalised at HK$13,767,509 and the difference of HK$232,096 as compared to the initial recognition of fair value was recognised in profit or loss.

Revenue of HK$2,077,174 and loss of HK$970,715 attributable to the Target Companies for the period from the acquisition date to 31 March 2016 was consolidated in the Group's profit or loss for the year ended 31 March 2016.

Had the acquisition been completed on 1 April 2015, total group revenue for the year would have been HK$143,776,022, and loss for the year would have been HK$143,207,669. Pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future results.

44. ACQUISITION OF BUSINESS *(continued)*

(b) On 11 November 2015, Pioneer Forntier Limited ("Pioneer Forntier"), a subsidiary of the Company, entered into a sale and purchase agreement with Leung Kwok Pong ("Leung"), a Hong Kong resident, pursuant to which Pioneer Forntier agreed to acquire and, Leung agreed to sell the entire equity interest in Sun International Credit Limited (formerly known as Cobot Financial Limited), a company incorporated in Hong Kong with limited liability and a licenced money lender under the Money Lender Licence Ordinance and engaged in money lending business (the "Target C") for an aggregate consideration of HK$500,000. The Acquisition of Target C was completed on 11 November 2015.

The carrying amount of the acquired assets of the Target C at the date of acquisition comprised:

	HK$
Net identifiable asset of subsidiary acquired:	
Other receivable	1
Goodwill arising on acquisition *(note 18)*	499,999
Consideration transferred, satisfied by cash	500,000
Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiary:	
Cash consideration paid	500,000
Cash and cash equivalents acquired	–
	500,000

Revenue of HK$2,684,054 and loss of HK$125,062 attributable to the Target C for the period from the acquisition date to 31 March 2016 was consolidated in the Group's profit or loss for the year ended 31 March 2016.

Had the acquisition been completed on 1 April 2015, total group revenue for the year would have been HK$123,822,818, and loss for the year would have been HK$125,698,705. Pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future results.

45. FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), and brokers, the Group has a legally enforceable right to set off the money obligation receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to set off these balances on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to HKSCC, brokers and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposits placed with HKSCC and brokers do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

As at 31 March 2016

	Gross amounts of recognised financial assets (liabilities) after impairment *HK$'000*	Gross amounts of recognised financial assets (liabilities) set off in the consolidated statement of financial position *HK$'000*	Net amounts of financial assets (liabilities) presented in the consolidated statement of financial position *HK$'000*
Financial assets			
Accounts receivables from:			
Futures dealers	2,253	–	2,253
Funds and bonds dealers	263	–	263
Clearing house	552,195	(550,760)	1,435
	554,711	(550,760)	3,951
Financial liabilities			
Accounts payables to:			
Securities – cash clients	13,941	–	13,941
Securities – margin clients	155,499	–	155,499
Futures clients	5,738	–	5,738
Clearing house	550,760	(550,760)	–
	725,938	(550,760)	175,178

There is no offsetting for the balances as at 31 March 2015.

46. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	2016	2015
	HK$	*HK$*
Within one year	**5,049,849**	7,637,746
In the second to fifth year inclusive	**9,555,265**	7,886,442
After five years	**–**	–
	14,605,114	15,524,188

Leases and rentals are negotiated for an average term of three years.

47. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with related parties during the year.

(a) The balances with non-controlling shareholders of subsidiaries are disclosed in note 28.

The balances with related companies are disclosed in note 31 and note 36.

The key management personnel of the Group comprises all directors, details of their emoluments are disclosed in note 14(a).

(b) Balances with related parties

	2016	2015
	HK$	*HK$*
		(Restated)
Included in Trade receivables		
Amount due from a related party which is controlled by Mr. Cheng Ting Kong	**592,410**	725,295

47. RELATED PARTY TRANSACTIONS *(continued)*

(c) Transactions with related parties

	2016	2015
	HK$	*HK$* (Restated)
Included in Administrative expenses Advertising expenses paid to a related company which is beneficially owned and controlled by Mr. Chau Cheok Wa	**280,000**	275,000
Included in Turnover Services fee income received from a related company which is beneficially owned and controlled by Mr. Cheng Ting Kong	**–**	40,000
Included in Turnover Bloodstock sales income received from a related company which is beneficially owned and controlled by Mr. Cheng Ting Kong	**3,212,508**	3,378,107
Included in Administrative expenses License fee paid to related companies which are beneficially owned and controlled by Mr. Chau Cheok Wa	**130,000**	–
Included in Administrative expenses Management service fee paid to related companies which are beneficially owned and controlled by Mr. Chau Cheok Wa	**370,000**	–
Sales proceeds received for disposal of a subsidiary to a former subsidiary's director, Mr. Tam Kit Keung	**–**	6,200,000

The transactions with related parties were entered into in the ordinary course of business between the Group and its related parties on terms as mutually agreed.

