GREAT WORLD COMPANY HOLDINGS LTD
世大控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 8003

2017 Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Ng Mui King, Joky
Mr. Zhang Yanqiang
Ms. Yang Wei (appointed on 14 June 2016)

Independent non-executive Directors

Mr. Chung Koon Yan
Mr. Chan Ying Cheong
Ms. Zhao Yongmei
Dr. Yang Fuyu

COMPANY SECRETARY

Ms. Kwong May Wah, Eva

AUTHORISED REPRESENTATIVES

Ms. Ng Mui King, Joky
(Mr. Li Tak Lai as her alternate)
Ms. Kwong May Wah, Eva

COMPLIANCE OFFICER

Mr. Zhang Yanqiang

AUDIT COMMITTEE

Mr. Chung Koon Yan *(Chairman)*
Mr. Chan Ying Cheong (resigned on 14 June 2016)
Ms. Zhao Yongmei
Dr. Yang Fuyu (appointed on 14 June 2016)

REMUNERATION COMMITTEE

Ms. Zhao Yongmei *(Chairman)*
Ms. Ng Mui King, Joky
Mr. Chan Ying Cheong (resigned on 14 June 2016)
Dr. Yang Fuyu (appointed on 14 June 2016)

NOMINATION COMMITTEE

Mr. Zhang Yanqiang *(Chairman)*
(appointed on 14 June 2016)
Mr. Chan Ying Cheong
Ms. Ng Mui King, Joky
(resigned on 14 June 2016)
Mr. Chung Koon Yan (resigned on 14 June 2016)
Dr. Yang Fuyu (appointed on 14 June 2016)

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands, British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1202, 12/F
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of Communications Company Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Hong Kong Registrars Limited
17M/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

LEGAL ADVISERS

As to Cayman Islands Law:

Maples and Calder
53rd Floor, The Center
99 Queen's Road
Central
Hong Kong

As to Hong Kong Law:

Reed Smith Richards Butler
20th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

WEBSITE

http://www.gwchl.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Great World Company Holdings Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group"), I am pleased to present the annual results of the Group for the year ended 31 March 2017.

FINANCIAL PERFORMANCE

For the year ended 31 March 2017, the Group recorded a turnover of approximately HK$55,122,000, representing an increase by approximately 3.03 times as compared to the turnover of approximately HK$18,212,000 for last year. Loss for the year was approximately HK$18,479,000 (2016: HK$23,931,000). The Board did not recommend the payment of any dividend for the year (2016: Nil).

BUSINESS REVIEW

The Group is principally engaged in (i) property business; (ii) forestry business; and (iii) landscaping and earth-rock engineering business, which are operated in the People's Republic of China (the "PRC") and the Republic of Angola.

Property business

The Group owns a property which comprises a residential and commercial development site with a site area of approximately 3,111.96 square meters ("sq.m.") located at Leshan City, Sichuan Province, the PRC. The property has a gross floor area of approximately 28,251.82 sq.m. (inclusive of a basement floor) and comprises 4 portions with different functions, namely residential, commercial, basement car park and facilities.

The leasing of the commercial portion of the property has commenced and the Board expects to commence the selling programme of part of the residential portion of the property and the leasing of certain residential portion of the property and/or basement car park area when the property market appears to revive.

Forestry business

The Group carries on business in cultivation and research of the fine and new varieties forest products together with the research and promotion of product cultivation technology for producing clean energy purposes.

The Board expects that the Group will be benefited from the revenue generated from sale of well-grown plants to end-customers in the coming years.

Landscaping and earth-rock engineering business

The Group is also engaged in constructing landscaping projects and earth-rock engineering, providing afforested maintenance and planting and selling forest trees and flowers.

Due to President Jose Eduardo Dos Santos of the Republic of Angola has announced his stepping-down before August 2017 and the fluctuation of the crude oil leading to the economic instability and increasing pressure on foreign direct investment, the Group's landscaping project was deferred, resulting in impact on the related income trend.

Chairman's Statement

PROSPECT

With the slowdown of economy in the People's Republic of China together with the pace of US Federal Fund Rate-hike Cycle, the worldwide economic outlook clouded with uncertainty. It is clear that 2017 will still be challenging.

The Company intends to continue the existing businesses of the Group and is reviewing the exiting business strategies so as to formulate business plans for future development of the Group. The management may explore and consider whether any asset acquisition/disposal, fund raising activity and business diversification will be appropriate in order to further diversify the Group's portfolio and maximize future returns for shareholders.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our staff members for their contribution in this year, and extend my appreciation to the shareholders and investors for their support.

Ng Mui King, Joky
Chairman

Hong Kong, 28 June 2017

Biographical Details of Directors

EXECUTIVE DIRECTORS

Ms. Ng Mui King, Joky, aged 55, has been an executive director of the Company since 2 October 2007. She is the chairman of the Board and a member of the remuneration committee of the Company. She resigned as the chairman of the nomination committee on 14 June 2016. Ms. Ng is responsible for the overall strategic direction of the Group. She has over 24 years of experience in telecommunication, import and export trading, accounting, finance and corporate management.

Mr. Zhang Yanqiang, aged 35, has been an executive director of the Company since 6 October 2014 and was appointed as the chairman of the nomination committee of the Company on 14 June 2016. He has 10 years of experience in forestry, finance and corporate management. He holds a bachelor's degree and a master's degree in materials chemistry from the Central South University of Forestry and Technology（中南林業科技大學）.

Ms. Yang Wei, aged 39, was appointed as an executive director of the Company on 14 June 2016. She has 16 years of experience in clean energy, environmental protection and planning strategies. She holds a bachelor's degree in Chinese Language from the Beijing Normal University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chung Koon Yan, aged 53, has been an independent non-executive director of the Company since 9 May 2008 and is the chairman of the audit committee of the Company. He has resigned as a member of the nomination committee of the Company on 14 June 2016. Mr. Chung holds a Master's degree in Professional Accounting from the Hong Kong Polytechnic University. He is a practicing member and a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a fellow member of The Institute of Chartered Accountants in England and Wales. Mr. Chung is a director of Chiu, Choy & Chung CPA Ltd. He has over 23 years of experience in accounting, auditing and taxation. Currently, Mr. Chung is an independent non-executive director of Asian Citrus Holdings Limited (stock code: 73), a company whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "MB") and were admitted to trading on AIM (a market operated by The London Stock Exchange) in 2005 but which have been cancelled from trading on AIM since 29 March 2017, an independent non-executive director of Synergy Group Holdings International Limited (stock code: 1539), a company listed on the MB, and is also an independent non-executive director of Winson Holdings Hong Kong Limited (stock code: 8421), whose shares are listed on the Growth Enterprise Market of the Stock Exchange ("GEM") from 16 March 2017. He was also an independent non-executive director of Global Mastermind Holdings Limited (formerly known as Well Way Group Limited (stock code: 8063) from January 2006 to April 2014, a company listed on GEM.

Mr. Chan Ying Cheong, aged 55, has been an independent non-executive director of the Company since 30 September 2010 and a member of the nomination committee of the Company. He resigned as the chairman of the remuneration committee and a member of the audit committee on 14 June 2016. Mr. Chan has over 29 years of experience in banking industry.

Ms. Zhao Yongmei, aged 49, was appointed as an independent non-executive director and a member of audit committee on 20 October 2014. She was appointed as the chairman of the remuneration committee on 14 June 2016. She has over 20 years of experience in banking, finance and corporate management.

Dr. Yang Fuyu, aged 42, was appointed as an independent non-executive director on 12 January 2016. He was appointed as a member of the remuneration committee, the audit committee and the nomination committee on 14 June 2016. Dr. Yang holds a Doctorate degree of Agronomy in China Agricultural University. Dr. Yang is currently a Professor and a tutor for doctoral students of China Agricultural University, the Secretary-general of Innovative Strategic Alliance of National Forage Industry Technology, the Secretary-general of Innovative Strategic Alliance of Beijing Huaxia Prataculture Industry Technology, the director of the Youth Committee of Chinese Grassland Society and the Secretary-general of Professional Committee of Energy Grass of Chinese Grassland Society.

Management Discussion and Analysis

RESULTS OF OPERATIONS

The Group recorded a turnover of approximately HK$55,122,000 (2016: HK$18,212,000), representing an increase by approximately 3.03 times as compared to last year. The overall increase in turnover was generated mainly from the forestry business. Administrative and other expenses decreased to approximately HK$15,114,000 compared to approximately HK$20,776,000 of the previous corresponding year, representing a decrease of approximately 27.25%. The decrease in administrative and other expenses was primarily due to decrease in legal and professional fee, consultancy fee and rental expenses. Loss attributable to owners of the Company for the year ended 31 March 2017 was approximately HK$17,822,000, which was approximately 28.04% lower than the loss attributable to owners of the Company incurred for last year (2016: HK$24,766,000).

BUSINESS REVIEW

Property business

The Group owns a property which comprises a residential and commercial development site with a site area of approximately 3,111.96 square meters ("sq. m.") located at Leshan City, Sichuan Province, the PRC. The property has a gross floor area of approximately 28,251.82 sq. m. (inclusive of a basement floor) and comprises 4 portions with different functions, namely residential, commercial, basement car park and facilities.

Revenue of approximately HK$362,000 was derived from temporary leasing of the commercial portion of the property for the year ended 31 March 2017. The Board expects to commence the selling of part of the residential portion of the property and the leasing of certain residential portion of the property and/or basement car park area when the property market appears to revive.

Forestry business

The Group carries on business in cultivation and research of the fine and new varieties forest products together with the research and promotion of product cultivation technology for producing clean energy purposes.

For the year ended 31 March 2017, a turnover of approximately HK$42,941,000 was generated from the forestry business. The Group expects the revenue generated from sale of well-grown plants to end-customers will increase in the coming years.

Landscaping and earth-rock engineering business

The Group is also engaged in constructing landscaping projects and earth-rock engineering, providing afforested maintenance and plating and selling forest trees and flowers.

For the year ended 31 March 2017, a turnover of approximately HK$11,819,000 was generated from the landscaping and earth-rock engineering business. Due to President Jose Eduardo Dos Santos of the Republic of Angola has announced his stepping-down before August 2017 and fluctuation of the crude oil lealing to the economic instability and increasing pressure on foreign direct investment, the Group's landscaping project was deferred, resulting in impact on the related income trend.

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity and financial resources

The Group's operations and investments were financed principally by cash generated from its business operations, borrowings and shares issued. As at 31 March 2017, cash and bank deposits of the Group amounted to approximately HK$62,731,000, representing an decrease of 11.29% comparing with the cash and bank deposits of approximately HK$70,718,000 as at 31 March 2016. The Group's net current assets, which comprised properties held for sale, trade and other receivables, cash and bank deposits, trade and other payables, amounts due to directors and amounts due to related companies, amounted to approximately HK$146,203,000 as at 31 March 2017 (2016: HK$161,132,000).

The Group's gearing ratio, which was defined as the ratio of net debt to equity, was 25% as at 31 March 2017 (2016: 29%).

The decrease in gearing ratio as at 31 March 2017 as compared to that of 31 March 2016 is mainly attributable to the decrease in equity during the year ended 31 March 2017.

Capital structure

Details of the movements in the Company's share capital are set out in note 25 to the consolidated financial statements.

Fund raising activity

The Group had no material fund raising activity during the year ended 31 March 2017.

Treasury policies

The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risk. Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars, United States dollars and Renminbi, except for certain cost of sales, which was denominated in Angolan Kwanza, incurred for landscaping and earth-rock engineering works carried out in the Republic of Angola. The Group did not experience any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year under review. As at 31 March 2017, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose.

The Group is closely monitoring the movement of the foreign currency rate and will consider hedging significant foreign currency exposure should the need arise.

Capital commitments

As at 31 March 2017, the Group had outstanding commitments in respect of capital expenditure for the construction of a property in Leshan City of approximately HK$113,000 (2016: HK$120,000) and acquisition of a subsidiary of approximately HK$30,176,000.

Charges on assets and contingent liabilities

As at 31 March 2017, the Group did not have charges on assets (2016: Nil) and did not have any material contingent liabilities (2016: Nil).

Employees and remuneration policy

As at 31 March 2017, the Group had approximately 192 employees (2016: 52 employees). The Group reviewed employees' remuneration from time to time and salary adjustment was normally made on an annual basis. Special adjustment based on length of service and good performance could be made at any time when warranted. In addition to salaries, the Group provided employees' benefits such as medical insurance and provident fund. Share options and bonuses were also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 25 November 2016, Yenbo Gain Limited, a company of which 81.82% equity interest is indirectly owned by the Company, entered into a conditional sale and purchase agreement with the Vendor, an independent third party, in respect of the acquisition of 60% equity interest in Zhifeng Holdings Limited and its subsidiaries at a consideration of RMB36 million in cash (the "Acquisition"). Details of the Acquisition were set up in the Company's announcement dated 25 November 2016. The Acquisition was completed on 19 May 2017.

Saved as disclosed above, the Group did not have any other material acquisition and disposal of subsidiaries during the year ended 31 March 2017.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 37 to the consolidated financial statements.