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48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period:

	Notes	2016 HK$	2015 HK$
Non-current asset			
Investment in a subsidiary	49	–	–
Current assets			
Prepayments, deposits and other receivables		289,890	50,363
Amounts due from subsidiaries	49	1,716,321,541	1,510,806,062
Bank balances and cash		15,970,271	36,563,950
		1,732,581,702	1,547,420,375
Current liabilities			
Accruals and other payables		5,488,462	2,958,644
Amounts due to subsidiaries	49	399,454,599	343,389,752
Promissory note		140,000,000	140,000,000
		544,943,061	486,348,396
Net current assets		1,187,638,641	1,061,071,979
Non-current liabilities			
Medium-term bonds		248,000,000	221,000,000
Promissory note		104,016,328	–
		352,016,328	221,000,000
Net assets		835,622,313	840,071,979
Capital and reserves			
Share capital		55,656,000	55,656,000
Reserves	50	779,966,313	784,415,979
Total equity		835,622,313	840,071,979

49. INTERESTS IN SUBSIDIARIES

	2016	2015
	HK$	*HK$*
Unlisted investment, at cost	**567,874**	567,874
Less: impairment loss	**(567,874)**	(567,874)
Investment in a subsidiary	**–**	–
Amounts due from subsidiaries	**1,716,321,541**	1,510,806,062
Amounts due to subsidiaries	**(399,454,599)**	(343,389,752)

The amounts due from subsidiaries amounting to HK$362,109,925 (2015: HK$304,084,457) are interest-bearing at 8% per annum and the remaining balances of HK$1,354,211,616 (2015: HK$1,206,721,605) are interest-free. In the opinion of the directors, there are no impairment in respect of the amounts due from subsidiaries as at the end of the reporting period.

The amounts due from/(to) subsidiaries are unsecured and repayable on demand.

The following list contains only the particulars of the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affect the results, assets and liabilities of the Group. To give details of other subsidiaries would in the opinion of the directors, result in particulars of excessive length. The class of shares held is ordinary unless otherwise stated.

Name of subsidiary	Place of incorporation	Form of legal entity	Issued and fully paid up ordinary share capital	Proportion of ownership interest and voting power held Directly %		Indirectly %		Principal activities
				2016	2015	**2016**	2015	
Galileo Capital Group (BVI) Limited	British Virgin Islands	Limited company	US$10,000	**100**	100	**–**	–	Investment holding
Golden Harvest Trading Limited	Hong Kong	Limited company	HK$2	**–**	–	**100**	100	Provision of administrative services for the Group in Hong Kong
Loyal King Investments Limited	British Virgin Islands	Limited company	US$50,000	**–**	–	**100**	100	Investment holding
Alliance Computer Services Limited	Hong Kong	Limited company	HK$200,000	**–**	–	**97**	97	Provision of computer software solution and services
Sun Macro Limited	British Virgin Islands	Limited company	US$1	**–**	–	**100**	100	Investment holding
Sun Kingdom Pty. Limited	Australia	Limited company	AUD100	**–**	–	**100**	100	Trading of bloodstocks

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49. INTERESTS IN SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation	Form of legal entity	Issued and fully paid up ordinary share capital	Proportion of ownership interest and voting power held Directly % 2016	2015	Indirectly % 2016	2015	Principal activities
Sun Stud Pty. Limited	Australia	Limited company	AUD100	–	–	100	100	Provision of equine related services and investment in stallions
Sun Farm Land Pty. Limited	Australia	Limited company	AUD100	–	–	100	100	Property investment holding
Kimbo Consultancy Pty. Limited	Australia	Limited company	AUD100	–	–	100	100	Provision of human resources and administrative services for the subsidiaries in Australia
Infinite Success Investment Limited	British Virgin Inlands	Limited company	US$1	–	–	100	–	Investment holding
Sun International Securities Limited	Hong Kong	Limited company	HK$140,000,000	–	–	100	–	Provision of securities brokerage services
Sun International Asset Management Limited	Hong Kong	Limited company	HK$7,300,000	–	–	100	–	Provision of asset management and advising services on securities and futures contracts
Pioneer Frontier Limited	British Virgin Inlands	Limited company	US$1	–	–	100	–	Investment holding
Sun International Credit Limited	Hong Kong	Limited company	HK$1	–	–	100	–	Provision of money lending business in Hong Kong

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

50. RESERVES

The Company

	Share premium HK$	Contributed surplus HK$	Capital redemption reserve HK$	Share options reserve HK$	(Accumulated losses) HK$	Total HK$
At 1 April 2014	775,075,169	367,874	254,600	38,254,919	(18,918,317)	795,034,245
Loss for the year	–	–	–	–	(18,917,959)	(18,917,959)
Transactions with owners: Issuance of share options *(note 41)*	–	–	–	8,299,693	–	8,299,693
At 31 March 2015	775,075,169	367,874	254,600	46,554,612	(37,836,276)	784,415,979
At 1 April 2015	775,075,169	367,874	254,600	46,554,612	(37,836,276)	784,415,979
Loss for the year	–	–	–	–	(4,449,666)	(4,449,666)
At 31 March 2016	**775,075,169**	**367,874**	**254,600**	**46,554,612**	**(42,285,942)**	**779,966,313**

51. PARTLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

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

Name of company	Place of establishment/operation	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Alliance Computer Services Limited and its subsidiary ("ACS Group")	Hong Kong	**3%**	3%	**(524)**	723	**3,237**	3,760
Sun United Racing Limited	Australia	**60%**	60%	**(9,355)**	(38)	**–**	9,355
				(9,879)	685	**3,237**	13,115

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests and principally affect the results, assets and liabilities of the Group is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

51. PARTLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(continued)*

ACS Group

	2016 HK$'000	2015 HK$'000
Current assets	344,417	385,522
Non-current assets	10,359	13,913
Current liabilities	(245,429)	(272,634)
Non-current liabilities	–	–
Net assets	109,347	126,801
Equity attributable to the Group	106,110	123,041
Non-controlling interests	3,237	3,760
	109,347	126,801
Loss attributable to the Group	(16,930)	(26,513)
(Loss)/profit attributable to the non-controlling interests	(524)	723
Loss for the year	(17,454)	(25,790)
Total comprehensive loss attributable to the Group	(16,930)	(26,513)
Total comprehensive (loss)/income attributable to the non-controlling interests	(524)	723
Total comprehensive loss for the year	(17,454)	(25,790)
Net cash from operating activities	3,827	21
Net cash used in investing activities	(2,681)	(72)
Net cash used in financing activities	–	–
Net cash inflow/(outflow)	1,146	(51)
Dividends paid to non-controlling interests	–	–

52. INTEREST-BEARING BORROWING FACILITY

A facility with a limit of HK$150,000,000 (2015: HK$150,000,000) is granted by a financial institution to the Company and is interest bearing at HSBC prime rate +3.5%, with maturity on 23 June 2016. At the end of the reporting period, there is no draw down of the facility (2015: nil). The facility is secured as follows:

(i) Personal guarantees from Mr. Cheng Ting Kong, a director of the Company and Mr. Chau Cheok Wa, a former director of the Company;

(ii) A corporate guarantee by a related company, Power Ocean Holdings Limited in which Mr. Cheng Ting Kong and Mr. Chau Cheok Wa have a beneficial interest; and

(iii) Pledges of listed securities held in account of Power Ocean Holdings Limited, the Company and/or any third parties with the financial institution.

53. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated to conform with the current year's presentation.

54. EVENTS AFTER REPORTING PERIOD

Subsequent to the end of reporting period on 16 May 2016, the Company has entered into a loan agreement with Mr. Cheng Tin Kong, a director of the Company and one of the beneficial owners of the substantial shareholder of the Company for a revolving loan facility amounting to HK$100,000,000. The loan facility is unsecured, carries an interest of 8% per annum and is available for 24 months from the date of agreement. As the revolving loan facility is not secured by any assets of the Group and is on normal commercial terms or better, the directors consider that it is fully exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rules 20.88 of GEM Listing Rules.

Other than the revolving loan facility disclosed above, the Group had no material event after the reporting period.

55. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 17 June 2016.

FIVE YEAR FINANCIAL SUMMARY

Summary of the results, assets and liabilities of the Group is as follow:

	For the year ended 31 March				
	2016	2015	2014	2013	2012
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Results					
Revenue	**121,138,764**	151,293,186	187,596,033	239,725,206	234,092,979
(Loss)/profit before taxation	**(125,235,365)**	(403,193,779)	(679,646,381)	(663,362,898)	92,384,370
Income tax (expense)/credit	**(338,276)**	(665,353)	125,677,633	128,516,887	(11,152,410)
(Loss)/profit for the year	**(125,573,641)**	(403,859,132)	(553,968,748)	(534,846,011)	81,231,960
(Loss)/Profit attributable to:					
Owners of the Company	**(115,695,395)**	(427,905,297)	(338,869,482)	(327,543,460)	87,572,918
Non-controlling interests	**(9,878,246)**	24,046,165	(215,099,266)	(207,302,551)	(6,340,958)
	(125,573,641)	(403,859,132)	(553,968,748)	(534,846,011)	81,231,960
(Loss)/Earnings per share attributable to Owners of the Company *(Note)*		(Restated)	(Restated)	(Restated)	(Restated)
Basic (HK cents)	**(8.32)**	(30.75)	(25.39)	(35.31)	9.44
Diluted (HK cents)	**(8.32)**	(30.75)	(25.39)	(35.31)	8.87

	At 31 March				
	2016	2015	2014	2013	2012
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Assets and liabilities					
Total assets	**795,157,691**	589,692,080	974,207,152	1,460,784,498	2,160,385,141
Total liabilities	**(712,769,984)**	(412,005,600)	(392,684,010)	(380,286,980)	(540,479,803)
Net assets	**82,387,707**	177,686,480	581,523,142	1,080,497,518	1,619,905,338

Note: The figures for the (Loss)/Earning per share have been restated to take into account of the effect of the Company's share sub-division effective in July 2015.