FUTURE PROSPECTS

The Group intends to continuously strive to create value for its shareholders. In addition to the existing projects, the Group is also committed to seeking other business opportunities and will acquire high quality investment projects with good potential in order to enhance its investment return.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of Great World Company Holdings Ltd (the "Company") has been committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interest and believes that maintaining a high standard of corporate governance benefits all shareholders, investors and the business of the Company as a whole. The Company has applied the principles in and complied with the requirements of the Corporate Governance Code ("CG Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") throughout the year ended 31 March 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Director's transactions in securities of the Company. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings as set out in the adopted code of conduct regarding Directors' securities transaction throughout the year ended 31 March 2017.

BOARD OF DIRECTORS

The Board is responsible for reviewing, evaluating and finalising the Company's strategies and policies, annual budgets, business plans and performance, and has full access to adequate, reliable and timely information on the Group so as to enable them to make a timely decision. The Board also has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs.

One of the roles of the Board is to protect and enhance shareholders' interests. The Board acts with integrity and due care for the best interests of the Company and its shareholders. Leading the Group in a responsible and effective manner, the Board adopts terms of reference which detail its functions and responsibilities, including, but not limited to, ensuring competent management, approving objectives, strategies and business plans and monitoring integrity in the Company's conduct of affairs. The management is obliged to supply the Board with adequate information in a timely manner to enable the members to make informed decisions and to discharge their duties and responsibilities. Each Director has separate and independent access to the Group's senior management to acquire more information and to make further enquiries if necessary.

The Board is also responsible for performing the corporate governance duties of the Company. The duties of the Board on corporate governance functions include developing and reviewing the Group's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management and reviewing the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board currently comprises three executive Directors, namely Ms. Ng Mui King, Joky (chairman of the Board), Mr. Zhang Yanqiang and Ms. Yang Wei (appointed on 14 June 2016), and four independent non-executive Directors, namely Mr. Chung Koon Yan, Mr. Chan Ying Cheong, Ms. Zhao Yongmei and Dr. Yang Fuyu.

Each Director has different professional and industrial experience, which enable them to make valuable and diversified advice and guidance to the Group's activities and development. Details of the background and qualifications of the Directors are set out on page 5 of this annual report. The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Candidates to be nominated as directors of the Company are experienced, high calibre individuals. Under the Articles of Association of the Company, any Director appointed by the Board shall hold office until the first annual general meeting after his/her appointment and shall then be subject to re-election by the shareholders. Apart from this, every Director is subject to retirement by rotation in accordance with the Articles of Association of the Company.

During the year ended 31 March 2017, the Board held a total of 16 board meetings, inclusive of the quarterly regular meetings according to the CG Code. The attendance of each Director is set out on page 12.

CHAIRMAN

Ms. Ng Mui King, Joky was appointed as the Chairman of the Board in 2007. The primary role of the Chairman is to provide leadership for the Board and to ensure that the Board works effectively in the discharge of its responsibilities. The Chief Executive Officer is responsible for the day-to-day management of the Group's business. The Company is currently seeking a right candidate for Chief Executive Officer so as to achieve a balance composition.

BOARD COMMITTEES

The Board has established three committees in accordance with the CG Code, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. These committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice when appropriate and upon request. Details of these committees, including their compositions, major responsibilities and functions, and work performed during the year ended 31 March 2017 are set out below:

Audit Committee

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chung Koon Yan (chairman of the Audit Committee), Ms. Zhao Yongmei and Dr. Yang Fuyu (appointed on 14 June 2016 after Mr. Chan Ying Cheong resigned on the same day). The Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the quarterly, interim and annual reports of the Group.

The primary responsibilities of the Audit Committee are:

(i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and any resignation and dismissal of that auditor;

(ii) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standard;

(iii) liaising with the Board, senior management and the auditors to monitor the integrity of financial statements, the quarterly, interim and annual reports in particular on accounting policies and practices and compliance with accounting standards, the GEM Listing Rules and other legal requirements in relation to financial reporting;

(iv) reviewing the financial control, internal control and risk management system to ensure the management of the Company discharges its duty under an effective internal control system;

(v) reviewing the report and management letter submitted by external auditor; and considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response; and

(vi) considering the engagement of an external independent consultant "Infinity Assurance Limited" to provide internal audit function for the year ended 31 March 2017, which comprises, *inter alia*, enterprise risk assessment , review the internal control system and corporate governance compliance/practice of the Group.

For the year ended 31 March 2017, the audit committee reviewed the financial results, the accounting policies and practices adopted, the report of the external independent consultant on reviewing the risk management and internal control procedures of the Group and audit committee meetings were held. The attendance of each committee member is set out on page 12.

Remuneration Committee

The Remuneration Committee currently comprises one executive Director, namely Ms. Ng Mui King, Joky, and two independent non-executive Directors, namely Ms. Zhao Yongmei (chairman of the Remuneration Committee, appointed on 14 June 2016 after Mr. Chan Ying Cheong resigned on the same day) and Dr. Yang Fuyu (appointed on 14 June 2016). It reviews and determines the policy for the remuneration of directors and senior management of the Group.

The primary responsibilities of the Remuneration Committee are:

(i) conducting regular review of the remuneration policy of Group's directors and senior management;

(ii) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy;

(iii) making recommendation to the Board on remuneration packages of the Directors;

(iv) determining remuneration packages of senior management proposed by the Directors that will attract, motivate and retain the competent staff;

(v) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(vi) reviewing and approving compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment or any compensation arrangements relating to dismissal or removal of director for misconduct; and

(vii) recommending the Board of the structure of long-term incentive plans for executive Directors and certain senior management.

During the year ended 31 March 2017, 1 remuneration committee meeting was held to review the remuneration package of the Directors and the senior management of the Company. The attendance of each committee member is set out on page 12.

Nomination Committee

The Nomination Committee comprises one executive Director, namely Mr. Zhang Yanqiang (chairman of the Nomination Committee, appointed on 14 June 2016 after Ms. Ng Mui King, Joky resigned on the same day) and two independent non-executive Directors, namely Mr. Chan Ying Cheong and Dr. Yang Fuyu (appointed on 14 June 2016 after Mr. Chung Koon Yan resigned on the same day).

The primary responsibilities of the Nomination Committee are:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) identifying and nominating for approval of the Board suitably qualified candidates as additional Directors or to fill Board vacancies as they arise;

(c) making recommendations to the Board with respect to the re-election by shareholders of any Director under the relevant provisions in the Company's Articles of Association;

(d) assessing the independence of the candidates in the case of appointment and re-appointment of independent non-executive Directors having regard to relevant guidelines or requirements of the GEM Listing Rules in place from time to time; and

(e) assessing the independence of independent non-executive Directors on an annual basis having regard to relevant guidelines or requirements of the GEM Listing Rules in place from time to time.

1 meeting was held by the Nomination Committee during the year ended 31 March 2017 to review the composition of the Board. The attendance of each committee member is set out below.

DIRECTORS' ATTENDANCE AT GENERAL MEETINGS AND BOARD AND COMMITTEE MEETINGS

The following table shows the attendance of Directors at general meetings and meetings of the Board and Board Committees during the year ended 31 March 2017:

	Number of meeting attended/held				
	General Meetings	**Board Meetings**	**Meetings of Audit Committee**	**Meetings of Remuneration Committee**	**Meetings of Nomination Committee**
Executive Directors:					
Ms. Ng Mui King, Joky *(Note 3)*	1/1	16/16	–	1/1	–
Mr. Zhang Yanqiang *(Note 2)*	1/1	16/16	–	–	1/1
Ms. Yang Wei *(Note 1)*	1/1	9/16	–	–	–
Independent Non-executive Directors:					
Mr. Chung Koon Yan *(Note 5)*	1/1	16/16	5/5	–	–
Mr. Chan Ying Cheong *(Note 6)*	1/1	16/16	–	–	1/1
Ms. Zhao Yongmei	1/1	16/16	5/5	1/1	–
Dr. Yang Fuyu *(Note 4)*	1/1	16/16	5/5	1/1	1/1

Notes:

1. Ms. Yang Wei was appointed as an executive director on 14 June 2016.
2. Mr. Zhang Yanqiang was appointed as a member and chairman of the nomination committee on 14 June 2016.
3. Ms. Ng Mui King, Joky resigned as a member and chairman of the nomination committee on 14 June 2016.
4. Dr. Yang Fuyu was appointed as a member of the remuneration committee, the audit committee and the nomination committee on 14 June 2016.
5. Mr. Chung Koon Yan resigned as a member of the nomination committee on 14 June 2016.
6. Mr. Chan Ying Cheong resigned as a member of the audit committee and remuneration committee on 14 June 2016.

DELEGATION BY THE BOARD

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions. The Board delegates the day-to-day operations to senior staff who are responsible for different aspects of the operations of the Group.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance coverage in respect of legal action against the Directors in compliance with the CG Code. The insurance coverage is reviewed on an annual basis.

Training and Support for Directors

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company. The Company will also arrange and provide support for suitable training, placing an appropriate emphasis on the roles, functions and duties of its Directors. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. A form has been provided to the Directors to assist them to record training information for reporting to the Company as confirmation of training undertaken. The training information indicate that the Directors have received training and/or materials on corporate governance and other relevant topics.

ACCOUNTABILITY AND AUDIT

The Board is responsible to ensure the preparation of the financial statements of the Company and the Group in accordance with the relevant statutory requirements and applicable accounting standards and to ensure the published consolidated financial statements should be issued in a timely manner and can provide a true and fair view of the business and financial information of the Group. In preparing the consolidated financial statements, the Board has adopted Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances that are relevant to its operations.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the consolidated financial statements on a going concern basis.

The responsibilities of the external auditors on financial reporting are set out in the Independent Auditors' Report on the Group's consolidated financial statements for the year ended 31 March 2017.

The Board has conducted a review of the effectiveness of the Group's internal control system for the purpose of compliance with the provision of the CG Code with an aim to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Group's business objectives.

AUDITORS' REMUNERATION

Remuneration paid and payable to the auditors of the Company in respect of their services for the year ended 31 March 2017 are as follows:

Services rendered	**HK$'000**
Audit services	440
Non-audit and other related services	128

INTERNAL CONTROL AND RISK MANAGEMENT

Internal control is fundamental to the Group's daily operations. Internal control is useful to Directors, senior management and other key personnel who are accountable for control in the Group as well as acting as a tool in providing Directors and senior management with information of sufficient quality to make business decisions and meet their regulatory obligations.

In this connection, Internal Control Policy and Procedures have been formulated and implemented within the Group with the primary objective of providing general guidance and recommendations on a basic framework of internal control and risk management. The key objectives of the internal control include:

- Safeguarding assets
- Ensuring completeness, accuracy and validity of financial records and reports
- Promoting adherence to policies, procedures, regulations and laws
- Promoting effectiveness and efficiency of operations

The Internal Control Policy and Procedures cover, amongst others, the following material activities – finance, operational and compliance controls:

Finance

Effective financial control is essential in identifying and managing liabilities to ensure that the Group is not unnecessarily exposed to avoidable financial risks as well as safeguarding of assets from inappropriate use or loss, including the prevention and detention of fraud and errors. A set of measures has been formulated and implemented to tighten the control on cash flow. All payments should be properly checked and approved. Proper accounting and financial records shall be maintained in supporting financial budgets, periodic management accounts and reports.

Operational

With regard to the Group's businesses, different sets of principles and procedures have been set up for different management teams to follow. Through the implementation of those principles and procedures, the operation process became more accountable, transparent and efficient.

Compliance

The Company has fully complied with the requirements of the GEM Listing Rules. Financial reports, announcements and circulars have been prepared and published in accordance with the requirements of the GEM Listing Rules.

During the year, the Company engaged an external independent consultant "Infinity Assurance Limited" with professional staff in possession of relevant expertise (the "Independent Professional Firm") to perform internal audit function, which comprised, inter alia, enterprise risk assessment and review of the internal control system of the Group, including financial, operational and compliance controls. The review plan was approved by the Audit Committee and the Board. Based on the risk assessment and the review of the internal control system of the Group conducted by the Independent Professional Firm for the year, no significant risk and control deficiency was identified. The relevant assessment and review reports have been considered by the Audit Committee and the Board for assessing the effectiveness of the Risk Management and Internal Control Systems. The Audit Committee has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Accounting Function and the internal audit function performed by the Independent Professional Firm. The Board, through the reviews made by the Independent Professional Firm and the Audit Committee, concluded that the Risk Management and Internal Control Systems are effective and adequate for the Group as a whole.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and to put forward proposals at Shareholders' meeting

Any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-twentieth 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 by mail at Room 1202, 12/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting on a date not more than 28 days after the date on which the notice convening the meeting is given, the requisitionist(s) him/herself (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 by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the company secretary of the Company by mail at Room 1202, 12/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the relevant executive officer of the Company.

INVESTOR RELATIONS

Communication with Shareholders

The Company believes in regular and timely communication with shareholders as part of its efforts to help shareholders understand its business better and the way the Company operates. To promote effective communication with the public at large, the Company maintains a website (www.gwchl.com) on which comprehensive information about the Company's major businesses, financial information and announcements, annual, quarterly and interim reports and shareholders circulars are being made available.

The Board is endeavour to maintain an on-going dialogue with shareholders. The chairman of the Board and members of the Board Committees will attend the annual general meeting to answer questions.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Great World Company Holdings Ltd (the "Company") is pleased to present the first Environmental, Social and Governance ("ESG") report (the "Report") of the Company and its subsidiaries (the "Group") to provide an overview of our commitment in achieving environmental, social and governance goals through our business activities.

The board of directors (the "Board") hereby presents the Report for the year ended 31 March 2017 to comply with the requirements of the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

This Report discloses the effort contributed by the Group in respect of corporate social responsibility, covering the operations in Hong Kong, the People's Republic of China (the "PRC") and the Republic of Angola.

The management and staff of the Group were involved in the preparation of the Report. The Board and senior management oversee our ESG governance and compliance effort.

A. ENVIRONMENTAL ASPECTS

A1. Emissions

The Group is engaged in businesses including property business, forestry business and the landscaping and earth-rock engineering business.

There is minimal direct impact to the environment and we do not generate hazardous waste in the business activities. The biggest contributor to the Group's carbon footprint is the indirect greenhouse gas ("GHG") emission from electricity consumption, which is mainly attributed to the use of lighting system, air-conditioning and office equipment.

The Group is committed to improving the energy efficiency of operations by supporting the "Indoor Temperature Energy Saving Charter" and the "No Incandescent Light Bulbs ("ILB") Energy Saving Charter". The indoor air temperature of our office is set at a comfortable range. Moreover, all incandescent light bulbs have been fully deactivated.

As the Group is principally engaged in cultivation and research of forest products and promotion of product cultivation technology for producing clean energy purposes, the Board expects the revenue generated from sale of well-grown plants to customers will increase and planting trees will reduce the overall carbon emissions of the Group in the coming years.

There were no non-compliance cases noted in relation to environmental laws and regulations for the year ended 31 March 2017.

A2. Use of Resources

With the aim to better manage the use of resources, specific personnel are appointed to monitor the environmental protection performance of the operations and make a regular assessment.

The Group has adopted green office practices to reduce consumption and the impact on the environment. For instance, the Group encourages the teleconference and internet-meeting practices to avoid unnecessary travel and pushes paperless office action by sharing meeting materials by email and replacing paper holiday greeting cards with e-cards.

A3. Environment and natural resources

The Group improves the environmental awareness of the employees via individual and collective environmental initiatives such as sorting of waste in office by separation of paper and plastic and replacement of plastic cups with washable cups.

The Group encourages employees to reduce paper consumption by reuse of single-sided printed paper, to assess the necessity of printing where appropriate and to use duplex printing.

The Group is committed to making the most efficient use of natural resources and reducing waste.

B. SOCIAL ASPECTS

B1. Employment and Labour Practices

Employees are the most valuable asset in our business. The Group has maintained a professional team of employees working diligently to support the growth of the business.

Policies have been prepared relating to periodic evaluation and the determination of increases in compensation. Special adjustment based on length of service and good performance could be made at any time when warranted. In addition to salaries, the Group provided employees' benefits such as medical insurance and provident fund scheme.

The Group provides good working environment including a workplace free from discrimination and harassment; and provides equal opportunities for all the employees.

The Group has complied with all relevant labour laws and regulations in Hong Kong, the PRC and the Republic of Angola.

B2. Health and Safety

The Group is committed to providing and maintaining a healthy, safe and hygienic workplace for all the employees.

We observe safety regulations and become conversant with the safety requirements in the work site. Briefing, news and tips are provided to employees to improve their awareness of health and safety.

The Group has established an emergency management plan and once any occurrence of accident at work within the Group would be promptly reported to our manager.

There were no non-compliance cases noted in relation to health and safety laws and regulations for the year ended 31 March 2017.

The management will continue the effort in strengthening the Group's occupational health and safety performance to protect employees from hazards.

B3. Development and Training

The Group provides a series of learning and development support including safety training, short-term job assignment and other training programs to improve the employees' development and career advancement.

The Group encourages employees to attend comprehensive professional training to deliver top services to our customers. The newly hired employees are required to attend Employee Orientation to familiarize with the Group's mission, vision, core value and business goals.

Details of competencies are kept on employees' personnel files. Regular performance appraisal will be carried out to ensure the requirements of employees are met.

B4. Labor Standards

The recruitment process of the Group is strictly abided by the guidelines of the Human Resource Department. No child nor forced labour in the Group's operation during the reporting period.

The Group is in compliance with the Employment Ordinance, Chapter 57 of the Laws of Hong Kong, in terms of employment management and the relevant laws and regulations of the PRC and the Republic of Angola.

B5. Supply Chain Management

The Group has set up a strict tendering process to ensure the best suppliers to offer a fair and transparent platform for procurement of the equipment, products and services by taking into considerations such elements as supplier qualification, past performance and price.

The tender request should be included in the annual budgeting process and prepared by the responsible departments. A list of approved suppliers, sub-contractors and services providers has been maintained within the purchase department and accounting department.

The target companies do not have any relation with the employees of the Group unless fully disclosed.

The Group will continue actively sourcing energy-saving appliances and equipment with careful selection and review of suppliers and their origins.

The Group is also committed to ensuring that the supply chain management is socially responsible by performing regular assessments on the environmental and social risks' management.

B6 Product Responsibility

Product responsibility is a major concern of the Group. The Group has a "Procedure Manual" relating to standard procedures of providing service and products.

The Group complies with various regulations relevant to the operation of the business in areas such as health and safety, advertising, labelling and privacy matters relating to the products and services.

The products and services provided to customers are based on their financial background and experience after the "Know the Customers" procedures and assessment processes were performed. The Group maintains a good record of zero product recall since the beginning of business.

The Group has established an email address at contact@gwchl.com to which the customers may send feedback, including complaints or grievances.

B7. Anti-Corruption

The Group maintains a high standard of business integrity throughout the operations and tolerates no corruption or bribery in any form.

All directors, management and employees of the Group are required to abide by the Group's regulations to prevent potential bribery, extortion, fraud and money laundering. The Group's regulations clearly state that directors, management and employees shall not obtain or provide benefits to customers, contractors, suppliers, or people with business relationship with the Group. Accepting voluntary gifts must be declared and have undergone the approval process as administered by the Group's Human Resource Department.

We encourage the reporting of suspected business irregularities and provide clear channels specifically for this purpose.

During the reporting period, the Group has not received any bribery, extortion, fraud or money-laundering case. The Group will continue to comply with the relevant laws and regulations in Hong Kong, the PRC and the Republic of Angola.

B8. Community Investment

The Group has been striving to fulfill our corporate social responsibility in various community activities.

The Group will continue to consolidate the relationship with communities of Hong Kong, the PRC and the Republic of Angola through the involvement with community events and activities by sponsorship, donations and in-kind support, employment and business opportunities.

In the coming years, the Group will focus on the investment in cultivation and research of the fine and new varieties forest products in the PRC; the Group will keep on promoting the benefits of planting trees and protecting the environment and improving the research of product cultivation technology for producing clean energy purposes at the same time to make the businesses more transformative and sustainable.

Report of the Directors

The directors of Great World Company Holdings Ltd (the "Company") submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of its subsidiaries are set out in note 35 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's performance, business activities and development is included in the Chairman's Statement on pages 3 to 4 and the Management Discussion and Analysis on pages 6 to 8 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2017 are set out in the Consolidated Statement of Profit or Loss on page 34.

The Directors do not recommend the payment of a dividend.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 38(b) to the consolidated financial statements and page 37 in the Consolidated Statement of Changes in Equity respectively.

The Company has no balance of distributable reserves available for distribution to the owners of the Company as at 31 March 2017 (2016: Nil).

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTY

Details of the movements in investment property of the Group during the year are set out in note 14 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

Results, assets and liabilities of the Group for each of the last five financial years are summarised on page 101.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 25 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of its shares during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's memorandum and articles of association and there is no restriction against such rights under 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

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float of not less than 25% of the Company's total issued shares as required under the GEM Listing Rules.

USE OF PROCEEDS FROM THE COMPANY'S PLACING OF NEW SHARES AND CONVERTIBLE NOTES

Placing of 65,000,000 new shares on 2 July 2015

Net proceeds from the Company's placing of 65,000,000 new shares at the placing price of HK$0.62 per share, after deducting the placing commission and other related expenses, were approximately HK$39.9 million.

Intended use of proceeds

Enhance the Group's general working capital base for developing the existing business and preparing to take up investment opportunities in the future with readily available funds.

Actual use of proceeds up to 31 March 2017

The net proceeds has not been utilised as at 31 March 2017. The Group will continue the original plan to invest and develop business.

Placing of new convertible notes in an aggregate principal of HK$110 million on 30 March 2015

Net proceeds from the Company's placing of new convertible notes in an aggregate principal of HK$110 million, after deduction the placing commission and other related expenses, were approximately HK$109.2 million.

Intended use of proceeds

As to (i) HK$37.5 million to be used for settlement of the consideration of HK$37.5 million in connection with the acquisition of shares in Yenbo Gain Limited; (ii) approximately HK$2.1 million to be used for settlement of the balance of the consideration of approximately HK$2.1 million in connection with the acquisition of shares in Yenbo Gain Limited; and (iii) approximately HK$69.6 million to be used for working capital of the Group (including but not limited to the repayment of borrowings of the Group and/or future investments and/or developments of the Group).

Actual use of proceeds up to 31 March 2017

The net proceeds in the amount of (i) HK$37.5 million was used for payment of the consideration of HK$37.5 million in connection with the acquisition of shares in Yenbo Gain Limited; and (ii) approximately HK$2.1 million was used for payment of the second instalment of approximately HK$2.1 million in connection with the acquisition of shares in Yenbo Gain Limited.

An amount of HK$24,276,000 was used as consideration to acquire part of 51% equity interest of Best Sky Holdings Limited.

The Group has used approximately HK$31.6 million for operating expenses.

The remaining net proceeds of approximately HK$13.7 million has not been utilised as at 31 March 2017. The Directors intend to use the amount for working capital of the Group (including but not limited to the repayment of borrowings of the Group and/or future investments and/or developments of the Group).

At the date of this annual report, the Directors do not anticipate any change to the plan as to use of proceeds. The unused net proceeds were placed with banks in Hong Kong.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up on the basis of their merit, qualifications and competence and has been reviewed by the remuneration committee.

The emoluments of the directors of the Company are determined by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out below and in note 29 to the consolidated financial statements.

SHARE OPTIONS

Adoption of new share option scheme

The Company has adopted a new share option scheme at the annual general meeting of the Company held on 3 August 2012 (the "2012 Share Option Scheme"), which is valid and effective for a period of 10 years commencing on 3 August 2012, upon the termination of the share option scheme adopted at the annual general meeting of the Company held on 2 August 2002.

The 2012 Share Option Scheme enables the Company to grant options to selected persons to subscribe for shares in the Company as incentives or rewards for their contributions or potential contributions to the Group. The Board may, at its discretion, invite (i) any director or any employee of the Company, any of its subsidiaries or any invested entity; (ii) any holder of legal or beneficial title of any securities issued by any member of the Group or any invested entity; (iii) any business or joint venture partner, contractor, subcontractor, agent, sub-agent of the Group or any invested entity; (iv) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to any member of the Group or any invested entity; and (v) any supplier of goods or services, customer or distributor of the Group or any invested entity, to take up options to subscribe for the shares in the Company for a consideration of HK$10 per each lot of share options granted.

The option period shall not exceed 10 years from the date of grant of option. There is no minimum period for which an option must be held before it can be exercised. HK$10 is payable on acceptance of an option within 28 days from the date of grant.

The total number of shares in respect of which options may be granted under the 2012 Share Option Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the 2012 Share Option Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any twelve-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained. Options granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates in excess of 0.1% of the total number of shares in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the Directors, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

Movements of the share options granted under the 2012 Share Option Scheme are as follows:

				No. of underlying shares comprised in option					
Participants	Date of grant	Exercisable period	Exercise price per share	As at 1 April 2016	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31 March 2017
Employees and others (in aggregate)	4 February 2016	4 February 2016 – 6 January 2026	HK$0.264	–	112,000,000	–	–	–	112,000,000

DIRECTORS

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

Executive Directors

Ms. Ng Mui King, Joky
Mr. Zhang Yanqiang
Ms. Yang Wei (appointed on 14 June 2016)

Independent non-executive Directors

Mr. Chung Koon Yan
Mr. Chan Ying Cheong
Ms. Zhao Yongmei
Dr. Yang Fuyu

Change in the Composition of the Board and other Positions of Directors

Changes in the composition of the Board during the year and up to the date of this report are as follows:

Ms. Yang Wei has been appointed as an executive director ("ED") of the Company with effect from 14 June 2016.

With effect from 14 June 2016:

(a) Ms. Ng Mui King, Joky resigned as the chairman of the Nomination Committee ("NC") of the Company.

(b) Mr. Zhang Yanqiang was appointed as the chairman of the NC of the Company.

(c) Mr. Chan Ying Cheong resigned as the member of the Audit Committee ("AC") and the chairman of the Remuneration Committee ("RC") of the Company.

(d) Mr. Chung Koon Yan resigned as the member of the NC of the Company.

(e) Dr. Yang Fu Yu was appointed as the member of the AC, the RC and the NC of the Company.

(f) Ms. Zhao Yongmei was appointed as the chairman of the RC of the Company.

Biographical details of directors

Brief biographical details of directors are set out on pages 5 of this annual report.

Rotation

Pursuant to Articles 100 and 117 of the Articles of Association of the Company. Ms. Ng Mui King, Joky and Mr. Chung Koon Yan (who has served as independent non-executive director of the Company for more than 9 years) will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into an appointment letter with the Company for a term of two years and each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of one year; all appointment letters are subject to renewal with early termination clause in accordance with the removal, retirement and re-election provisions of Articles of Association of the Company.

None of the Directors (including those proposed for re-election at the forthcoming annual general meeting) has a service contract with the Company and/or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

There were no contracts or arrangements subsisting which a Director was materially interested and which was significant in relation to the business of the Group at any time during the year ended 31 March 2017.

INTERESTS OF DIRECTORS

As at 31 March 2017, the interests and short positions of the Directors or chief executive of the Company in the shares, the underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in shares and underlying shares of the Company

	Number of ordinary shares of HK$0.01 each and the underlying shares			
Name of Directors	**Personal interest**	**Corporate interest**	**Total number of shares**	**Approximate percentage of the issued share capital of the Company**
Ms. Ng Mui King, Joky	–	337,920,000 *(Note)*	337,920,000	14.26%

Note: These shares are held by Gold City Assets Holdings Ltd. of which the controlling interest is owned by Ms. Ng Mui King, Joky.

Save as disclosed above, as at 31 March 2017, none of the Directors and chief executives of the Company had any interests and short positions in the shares, the underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the year was any of the Company or its subsidiaries a party to any arrangements to enable the Directors or chief executives (including their spouses or children under 18 years of age) of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INSURANCE

The Company has taken and maintained directors' and officers' liability insurance throughout the year, providing appropriate cover for certain legal actions which may be brought against its directors and officers.

INTEREST OF SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS

As at 31 March 2017, save as disclosed below, so far is known to the Directors and chief executives of the Company, no person (other than a Director or a chief executive of the Company) has an interest or short position in the shares and underlying shares of the Company which will fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or, who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group.

Long positions in shares of the Company

Name of shareholder	Capacity	Nature of interest	Total number of shares	Approximate percentage of the issued share capital of the Company
Gold City Assets Holdings Ltd. *(Note 1)*	Beneficial owner	Corporate	337,920,000	14.26%
Fine Day Asset Holdings Inc. *(Note 1)*	Interest of a controlled corporation	Corporate	337,920,000	14.26%
Mr. Huang Shih Tsai *(Note 2)*	Beneficial owner	Personal	155,000,000	6.54%

Notes:

1. *Pursuant to the SFO, Fine Day Asset Holdings Inc. is deemed interested in this shareholding interest through Gold City Assets Holdings Ltd., which is a company owned by Ms. Ng Mui King, Joky and Fine Day Asset Holdings Inc.. Ms. Ng Mui King, Joky is an executive Director of the Company and also a director of Gold City Assets Holdings Ltd..*

2. *Mr. Huang Shih Tsai ("Mr. Huang") has a total interest in 155,000,000 shares, which were allotted to Mr. Huang on 15 August 2011 as partial consideration for the acquisition of 100% equity interest in a company wholly-owned by Mr. Huang.*

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year up to the date of this report, none of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Company or, any other conflicts of interest with the Company.

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.

MAJOR CUSTOMERS AND SUPPLIERS

The Group has customers who accounted for 100% of the Group's total turnover for the year and sales to the Group's largest customer amounted to approximately 73.7% of the Group's total turnover for the year.

The Group has suppliers who accounted for 100% of the Group's total purchases for the year and purchases from the Group's largest supplier amounted to approximately 77.9% of the Group's total purchases for the year.

At any time during the year, none of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in any of the Group's major customers or suppliers.

SUBSEQUENT EVENTS

Details of significant events after the year are set out in note 37 to the consolidated financial statements.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 March 2017 were audited by HLB Hodgson Impey Cheng Limited.

The term of office of HLB Hodgson Impey Cheng Limited will expire at the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ng Mui King, Joky
Chairman

Hong Kong, 28 June 2017

国衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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The Landmark
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Hong Kong

INDEPENDENT AUDITORS' REPORT

To the shareholders of
Great World Company Holdings Ltd
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Great World Company Holdings Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 100, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Valuation of investment property

Refer to Note 14 to the consolidated financial statements and the accounting policies on page 53.

The Key Audit Matter	How our audit addressed the key audit matter
As at 31 March 2017, the Group has investment property with a carrying amount of approximately HK$57,534,000. There is no change on fair value of the investment property during the current year. The investment property is stated at fair value, determined based on the valuation performed by independent professional external valuer using the market comparison approach. The valuation of investment property requires the application of significant judgement and estimation in determining the appropriate valuation methodology to be used, use of subjective assumptions and various unobservable inputs that require significant management judgement.	Our procedures in relation to the management's valuation of investment property included: • Evaluating the competency, capability and objectivity of the independent professional external valuer; • Assessing the appropriateness of valuation methodology, key assumptions and estimates used based on our knowledge of the property industry; and • Checking, on a sampling basis, the accuracy and relevance of the input data used. We found the key assumptions were supported by the available evidence.

Carrying values of properties held for sale

Refer to Note 18 to the consolidated financial statements and the accounting policies on page 54.

The Key Audit Matter	How our audit addressed the key audit matter
As at 31 March 2017, the Group has properties held for sale located in the PRC with carrying amounts of HK$86,279,000. The properties are stated at the lower of cost and net realisable value on an individual property basis. Net realisable value is estimated at the actual or estimated selling price less estimated costs to be incurred and the estimated costs necessary to make the sales. The determination of net realisable value with reference to the valuation performed by the external valuer require management judgement.	Our procedures in relation to the management's valuation of properties held for sale included: • Evaluating the competency, capability and objectivity of the independent professional external valuer; • Assessing the appropriateness of valuation methodology, key assumptions and estimates used based on our knowledge of the property industry; • Assessing the reasonableness of the costs of purchase, costs of conversion and costs incurred for the properties held for sale; and • Checking, on a sampling basis, the accuracy and relevance of the input data used. We found the carrying value of properties held for sale were supported by the available evidence.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of goodwill

Refer to Note 15 to the consolidated financial statements and the accounting policies on page 54.

The Key Audit Matter	How our audit addressed the key audit matter
As at 31 March 2017, the Group has goodwill of approximately HK$44,794,000 relating to the forestry business and landscaping and earth-rock engineering business. Management performed impairment assessment of forestry business and landscaping and earth-rock engineering business and concluded that impairment loss on goodwill allocated to landscaping and earth-rock engineering business of approximately HK$5,202,000 was recognised. This conclusion was based on value in use model that required significant management judgement with respect to the discount rate and the underlying cashflows, in particular future revenue growth and capital expenditure. Independent external valuation were obtained in order to support management's estimates.	Our procedures in relation to the management's impairment assessment of goodwill included: • Evaluating the competency, capability and objectivity of the independent professional external valuer; • Assessing the appropriateness of valuation methodology, key assumptions and estimates used based on our knowledge of the relevant industry; • Challenging the reasonableness of key assumptions used based on our knowledge of the business and industry; and • Checking, on a sampling basis, the accuracy and relevance of the input data used. We found the key assumptions made by the management in relation to the value in use calculation were supported by the available evidence.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. ("Other Information").

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Yu Chi Fat.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 28 June 2017

Consolidated Statement of Profit or Loss

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Turnover	5(a)	**55,122**	18,212
Cost of sales		**(50,000)**	(10,561)
Gross profit		**5,122**	7,651
Other revenue	5(b)	**81**	340
Gain on disposal of a subsidiary	31(a)	**–**	2,573
Fair value change on investment property	14	**–**	(5,956)
Impairment loss on goodwill		**(5,202)**	–
Selling and distribution costs		**(54)**	(411)
Administrative and other operating expenses		**(15,114)**	(20,776)
Finance costs	7	**(3,939)**	(10,287)
Loss from operations		**(19,106)**	(26,866)
Share of loss of associates		**–**	(3)
Loss before tax	8	**(19,106)**	(26,869)
Income tax credit	9	**627**	2,938
Loss for the year		**(18,479)**	(23,931)
Loss for the year attributable to:			
Owners of the Company		**(17,822)**	(24,766)
Non-controlling interests		**(657)**	835
		(18,479)	(23,931)
Basic and diluted loss per share	12	**(0.77) HK cents**	(1.51) HK cents

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	2017 *HK$'000*	2016 *HK$'000*
Loss for the year	**(18,479)**	(23,931)
Other comprehensive (loss)/income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(8,773)**	(5,706)
Reclassification adjustments relating to foreign operations disposed of during the year	**–**	(1,118)
Reclassification adjustments relating to associates disposed of during the year	**–**	338
Exchange differences arising on translation of associates	**–**	(21)
Other comprehensive loss for the year, net of income tax	**(8,773)**	(6,507)
Total comprehensive loss for the year	**(27,252)**	(30,438)
Total comprehensive loss attributable to:		
Owners of the Company	**(25,786)**	(30,854)
Non-controlling interests	**(1,466)**	416
	(27,252)	(30,438)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	13	**2,083**	2,596
Investment property	14	**57,534**	61,383
Goodwill	15	**44,794**	49,996
Prepayment	19	**6,309**	7,122
		110,720	121,097
Current assets			
Properties held for sale	18	**86,279**	92,014
Trade and other receivables	19	**75,447**	73,218
Cash and bank deposits	20	**62,731**	70,718
		224,457	235,950
Current liabilities			
Trade and other payables	21	**(17,982)**	(5,950)
Amounts due to directors	22	**(6,576)**	(9,303)
Amounts due to related companies	22	**(53,615)**	(59,565)
Income tax payable		**(81)**	–
		(78,254)	(74,818)
Net current assets		**146,203**	161,132
Non-current liabilities			
Amounts due to shareholders	22	**(69,414)**	(35,696)
Convertible notes	23	**(25,606)**	(74,432)
Deferred tax liabilities	24	**(20,190)**	(25,076)
		(115,210)	(135,204)
Net assets		**141,713**	147,025
Capital and reserves			
Share capital	25	**23,689**	19,039
Reserves		**107,110**	115,606
Total equity attributable to owners of the Company		**130,799**	134,645
Non-controlling interests		**10,914**	12,380
		141,713	147,025

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 June 2017 and are signed on its behalf by:

Ng Mui King, Joky
Director

Zhang Yanqiang
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to owners of the Company									
	Share capital HK'000	Share premium HK'000	Convertible notes equity reserve HK'000	Share options reserve HK'000	Translation reserve HK'000	Other reserve HK'000	Accumulated losses HK'000	Total HK'000	Non-controlling interests HK'000	Total HK'000
At 1 April 2015	135,313	131,018	51,552	–	2,750	314	(246,154)	74,793	–	74,793
Total comprehensive (loss)/income for the year, net of tax	–	–	–	–	(6,088)	–	(24,766)	(30,854)	416	(30,438)
Shares reduction	(142,104)	–	–	–	–	–	142,104	–	–	–
Issue of consideration shares in relation to acquisition of a subsidiary	2,080	13,525	–	–	–	–	–	15,605	–	15,605
Placement of shares	6,500	33,800	–	–	–	–	–	40,300	–	40,300
Share issuing expenses	–	(304)	–	–	–	–	–	(304)	–	(304)
Recognition of equity-settled share based payments	–	–	–	11,513	–	–	–	11,513	–	11,513
Release of other reserve upon disposal of a subsidiary	–	–	–	–	–	(314)	314	–	–	–
Conversion of convertible notes	17,250	22,750	(16,408)	–	–	–	–	23,592	–	23,592
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	11,964	11,964
At 31 March 2016 and 1 April 2016	**19,039**	**200,789**	**35,144**	**11,513**	**(3,338)**	**–**	**(128,502)**	**134,645**	**12,380**	**147,025**
Total comprehensive loss for the year, net of tax	**–**	**–**	**–**	**–**	**(7,964)**	**–**	**(17,822)**	**(25,786)**	**(1,466)**	**(27,252)**
Released upon expiry of convertible note	**–**	**–**	**(6,430)**	**–**	**–**	**–**	**6,430**	**–**	**–**	**–**
Conversion of convertible notes	**4,650**	**32,550**	**(15,260)**	**–**	**–**	**–**	**–**	**21,940**	**–**	**21,940**
At 31 March 2017	**23,689**	**233,339**	**13,454**	**11,513**	**(11,302)**	**–**	**(139,894)**	**130,799**	**10,914**	**141,713**

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Loss before tax		**(19,106)**	(26,869)
Adjustments for:			
Bank interest income	5(b)	**(7)**	(3)
Finance costs	7	**3,939**	10,287
Depreciation on property, plant and equipment	8,13	**374**	461
Impairment loss on goodwill	8,15	**5,202**	–
Share of loss of associates		**–**	3
Loss on disposal of property, plant and equipment	8	**–**	15
Fair value change on investment property	14	**–**	5,956
Shares-based payment expenses		**812**	3,580
Operating cash flows before movements in working capital		**(8,786)**	(6,570)
Payments for construction cost of properties held for sale		**(35)**	(83)
Decrease in trade and other receivables		**3,823**	8,059
Increase/(decrease) in trade and other payables		**12,412**	(11,047)
Cash generated from/(used in) operations		**7,414**	(9,641)
Tax paid		**(5)**	(52)
Net cash generated from/(used in) operating activities		**7,409**	(9,693)
Cash flows from investing activities			
Interest received on bank deposits		**7**	3
Payment of deposit for acquisition of a subsidiary		**(10,000)**	–
Purchases of property, plant and equipment	13	**(6)**	(2,660)
Net cash outflow arising from acquisition of subsidiaries	31(b)	**–**	(23,146)
Proceeds from disposal of a subsidiary	31(a)	**–**	116
Net cash used in investing activities		**(9,999)**	(25,687)
Cash flows from financing activities			
(Decrease)/increase in amounts due to directors		**(2,727)**	1,197
Decrease in amounts due to related companies		**(2,264)**	(4,156)
(Decrease)/increase in amounts due to shareholders		**(122)**	2,182
Proceeds from placing of shares	25	**–**	40,300
Share issuing expenses		**–**	(304)
Net cash (used in)/generated from financing activities		**(5,113)**	39,219

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Net (decrease)/increase in cash and cash equivalents		**(7,703)**	3,839
Cash and cash equivalents at beginning of the year		**70,718**	69,377
Effect of foreign exchange rate changes		**(284)**	(2,498)
Cash and cash equivalents at end of the year	20	**62,731**	70,718
Analysis of cash and cash equivalents			
Cash and bank deposits	20	**62,731**	70,718

As at 31 March 2017, the Group had cash and bank deposits denominated in Renminbi of approximately HK$7,736,000 (2016: HK$2,679,000). The remittance of these funds out of the People's Republic of China (the "PRC") is subject to the exchange control restrictions imposed by the PRC government.

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

1. GENERAL INFORMATION

Great World Company Holdings Ltd (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" on page 2 of this annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding, and the principal activities of its subsidiaries are set out in note 35.

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

In the current year, the Group has applied, for the first time, a number of all the new and revised standards, amendments and interpretations (the "New HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the above New HKFRSs had no material effect on the results and financial positions of the Group and on the disclosures set out in these consolidated financial statements for the current or prior accounting period.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 15	Clarification of HKFRS 15 Revenue from Contracts with Customers[2]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrecognised Losses[1]
Amendments to HKAS 40	Transfer of Investment Properties[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[5]
HK (IFRIC) – Int 22	Foreign Currency Translations and Advance Consideration[2]

[1] Effective for annual periods beginning on or after 1 January 2017, with early application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[4] Effective for annual periods beginning on or after a date to be determined.
[5] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting, impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 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 value at the end of subsequent accounting 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.

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

HKFRS 9 Financial Instruments (continued)

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

The directors of the Company (the "Directors") anticipate that the application of HKFRS 9 in the future may have an impact on the amounts reported and disclosures made in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

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

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

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

HKFRS 15 Revenue from Contracts with Customers (continued)

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

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

The Directors anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected/and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Directors perform a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 Leases

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

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

The Directors do not anticipate that the applications of these will have a material effect on the Group's consolidated financial statements.

The Group is in the process of assessing the potential impact of the other new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs will have a significant impact on the Group's results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA, accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the disclosure requirements under the Companies Ordinance (chapter 622 of the Laws of Hong Kong) ("CO").

(b) Basis of preparation

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

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

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between 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 statement 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 12, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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 where 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 related 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 at previous shareholders' meetings.

Consolidation of 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 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 interest. 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.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in the Group's ownership interests in existing subsidiaries

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

(e) 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 the 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 acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if any) over 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Business combinations (continued)

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 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 fair value or, when applicable, on the basis specified in another HKFRS.

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

(f) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from acquisition is allocated to each of the relevant cash-generating units ("CGU") or group of CGUs that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of the reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of 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 the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. 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 joint ventures. 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 of assets and liabilities of associates is incorporated in these consolidated financial statements using the equity method of accounting except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjustment thereafter to recognised the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

The Group discontinues the use of equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate 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 the profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to accumulated losses (as a reclassification adjustment) when the equity method is discontinued.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Interests in associates (continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests. When the Group reduces its ownership interests in associates but the Group continues to use the equity method, the Group reclassifies to the profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to the profit or loss on the disposal of the related assets or liabilities.

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

(h) Intangible asset

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as 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.

Mining rights

Mining rights are carried at cost less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to write off the cost over the term of mining exploitation permit.

(i) Revenue recognition

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

- Processing income is recognised when mine processing services are rendered and completed.
- Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the purchasers. Deposits and installments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.
- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- Rental income are rentals invoiced from properties and recognised over periods of the respective leases on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Revenue recognition (continued)

Revenue generated from sale of well-grown plants in forestry business is recognised when the goods are delivered to end-customers.

Revenue generated from landscaping and earth-rock engineering services works is recognised when the services are rendered and completed.

(j) 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

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

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line 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 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.

(k) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised in the respectively functional currency on the rates of exchange prevailing at 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 at the date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustments to interest costs on those foreign currency borrowings;

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign currencies (continued)

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

Goodwill and fair value adjustments on identifiable assets acquired arising on the 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 equity under the heading of translation reserve.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(m) Retirement benefit costs

Payment to defined contribution retirement benefit scheme and/or state-sponsored pension schemes operated by the PRC government or under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as expense when employees have rendered services entitling them to the contribution.

(n) Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss 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 or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Taxation (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences 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 of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

For the purposes of meaning deferred tax liabilities and deferred tax assets for investment property that are measured using the fair value model, the carrying amount of such property is 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 property is measured in accordance with the above general principles set out in HKAS 12 Deferred Tax: Recovery of Underlying Assets (i.e. based on the expected manner as to how property will be recovered).

Current and deferred tax for the year

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated in consolidated statement of financial position at cost less accumulated depreciation and any impairment loss, except that when an item of property, plant and equipment is classified as held for sale, it is not depreciated and is measured at the lower of carrying amount and fair value less costs of disposal. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal rates used for this purpose are as follows:

Buildings	Over the unexpired lease terms of land on which the building is erected
Leasehold improvements	10% to 25% or shorter of the lease
Furniture, fixtures and equipment	5% to 25%
Motor vehicles	10% to 25%

Construction in progress includes property, plant and equipment in the course of construction for production or for own use purposes. Construction in progress is carried at cost less recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for intended use.

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

(p) Investment property

Investment property is a property held to earn rentals and/or for capital appreciation. Investment property is initially measured at cost, including any directly attributable expenditure, except for the properties transferred from property, plant and equipment, which are measured at fair value at date of transfer. Subsequent to initial recognition, investment property is measured at its fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property is included in the consolidated statement of profit or loss of the period in which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Investment property (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss of the period in which the item is derecognised.

(q) Properties held for sale

Properties held for sale are classified as current assets. They are stated at the lower of cost and net realisable value.

The cost of properties held for sale is determined by apportionment of the total development costs which comprise all costs of purchase, costs of conversion and costs incurred in bringing the inventories to their present location attributable to unsold units.

Net realisable value is estimated by the management, based on prevailing market conditions, which represents the estimated selling price less estimated costs to be incurred in selling the property.

(r) Impairment of tangible and intangible assets other than goodwill

At the end of each 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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU 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 the asset may be impaired.

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(t) Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a 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 paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets 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 financial assets have been affected.

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

The carrying amount of financial asset is generally reduced by the impairment loss directly against the 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 losses 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Financial liabilities 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 an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to directors, amounts due to related companies, amounts due to shareholders and convertible notes are subsequently measured at amortised cost, using the effective interest method.

Convertible notes

Convertible notes issued by the Group that contain both financial liability and equity components is classified separately into respective liability and equity components on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument. 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 owned equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible note and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to accumulated losses. No gain or loss is recognised in profit or loss upon conversation or expiration of the option.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial instruments (continued)

Financial liabilities and equity (continued)

Convertible notes (continued)

Transaction costs that relate the issue of the convertible note 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 note 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 receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(u) 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 the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of the subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Employee benefits

Bonuses

The Group recognises a liability for bonuses when there is a contractual obligation and the amount can be estimated reliably.

Retirement benefit obligations

Payments to Mandatory Provident Fund Scheme (the "MPF Scheme"), government-managed retirement benefits schemes and state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$30,000 currently. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

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

Share-based payment expense

For share options granted to employees, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity under the heading of "share options reserve".

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to the consolidated profit or loss.

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

Share-based payment expenses granted to consultants

Share-based payment transactions with parties other than employees are measured at the fair value of services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the counterparty renders the service. The fair values of services received are recognised as expenses, unless services qualify for recognition as assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties

A party is considered to be related to the Group if:

(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.

Or

(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 (a).

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

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

(x) Segment reporting

Operating segments information are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's executive officer who makes strategic decisions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Segment reporting (continued)

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

(y) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 when 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.

(a) Critical judgements in applying accounting policies

The followings are the critical judgments, apart from those involving estimations, that the Directors have 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.

(i) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(ii) Impairment of intangible asset

Determining whether intangible asset is impaired requires an estimation of the value in use of the CGUs to which intangible asset has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(continued)

(b) Key sources of estimation uncertainty

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

(i) Trade receivables

The aging debt profile of trade receivables is reviewed on a regular basis to ensure that the receivables are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded or the repayment date is due. However, from time to time, the Group may experience delays in collection. Where recoverability of receivables are called into doubts, specific provisions of trade receivables are made based on credit status of the customers, the aging analysis of the trade receivables balances and written-off history, and specific provisions of loan receivables are made based on credit status of the debtor, its historical record and its financial background. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent written-off of the related receivables to the consolidated profit or loss. Changes in the collectability of receivables for which provisions are not made could affect our results of operations.

(ii) Provision for properties held for sale

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. Particulars of the properties held for sale of the Group are set out in note 18 to the consolidated financial statements.

(iii) Useful lives property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated lives.

(iv) Fair value of share options

The fair value of share options granted is measured using Trinomial Model. It is based on various assumptions on volatility, option life, dividend yield and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options at the date of grant.

(v) Income tax

Determining income tax provision requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly.

In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

5. REVENUE

(a) Turnover

	2017	2016
	HK$'000	*HK$'000*
Mine processing income	–	1,464
Operating lease rental income	362	253
Sale of forestry products	42,941	4,803
Services income	11,819	11,692
	55,122	18,212

(b) Other revenue

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	7	3
Other income	74	337
	81	340

6. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior management for the purpose of resource allocation and performance assessment, the Group has presented the following three reportable segments.

The Group's operations and reportable segments under HKFRS 8 are as follows:

Property business	Property investment and development, operating and managing residential and commercial properties
Forestry business	Research and growing of forestry products for clean energy sector
Landscaping and earth-rock engineering business	Constructing landscaping projects and earth-rock engineering, maintenance engineering business and planting and selling forest trees and flowers

Management monitors the results of the Group's operating segments separately, for the purpose of making decisions about resource allocation and assessment of the Group's performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that unallocated finance costs, gain on disposal of a subsidiary, selling and distribution costs, share of loss of associates and unallocated expenses are excluded from such measurement.

All assets are allocated to reportable segments other than goodwill and unallocated corporate assets.

All liabilities are allocated to reportable segments other than convertible notes, deferred tax liabilities, and unallocated corporate liabilities.

6. SEGMENT INFORMATION (continued)

These segments are managed separately as they belong to different industries and require different operating systems and strategies. There were no sales or other transactions between those reportable segments. Information regarding the Group's reportable segments is presented below:

(a) Segment revenue, profit or loss, assets, liabilities and other selected financial information

2017

	Property business *HK$'000*	Forestry business *HK$'000*	Landscaping and earth-rock engineering business *HK$'000*	Total *HK$'000*
Revenue from external customers	362	42,941	11,819	55,122
Bank interest income	–	4	–	4
Depreciation	(6)	(60)	(262)	(328)
Total loss of reportable segments	(323)	(89)	(1,033)	(1,445)
Income tax (expense)/credit	–	(81)	110	29
Total assets of reportable segments	144,243	68,455	6,068	218,766
Additions to non-current assets	6	–	–	6
Total liabilities of reportable segments	(76,101)	(4,039)	(4,487)	(84,627)

2016

	Iron mine business *HK$'000*	Property business *HK$'000*	Forestry business *HK$'000*	Landscaping and earth-rock engineering business *HK$'000*	Total *HK$'000*
Revenue from external customers	1,464	253	4,803	11,692	18,212
Bank interest income	–	1	2	–	3
Depreciation	(45)	(6)	(64)	(187)	(302)
Fair value change on investment property	–	(5,956)	–	–	(5,956)
Total (loss)/profit of reportable segments	(63)	(6,359)	(26)	1,909	(4,539)
Income tax credit/(expense)	–	1,445	–	(130)	1,315
Total assets of reportable segments	499	153,673	61,816	4,069	220,057
Additions to non-current assets	–	–	285	2,315	2,600
Total liabilities of reportable segments	(7,461)	(80,638)	(566)	(1,412)	(90,077)

6. SEGMENT INFORMATION (continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2017 HK$'000	2016 HK$'000
Revenue		
Total revenue for reportable segments	**55,122**	18,212
Consolidated turnover	**55,122**	18,212
Profit or loss		
Total loss for reportable segments	**(1,445)**	(4,539)
Unallocated corporate income	**77**	340
Unallocated corporate expenses	**(17,738)**	(22,667)
Share of loss of associates	**–**	(3)
Consolidated loss before tax	**(19,106)**	(26,869)
Assets		
Total assets for reportable segments	**218,766**	220,057
Unallocated corporate assets	**116,411**	136,990
Consolidated total assets	**335,177**	357,047
Liabilities		
Total liabilities for reportable segments	**(84,627)**	(90,077)
Unallocated corporate liabilities	**(108,837)**	(119,945)
Consolidated total liabilities	**(193,464)**	(210,022)

6. SEGMENT INFORMATION (continued)

(c) Geographical Information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, investment property ("specified non-current assets"). The geographical location of customer is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on (i) the physical location of the assets, in the case of property, plant and equipment and investment property; and (ii) the location of the operation to which they are allocated.

	Revenue from external customers		Specified non-current assets	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**43,303**	6,520	**57,641**	61,560
Hong Kong	**–**	–	**125**	171
Republic of Angola	**11,819**	11,692	**1,851**	2,248
	55,122	18,212	**59,617**	63,979

(d) Information about major customers

Revenue from major customers in the current year contributing 95% (2016: 91%) of the turnover of the Group from forestry business and landscaping and earth-rock engineering business are as follows:

	2017	2016
	HK$'000	*HK$'000*
Forestry business		
Customer A	**40,613**	4,803
Landscaping and earth-rock engineering business:		
Customer B	**11,819**	11,692

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Imputed interests on convertible notes (note 23)	**3,939**	10,287

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Staff costs (Including directors' remuneration) *(note 10)*		
– salaries and other benefits	**6,060**	5,921
– contributions to defined contribution schemes	**53**	47
– share-based payment expenses	**–**	3,454
	6,113	9,422
Auditors' remuneration		
– audit services	**440**	459
– other services	**128**	–
Depreciation of property, plant and equipment (*note 13)*	**374**	461
Share-based payment expenses in respect of consultancy services	**812**	126
Operating lease charges in respect of land and building	**1,241**	2,116
Loss in disposal of property, plant and equipment	**–**	15
Decrease in fair value of investment property *(note 14)*	**–**	5,956
Impairment loss on goodwill *(note 15)*	**5,202**	–

9. INCOME TAX CREDIT

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**81**	–
PRC Enterprise Income Tax	**–**	175
Overprovision of PRC Enterprise Income Tax in previous year	**(110)**	–
Deferred taxation *(note 24)*	**(598)**	(3,113)
Income tax credit for the year	**(627)**	(2,938)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the year ended 31 March 2017.

No provision for Hong Kong Profits Tax made in the consolidated financial statements for the year ended 31 March 2016 as the Group had no assessable profit subject to Hong Kong Profits Tax.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

9. INCOME TAX CREDIT (continued)

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

	2017 HK$'000	2016 HK$'000
Loss before tax	(19,106)	(26,869)
Notional tax on loss before tax calculated at the tax rates applicable to jurisdictions concerned	(3,286)	(6,130)
Tax effect of income not taxable for tax purpose	(10)	–
Tax effect of expense not deductible for tax purpose	1,030	63
Tax effect of tax losses not recognised	1,151	1,639
Tax effect of temporary differences	598	1,490
Over-provision of PRC Enterprise Income Tax in previous year	(110)	–
Income tax credit for the year	(627)	(2,938)

10. EMPLOYEE BENEFIT EXPENSES

	2017 HK$'000	2016 HK$'000
Directors' remuneration:		
– fees	1,511	1,162
– salaries and other allowances	116	134
– retirement benefits scheme contributions	13	14
	1,640	1,310
Others employees (excluding directors):		
– salaries and other allowances	4,433	4,625
– retirement benefits scheme contributions	40	33
– share-based payment expenses	–	3,454
	4,473	8,112

10. EMPLOYEE BENEFIT EXPENSES (continued)

(a) Directors' emoluments

The Company's board of directors is currently composed of three (2016: two) executive directors and four (2016: four) independent non-executive directors.

2017

	Fees *HK$'000*	Salaries and other allowances *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:				
Ms. Ng Mui King, Joky	240	20	13	273
Mr. Zhang Yanqiang	600	96	–	696
Ms. Yang Wei[4]	191	–	–	191
Independent non-executive directors:				
Mr. Chung Koon Yan	120	–	–	120
Mr. Chan Ying Cheong	120	–	–	120
Ms. Zhao Yongmei	120	–	–	120
Dr. Yang Fuyu[1]	120	–	–	120
	1,511	116	13	1,640

2016

	Fees *HK$'000*	Salaries and other allowances *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:				
Ms. Ng Mui King, Joky	240	–	12	252
Mr. Tong Wang Shun[2]	20	70	–	90
Ms. Zeng Jieping[3]	6	64	2	72
Mr. Zhang Yanqiang	510	–	–	510
Independent non-executive directors:				
Mr. Chung Koon Yan	120	–	–	120
Mr. Chan Ying Cheong	120	–	–	120
Ms. Zhao Yongmei	120	–	–	120
Dr. Yang Fuyu[1]	26	–	–	26
	1,162	134	14	1,310

Notes:

1 Dr. Yang Fuyu was appointed as an independent non-executive director on 12 January 2016.

2 Mr. Tong Wang Shun resigned on 30 April 2015.

3 Ms. Zeng Jieping resigned on 9 April 2015.

4 Ms. Yang Wei was appointed as an executive director on 14 June 2016.

During the years ended 31 March 2017 and 2016, no emoluments or incentive payments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments in both years.

During the years ended 31 March 2017 and 2016, no discretionary bonus were paid to the directors of the Company and its subsidiaries.

10. EMPLOYEE BENEFIT EXPENSES (continued)

(b) Five highest paid individuals

Of the 5 individuals with the highest emoluments in the Group, 3 (2016: 2) are directors of the Company whose emoluments are set out above. The emoluments of the remaining 2 (2016: 3) highest paid individuals who are non-directors are as follows:

	2017	2016
	HK$'000	*HK$'000*
Salaries and other benefits	**1,061**	1,197
Retirement benefit scheme contributions	**25**	31
	1,086	1,228

The number of non-director highest paid individuals whose remuneration within the following band is as follows:

	Number of individuals	
	2017	2016
Within HK$1,000,000	**2**	3

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil).

(c) At the end of the reporting period, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the future years.

11. DIVIDEND

No dividend has been paid nor proposed for the year (2016: Nil).

12. BASIC AND DILUTED LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares.

The calculation of the basic and diluted loss per share attributable to owners of the Company is as below:

	2017	2016
	HK$'000	*HK$'000*
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(17,822)**	(24,766)

12. BASIC AND DILUTED LOSS PER SHARE (continued)

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,326,196**	1,630,325

Diluted loss per share for loss attributable to the owners of the Company for the years ended 31 March 2017 and 2016 were the same as basic loss per share because the impact of the exercise of share options and convertible bonds are anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	**Leasehold improvements**	**Furniture, fixtures and equipment**	**Motor vehicles**	**Construction in progress**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:						
At 1 April 2015	380	457	3,400	1,439	1,075	6,751
Additions	–	60	2,479	121	–	2,660
Acquired on acquisition of subsidiaries *(note 31(b))*	–	–	52	185	–	237
Eliminated on disposals *(note 31(a))*	(380)	–	(3,200)	(1,438)	(1,075)	(6,093)
Disposal	–	(458)	(155)	–	–	(613)
Exchange adjustments	–	–	(32)	(8)	–	(40)
At 31 March 2016 and 1 April 2016	–	59	2,544	299	–	2,902
Additions	–	–	6	–	–	6
Exchange adjustments	–	–	(150)	(18)	–	(168)
At 31 March 2017	–	59	2,400	281	–	2,740
Accumulated depreciation and impairment loss:						
At 1 April 2015	380	343	3,348	1,314	1,075	6,460
Depreciation provided for the year	–	126	236	99	–	461
Disposal	–	(458)	(140)	–	–	(598)
Eliminated on disposals *(note 31(a))*	(380)	–	(3,200)	(1,359)	(1,075)	(6,014)
Exchange adjustments	–	–	(2)	(1)	–	(3)
At 31 March 2016 and 1 April 2016	–	11	242	53	–	306
Depreciation provided for the year	–	15	302	57	–	374
Exchange adjustments	–	–	(19)	(4)	–	(23)
At 31 March 2017	–	26	525	106	–	657
Carrying amount:						
At 31 March 2017	**–**	**33**	**1,875**	**175**	**–**	**2,083**
At 31 March 2016	–	48	2,302	246	–	2,596

14. INVESTMENT PROPERTY

	HK$'000
Fair value	
At 1 April 2015	70,027
Net decrease in fair value recognised in the consolidated statement of profit or loss	(5,956)
Exchange adjustments	(2,688)
At 31 March 2016 and 1 April 2016	61,383
Exchange adjustments	(3,849)
At 31 March 2017	**57,534**

No fair value change on the investment property was recognised in profit or loss for the year ended 31 March 2017 (2016: decrease of fair value of approximately HK$5,956,000). The direct operating expense from the investment property is approximately HK$28,000 (2016: HK$29,000) and the rental income generated from the investment property is approximately of HK$362,000 (2016: approximately of HK$253,000).

The fair values of the Group's investment property at 31 March 2017 have been arrived at on the basis of a valuation on that date carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The directors of Asset Appraisal Limited are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The fair value of investment property located in the PRC is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square metre basis to the quality of the Group's buildings compared to the recent sales.

Fair value adjustment of investment property is recognised in the line item "fair value change on investment property" on the face of the consolidated statement of profit or loss.

At 31 March 2017 and 2016, no investment property has been pledged to obtain banking facilities for the Group. The minimum lease payments have been paid in full at the inception of the lease.

The carrying amounts of investment property shown above comprise:

	2017	2016
	HK$'000	*HK$'000*
Investment property in the PRC, held under medium-term lease	**57,534**	61,383

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

14. INVESTMENT PROPERTY (continued)

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

- Level 1 valuations: fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3 valuations: fair value measured using significant unobservable inputs.

	Level 1	Level 2	Level 3	Total
At 31 March 2017				
Investment property:				
– Located in the PRC	**–**	**57,534**	**–**	**57,534**
At 31 March 2016				
Investment property:				
– Located in the PRC	–	61,383	–	61,383

During the years ended 31 March 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

At each financial year end, the management of the Group will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) holds discussion with the independent valuer.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

15. GOODWILL

	2017 HK$'000	2016 HK$'000
Cost:		
At 1 April	**49,996**	11,362
Acquisition of subsidiary *(note 31(b))*	**–**	49,996
Disposal of a subsidiary *(note 31(a))*	**–**	(11,362)
At 31 March	**49,996**	49,996
Accumulated impairment:		
At 1 April	**–**	11,362
Elimination on disposal of a subsidiary *(note 31(a))*	**–**	(11,362)
Impairment loss	**5,202**	–
At 31 March	**5,202**	–
Carrying amounts:		
At 31 March	**44,794**	49,996

	2017 HK$'000	2016 HK$'000
Forestry business	**9,257**	9,257
Landscaping and earth-rock engineering	**35,537**	40,739
	44,794	49,996

Goodwill acquired has been allocated for impairment testing purposes to the following cash generating units ("CGU"):

– Yenbo Gain Group (Forestry business segment)
– Best Sky Group (Landscaping and earth-rock engineering business segment)

The Group test goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Yenbo Gain Group

The recoverable amount of Yenbo Gain Group CGU is determined based on the value-in-use calculation under the income approach, which includes the discounted cash flows sourced from the financial budgets approved by the management covering a 5-year period, and the post-tax discount rate of approximately 26.38% (2016: 22.80%) that reflects current market assessment of the time value of money and the risks specific to the Yenbo Gain Group CGU.

Cash flow projections during the budget period are based on the expected revenue from existing and potential customers throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 3% (2016: 3%) per annum growth rate. The growth rate does not exceed the long term average growth rate for the market.

The recoverable amount of the Yenbo Gain Group CGU has been referenced to the valuation report prepared by an independent professional valuer.

As the recoverable amount was calculated to be exceed the carrying amount of CGU to which goodwill is allocated, no impairment loss was recognised.

The Directors believe that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the Yenbo Gain Group CGU to exceed its recoverable amount.

15. GOODWILL (continued)

Best Sky Group

The recoverable amount of Best Sky Group CGU is determined based on the value-in-use calculation under the income approach, which includes the discounted cash flows sourced from the financial budgets approved by the management covering a 5-year period, and the post-tax discount rate of approximately 26.63% (2016: 26.12%) that reflects current market assessment of the time value of money and the risks specific to Best Sky Group CGU. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Cash flow projections during the budget period are based on the expected revenue from existing and potential customers throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 3% (2016: 3%) per annum growth rate. The growth rate does not exceed the long term average growth rate for the market.

As the landscaping project in Angola has been deferred and so as the related income trends due to the uncertainties of i) political instability since President Jose Eduardo Dos Santos has announced his stepping-down before August 2017and; ii) fluctuation of the crude oil leading to the economic instability and increasing pressure on foreign direct investment. Therefore, the recoverable amount was calculated to be less than the carrying amount of CGU to which goodwill is allocated, impairment loss of HK$5,202,000 was recognised. As the CGU has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

The recoverable amount of the Best Sky Group CGU has been referenced to the valuation report prepared by an independent professional valuer.

16. OTHER INTANGIBLE ASSET

	Mining right 2016 *HK$'000*
Cost:	
At 1 April	1,266
Disposal *(note 31(a))*	(1,266)
At 31 March	–
Accumulated amortisation and impairment:	
At 1 April	1,266
Disposal *(note 31(a))*	(1,266)
At 31 March	–
Carrying amounts:	
At 31 March	–

The cost of mining right represents amounts paid for the purpose of obtaining a PRC mining exploitation permit (the "Permit"), which was granted for a term of 10 years from 25 October 2007 to 25 October 2017. Amortisation is provided for using the straight-line method to write off the cost over the term of the Permit.

17. INTERESTS IN ASSOCIATES

Details of the Group's interests in associates are as follows:

	2016
	HK$'000
At 1 April	29,326
Share of post-acquisition loss and other comprehensive loss, net of dividends received	(24)
	29,302
Step acquisition of Yenbo Gain as a subsidiary *(note 31(b))*	(29,302)
At 31 March	–

The Group owned 36.36% equity interest in Yenbo Gain Limited and its subsidiaries ("Yenbo Gain Group") which were accounted for as associates of the Group using the equity method until Yenbo Gain Group became subsidiaries of the Group on 8 April 2015 when the Group's acquisition of a further 45.46% of the issued share capital of Yenbo Gain Limited was completed during the year ended 31 March 2016.

Name of associate	Place of incorporation/ operation	Form of legal entity	Class of shares held	Proportion of ownership interest held by the Group	Proportion of voting rights held by the Group	Principal activities
Yenbo Gain Limited	British Virgin Islands	Limited liability company	Ordinary	36.36%	36.36%	Investment holding

18. PROPERTIES HELD FOR SALE

	HK$'000
At 1 April 2015	95,512
Additions	83
Exchange adjustments	(3,581)
At 31 March 2016 and 1 April 2016	92,014
Additions	35
Exchange adjustments	(5,770)
At 31 March 2017	**86,279**

At 31 March 2017, the properties held for sale of approximately HK$86,279,000 (2016: HK$92,014,000) were included in the Group's current assets in the consolidated statement of financial position as it is expected that the properties will be realised in the Group's normal operating cycle for property business.

At 31 March 2017, the Group performed assessment on its properties held for sale to assess their net realisable value with reference to a valuation made by an independent qualified professional valuer, Asset Appraisal Limited.

The properties held for sale at 31 March 2017 and 2016 are located in the PRC. The carrying amounts of properties held for sale shown above are as follows:

	2017	2016
	HK$'000	*HK$'000*
Properties held for sale in the PRC under medium-term lease	**86,279**	92,014

19. TRADE AND OTHER RECEIVABLES

	Notes	2017 HK$'000	2016 HK$'000
Trade receivables		**1,516**	3,611
Other receivables	*(i)*	**59,068**	65,945
Prepayments	*(ii)*	**7,287**	8,390
Deposits		**13,885**	2,394
		81,756	80,340
Less: Prepayments classified as non-current assets		**(6,309)**	(7,122)
Amounts classified as current assets		**75,447**	73,218

Notes:

(i) Other receivables represent the amounts paid to different suppliers for growing and supply of forestry products in 2017 and 2016 and amounts paid for a tender for landscaping and earth-rock engineering business. Both of the suppliers and offeror are independent third parties.

(ii) Prepayments recognised in respect of share-based payment to various independent parties for consulting services.

	2017 HK$'000	2016 HK$'000
Trade receivables	**1,516**	3,611
Less: Allowance for doubtful debts	**–**	–
	1,516	3,611

The following is an aging analysis of trade receivables, presented based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	2017 HK$'000	2016 HK$'000
Within 3 months	**–**	1,269
3 months – 6 months	**26**	2,342
Over 6 months	**1,490**	–
	1,516	3,611

The average credit period granted to customers is 6 months after an invoice has been sent out.

At 31 March 2017, no trade receivables (2016: HK$3,611,000) is due from the Group's one largest customer.

19. TRADE AND OTHER RECEIVABLES (continued)

In determining the recoverability of receivable, the Group considers if there is any change in the credit quality of the receivable from the date when credit was initially granted up to the end of the reporting period. In the opinion of directors, no impairment was recognised for both years as there was no significant change on their credit quality.

Trade receivables disclosed above include amounts (see below for aging analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Aging of trade receivables which are neither past due nor impaired and are past due but not impaired:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**26**	3,611
Less than one month past due but not impaired	**221**	–
One to three months past due but not impaired	**337**	–
More than three months past due but not impaired	**932**	–
	1,516	3,611

20. CASH AND BANK DEPOSITS

	2017	2016
	HK$'000	*HK$'000*
Cash at bank	**58,305**	69,230
Cash on hand	**4,426**	1,488
	62,731	70,718

	2017	2016
	HK$'000	*HK$'000*
HKD	**54,995**	68,039
Renminbi ("RMB")	**7,736**	2,679
	62,731	70,718

20. CASH AND BANK DEPOSITS (continued)

RMB is currently not a freely convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of PRC are subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China government.

21. TRADE AND OTHER PAYABLES

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Trade payables		**6,624**	992
Other payables	*(i)*	**10,329**	2,834
PRC Income tax payables	*(ii)*	**6**	123
Accruals		**980**	947
Deposits received		**43**	1,054
		17,982	5,950

	2017	2016
	HK$'000	*HK$'000*
An aged analysis of the trade payables is as follows:		
Within 3 months	**1,692**	–
Over 3 months but within 1 year	**4,002**	282
Over 1 year	**930**	710
	6,624	992

Notes:

(i) Other payables included the amounts due to ex-director of the Company, a director and a shareholder of the Company's subsidiaries of approximately of HK$2,500,000, HK$1,791,000 and HK$2,622,000 respectively which repayment on demend, unsecured and interest-free.

(ii) PRC income tax payable represents Enterprise Income Tax (the "EIT"). Under the Law of the PRC on the EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

22. AMOUNTS DUE TO DIRECTORS/RELATED COMPANIES/SHAREHOLDERS

The amounts due to directors/related companies are non-trade nature, unsecured, interest-free and repayment on demand.

The amounts due to shareholders are non-trade nature, unsecured, interest-free and has no fixed repayment terms. The amount which the shareholder has no intention to demand for repayment within 12 months after the reporting date is classified as non-current liability.

23. CONVERTIBLE NOTES

The movements in the liability component of the Group's convertible notes are set out below:

	2017	2016
	HK$'000	*HK$'000*
At 1 April	**74,432**	84,494
Conversion into ordinary shares *(note 25(d))*	**(18,925)**	(20,349)
Released upon expiry	**(33,840)**	–
Effective interest expense *(note 7)*	**3,939**	10,287
At 31 March	**25,606**	74,432

The movements in the equity component of the Group's convertible notes are set out below:

	2017	2016
	HK$'000	*HK$'000*
At 1 April	**35,144**	51,552
Released upon expiry	**(6,430)**	–
Conversion into ordinary shares	**(15,260)**	(16,408)
At 31 March	**13,454**	35,144

(i) Convertible Note issued on 15 August 2011

On 15 August 2011, the Company issued a zero coupon convertible note with face value of HK$33,840,000 (the "Convertible Note") to Mr. Huang Shih Tsai as part of the consideration for the acquisition of Linkful Wise Group Holdings Limited and its subsidiaries. The Convertible Note is unsecured, non-interest bearing and repayable upon maturity which is the fifth anniversary of the date of issue. The holder of the Convertible Note has the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Note into ordinary shares of the Company at a conversion price of HK$0.1227 per share (adjusted from HK$0.2 to HK$0.1344 per share with effect from 30 March 2015 as detailed in the Company's announcement dated 2 April 2015, and adjusted from HK$0.1344 per share with effect from 19 October 2015 as detailed in the Company's announcement dated 15 October 2015).

The Convertible Note is a compound financial instrument containing two components, liability and equity elements. The fair value of the liability component was calculated using the discounted cash flows method at a market interest rate for the equivalent non-convertible note. The effective interest rate of the liability component on initial recognition is approximately 11%. The equity component was stated at its fair value using the Binomial Tree Pricing Model which is included in shareholders' equity as convertible notes equity reserve.

During the year, the Convertible Note was released on maturity when the conversion period was expired. The amount has included in amount due to a shareholder and the shareholder has no intention to demand for repayment within 12 months after the reporting date.

23. CONVERTIBLE NOTES (continued)

(ii) Convertible Notes issued on 30 March 2015

On 30 March 2015, the Company issued zero coupon convertible notes with an aggregate face value of HK$110,000,000 (the "New Convertible Notes") to not less than six subscribers who are independent third parties. The New Convertible Notes is unsecured, non-interest bearing and repayable upon maturity which is the fifth anniversary of the date of issue. The holders of the New Convertible Notes have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the New Convertible Notes into ordinary shares of the Company at an initial conversion price of HK$0.08 per share (adjusted from HK$0.1 per share with effect from 19 October 2015 as detailed in the Company's announcement dated 15 October 2015).

The New Convertible Notes are compound financial instrument containing two components, liability and equity elements. The fair value of the liability component was calculated using the discounted cash flows method at a market interest rate for the equivalent non-convertible note. The effective interest rate of the liability component on initial recognition is approximately 14%. The equity component was stated at its fair value using the Binomial Tree Pricing Model which is included in shareholders' equity as convertible notes equity reserve.

24. DEFERRED TAXATION

	2017 ***HK$'000***	2016 *HK$'000*
Deferred tax liabilities	**(20,190)**	(25,076)

The following are the major deferred taxation recognised by the Group and their movements during the year:

	Fair value on investment property *HK$'000*	**Convertible notes** *HK$'000*	**Total** *HK$'000*
At 1 April 2015	(22,642)	(9,653)	(32,295)
Credited to the consolidated statement of profit or loss *(note 9)*	1,490	1,623	3,113
Conversion of convertible notes	–	3,243	3,243
Exchange adjustments	863	–	863
At 31 March 2016 and 1 April 2016	(20,289)	(4,787)	(25,076)
Credited to the consolidated statement of profit or loss *(note 9)*	–	598	598
Conversion of convertible notes	–	3,015	3,015
Exchange adjustments	1,273	–	1,273
At 31 March 2017	**(19,016)**	**(1,174)**	**(20,190)**

As at 31 March 2017, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$9,338,000 (2016: HK$9,338,000) as it is not probable if there will be future taxable profits against which the losses can be utilised.

25. SHARE CAPITAL

	Number of ordinary shares '000	Nominal value of ordinary shares HK$'000
Authorised:		
At 1 April 2015 at HK$0.1 each	**3,000,000**	**300,000**
Shares sub-division *(note c)*	**27,000,000**	**–**
At 31 March 2016, 1 April 2016 and 31 March 2017 at HK$0.01 each	**30,000,000**	**300,000**
Issued and fully paid:		
At 1 April 2015	**1,353,128**	**135,313**
Issue of consideration shares in relation to acquisition of a subsidiary *(note a)*	**20,808**	**2,080**
Conversion of convertible notes *(note d)*	**465,000**	**17,250**
Capital reduction *(note c)*	**–**	**(142,104)**
Placing of shares *(note b)*	**65,000**	**6,500**
At 31 March 2016 and 1 April 2016	**1,903,936**	**19,039**
Conversion of convertible notes *(note d)*	**465,000**	**4,650**
At 31 March 2017	**2,368,936**	**23,689**

(a) Issue of consideration shares in relation to acquisition of a subsidiary

On 10 June 2015, 20,808,000 new shares of the Company were allotted and issued and recognised at an issue price of HK$0.75 per share as part of the total consideration of HK$39,881,000 for the acquisition of 51% equity interest of Best Sky Holdings Limited. Details of the acquisition/transaction were disclosed in the Company's announcements dated 29 May 2015 and 10 June 2015.

(b) Placing of new shares

On 2 July 2015, 65,000,000 new shares of the Company were allotted and issued pursuant to a placing agreement at a placing price of HK$0.62 per placing share (the "Placing") and the gross proceeds generated from the Placing amounted to HK$40.3 million. The net proceeds from the Placing, after deducting related placing commission and other related expenses in connection with the Placing, was approximately HK$39.9 million. The Company intends to apply the net proceeds from the Placing to supplement the working capital of the Group. Details of the Placing were disclosed in the Company's announcements dated 22 June 2015 and 2 July 2015.

25. SHARE CAPITAL (continued)

(c) Capital reduction and sub-division of shares

On 19 October 2015, the Capital Reduction (reduction of the par value of each of the Company's issued shares from HK$0.10 to HK$0.01 by cancelling paid up capital to the extent of HK$0.09 on each share) and the Sub-division (sub-division of each of the Company's authorised but unissued shares into 10 new shares) became effective. Details of the Capital Reduction and Sub-division were disclosed in the Company's circular dated 26 February 2015 and announcements dated 14 and 16 October 2015.

On the same day, the conversion prices of the Convertible Notes 2011 and the Convertible Notes 2015 were adjusted to HK$0.1227 per share and changed to HK$0.08 per share respectively. Details of the adjustment and change of conversion prices were disclosed in the Company's announcement dated 15 October 2015.

(d) Issue of conversion shares

On 9 June 2015 and 24 June 2015, 70,000,000 and 70,000,000 conversion shares were issued respectively at the conversion price of HK$0.10 per share to certain holders of the Convertible Notes 2015 pursuant to the Convertible Notes 2015.

On 29 October 2015 and 4 November 2015, 62,500,000 and 37,500,000 conversion shares were issued respectively at the conversion price of HK$0.08 per share to certain holders of the Convertible Notes 2015 pursuant to the Convertible Notes 2015.

On 1 December 2015, 75,000,000 conversion shares were issued at the conversion price of HK$0.08 per share to certain holders of the Convertible Notes 2015 pursuant to the Convertible Notes 2015.

On 8 January 2016, 150,000,000 conversion shares were issued at the conversion price of HK$0.08 per share to certain holders of the Convertible Notes 2015 pursuant to the Convertible Notes 2015.

On 12 April 2016, 26 April 2016, 13 May 2016 and 25 May 2016, 95,000,000, 125,000,000, 150,000,000 and 95,000,000 conversion shares were issued respectively at the conversion price of HK$0.08 per share to certain holders of the Convertible Notes 2015 pursuant to the Convertible Notes 2015.

26. OPERATING LEASES

(a) The Group, as lessee, lease certain premises under operating lease arrangements. Leases for premises are negotiated for terms ranging from 1 to 3 years.

At the reporting date, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	2017 ***HK$'000***	2016 *HK$'000*
As a lessee		
Premises		
– within one year	**1,187**	1,005
– In the second to fifth years inclusive	**126**	1,130
	1,313	2,135

(b) At 31 March 2017, the Group had contracted with the tenant for the following future minimum lease receivables:

	2017 ***HK$'000***	2016 *HK$'000*
As a lessor		
Premises		
– Within one year	**192**	–
– In the second to fifth years inclusive	**–**	–
	192	–

27. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of reporting period:

	2017 ***HK$'000***	2016 *HK$'000*
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of		
– Properties held for sale	**113**	120
– Acquisition of a subsidiary	**30,176**	–
	30,289	120

28. CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities at the end of reporting period (2016: Nil).

29. SHARE OPTION SCHEME

2012 Share Option Scheme

In order to enable the continuity of share option available to be granted by the Company, an ordinary resolution had been proposed to and passed by the shareholders at the annual general meeting of the Company held on 3 August 2012 to adopt a new share option scheme (the "2012 Share Option Scheme") upon the termination of the share option scheme adopted at the annual general meeting of the Company held on 2 August 2002.

The 2012 Share Option Scheme enables the Company to grant options to selected persons to subscribe for shares in the Company as incentives or rewards for their contributions or potential contributions to the Group. The Board may, at its discretion, invite (i) any director or any employee of the Company, any of its subsidiaries or any invested entity; (ii) any holder of legal or beneficial title of any securities issued by any member of the Group or any invested entity; (iii) any business or joint venture partner, contractor, subcontractor, agent, sub-agent of the Group or any invested entity; (iv) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to any member of the Group or any invested entity; and (v) any supplier of goods or services, customer or distributor of the Group or any invested entity, to take up options to subscribe for the shares in the Company for a consideration of HK$10 per each lot of share options granted.

The 2012 Share Option Scheme is valid for a period of 10 years commencing on 3 August 2012. The option period shall not exceed 10 years from the date of grant of option. There is no minimum period for which an option must be held before it can be exercised. HK$10 is payable on acceptance of an option within 28 days from the date of grant.

The total number of shares in respect of which options may be granted under the 2012 Share Option Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the 2012 Share Option Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any twelvemonth period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained. Options granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates in excess of 0.1% of the total number of shares in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the Directors, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

On 7 January 2016, the Company granted share options under the Scheme to consultants and employees of the Company, which entitle them to subscribe for a total of 112,000,000 shares at HK$0.264 per share.

29. SHARE OPTION SCHEME (continued)

2012 Share Option Scheme (continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Participants	Date of grant	Exercisable period	Exercise price per share	As at 1 April 2016	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31 March 2017
				No. of underlying shares comprised in option					
Employees of the Group	4 February 2016	4 February 2016 – 6 January 2026	HK$0.264	33,600,000	–	–	–	–	33,600,000
Consultants	4 February 2016	4 February 2016 – 6 January 2026	HK$0.264	78,400,000	–	–	–	–	78,400,000
				112,000,000	–	–	–	–	112,000,000

During the year ended 31 March 2017, the Company did not grant any share options (2016: granted 112,000,000 share options under the Share Option scheme on 4 February 2016) under the Share Option Scheme. The estimated fair value of the share options granted on 4 February 2016 was approximately HK$11,513,000. Total consideration received during the year from employees and consultants of the Company for taking up the share options granted amounted to HK$100. The fair value was calculated using the Trinomial Model, taking into account the terms and condition upon which the options were granted.

The significant assumptions and inputs used in the valuation model are as follows:

	Options grant on 4 February 2016
Fair value at measurement date	**HK$0.103**
Share price	**HK$0.201**
Exercise price	**HK$0.264**
Expected volatility	**88.60%**
Risk-free interest rate	**1.5419%**
Expected dividend yield	**–**

30. RETIREMENT BENEFIT SCHEMES

The Group operates retirement benefits scheme (the "MPF Scheme") under rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in fund under the control of trustees. The Group and its employees are each required to contribute 5% of relevant payroll costs to the MPF Scheme. The total cost charged to the consolidated statement of profit or loss of approximately HK$53,000 (2016: HK$47,000) represents contributions payable to the MPF Scheme by the Group in respect of the year. As at 31 March 2017, no contribution of the Group (2016: no contribution of the Group) due in respect of the reporting period had not been paid over to the MPF Scheme.

The employees employed by the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Disposal of a subsidiary

On 31 July 2015, the Group disposed of its entire interest in 鳳山縣黔興金礦業有限責任公司 ("Feng Shan") to an independent third party at a consideration of RMB100,000 (approximately to HK$125,000) and continued to operate the iron mine business under an agreement for a period of 20 months commenced on 1 August 2015, so as to save the operating cost and the development cost of the iron mine in respect of which the mining right will expire on 25 October 2017, resulting in a pre-tax gain of approximately HK$2,573,000 recognised in the Group's consolidated statement of profit or loss as detailed below:

	HK$'000
Assets and liabilities disposed of:	
Property, plant and equipment	(79)
Goodwill *(note 15)*	–
Deposit	(387)
Prepayment	(344)
Other receivables	(630)
Other intangible asset *(note 16)*	–
Cash and bank deposits	(9)
Amount due to a shareholder	2,060
Other payables	719
Net liabilities disposal of	1,330
Consideration received	
– Cash	125
Item reclassified from other comprehensive income	
– Translation reserve	1,118
Gain on disposal recognised in profit or loss	2,573
Net cash inflow arising on disposal:	
Cash received	125
Less: Cash and bank deposits disposed	(9)
Net cash inflow	116

(b) Acquisition of subsidiaries

On 8 April 2015, the Group acquired a further 45.46% of the issued share capital of Yenbo Gain Limited ("Yenbo Gain"), an unlisted company engaged in (i) research on forestry products which could be used in clean energy sector as biomass fuel; and (ii) commercialisation of forestry for growing forestry products for clean energy sector, with advanced technology from breeding, silvicultural, management and protection of forests. The Group's interests in Yenbo Gain was then increased from approximately 36.36% to approximately 81.82% of the issued share capital of Yenbo Gain. As such, Yenbo Gain became a subsidiary of the Company on 8 April 2015 and the results of Yenbo Gain and its subsidiaries ("Yenbo Gain Group") are consolidated into the consolidated financial statements of the Group since then.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW (continued)

(b) Acquisition of subsidiaries (continued)

On 10 June 2015, the Group acquired 51% equity interest of Best Sky Holdings Limited ("Best Sky"), an unlisted company principally engaged in constructing landscaping projects and earth-rock engineering, providing afforested maintenance and planting and selling forest trees and flowers. Then Best Sky has become a subsidiary of the Company and the results of Best Sky and its subsidiaries ("Best Sky Group") as from the date of acquisition are consolidated into the consolidated financial statements of the Group.

Details of net identifiable assets acquired and goodwill arised are as follows:

	Yenbo Gain Group	Best Sky Group	Total
	HK$'000	*HK$'000*	*HK$'000*
Recognised amount of identifiable assets acquired and liabilities assumed:			
Property, plant and equipment *(note 13)*	237	–	237
Inventory	2,949	–	2,949
Trade and other receivables	66,761	9,737	76,498
Cash and bank deposits	585	545	1,130
Trade and other payables	(201)	(11,962)	(12,163)
Total identifiable net assets/(liabilities) of subsidiaries assumed	70,331	(1,680)	68,651
Consideration			
– Cash	37,500	24,276	61,776
– Equity instruments (ordinary shares) *(note 25(a))*	–	15,605	15,605
Consideration transferred	37,500	39,881	77,381
Fair value of pre-existing ownership (interests in associates)	29,302	–	29,302
Total consideration	66,802	39,881	106,683
Fair value of total identifiable net (assets)/liabilities (see above)	(70,331)	1,680	(68,651)
Non-controlling interests	12,786	(822)	11,964
Goodwill arised on acquisition	9,257	40,739	49,996
Net cash outflow arising from these acquisition:			
Consideration paid in cash	–	24,276	24,276
Cash and bank deposits acquired	(585)	(545)	(1,130)
	(585)	23,731	23,146

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW (continued)

(b) Acquisition of subsidiaries (continued)

From the date of acquisition, Yenbo Gain Group contributed approximately HK$4,803,000 to the Group's revenue for the year ended 31 March 2016 and Yenbo Gain Group's (profit)/loss before tax included in the Group's loss before tax for the year ended 31 March 2016 amounted to approximately HK$26,000.

The transaction costs of approximately HK$1,546,000 have been expensed and are included in administrative and other operating expenses in the Group's consolidated statement of profit or loss for the year ended 31 March 2016.

From the date of acquisition, Best Sky Group contributed approximately HK$11,692,000 to the Group's revenue for the year ended 31 March 2016 and Best Sky Group's profit before tax included in the Group's loss before tax for the year ended 31 March 2016 amounted to approximately HK$1,909,000.

The transaction costs of approximately HK$2,610,000 have been expensed and are included in administrative and other operating expenses in the Group's consolidated statement of profit or loss for the year ended 31 March 2016.

If the acquisition of (i) the further 45.46% of the issued share capital of Yenbo Gain and (ii) the 51% equity interest in Best Sky had taken place at the beginning of the period, i.e. 1 April 2015, the Group's revenue and profit before tax for the year ended 31 March 2016 would have been approximately HK$16,495,000 and HK$1,159,000 respectively.

Qualitative information was set out in notes 6 and 15.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements the Group entered into the following material transactions with related parties:

(a) Compensation of key management personnel

The remuneration of directors and key management personnel during the year was as follows:

	2017	2016
	HK$'000	*HK$'000*
Salaries and other benefits	**2,467**	2,136
Retirement benefit scheme contributions	**31**	32
	2,498	2,168

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Included in amounts due to related companies of approximately HK$53,615,000 (2016: approximately HK$59,565,000) represents the balances with the companies in which Mr. Huang Shih Tsai, a substantial shareholder of the Company, has share interests and/or directorships and over which Mr. Huang Shih Tsai is able to exercise control. Other than the aforesaid, details of the outstanding balances with directors and shareholders at the end of the reporting period are set out in note 22.

33. CAPITAL MANAGEMENT

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

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net debt divided by equity as shown in the consolidated statement of financial position.

The capital structure of the Group consists of long-term borrowings (comprising convertible notes and amounts due to shareholders) and equity (comprising share capital and reserves).

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The gearing ratio at the end of the reporting period was as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Long-term borrowings		
Amounts due to shareholders	**69,414**	35,696
Liability component of convertible notes *(note 23)*	**25,606**	74,432
Less: Cash and cash equivalents	**(62,731)**	(70,718)
Net debt	**32,289**	39,410
Equity	**130,799**	134,645
Gearing ratio	**25%**	29%

34. FINANCIAL RISK MANAGEMENT

The disclosure of financial instruments is set out below.

(a) Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Loans and receivables at amortised cost		
Trade and other receivables (including deposit for acquisition of a subsidiary)	**74,469**	80,340
Cash and bank deposits	**62,731**	70,718
	137,200	151,058
Financial liabilities at amortised cost		
Trade and other payables	**(17,982)**	(5,950)
Amounts due to directors	**(6,576)**	(9,303)
Amounts due to shareholders	**(69,414)**	(35,696)
Amounts due to related companies	**(53,615)**	(59,565)
Convertible notes	**(25,606)**	(74,432)
	(173,193)	(184,946)

(b) Financial risk management and policies

The Group's major financial instruments are disclosed in section (a) of this note. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk; the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

(i) Market risk management

Currency risk

The Group is exposed to currency risk which gives rise to cash and bank deposits that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transaction relates.

Certain cash and bank deposits are denominated in RMB. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC. The Group is not exposed to foreign exchange risk in respect of exchange fluctuation of HKD against RMB as the Group does not have material balance in RMB.

34. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(i) Market risk management (continued)

Sensitivity analysis

No sensitivity analysis is provided in respect of exchange fluctuation of HKD against RMB as the Group does not have material balance in RMB.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates arises primarily from bank deposits with a floating interest rate. The Group does not use derivative financial instruments to hedge its interest rate risk.

At the end of the reporting period, the Group has no significant exposure to interest rate risk. The exposures to the interest rate risk are monitored on an ongoing basis.

Equity price risk

The Group does not have investments in equity securities for trading purpose and therefore is not exposed to equity price risk. The management has a policy to monitor the Group's exposure to price risk by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise.

(ii) Fair values

The fair value of financial assets and financial liabilities are determined as follows:

Management has assessed that the fair values of deposit for acquisition of a subsidiary, trade and other receivables (excluding prepayment), cash and bank deposits, trade and other payables, amounts due to directors and amounts due to related companies, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The liability components of convertible notes were initially recognised at fair value and then recorded at amortised cost. The carrying amount and fair values of convertible notes are disclosed as below.

	2017		2016	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Convertible notes	**25,606**	**23,414**	74,432	71,880

Note:

The fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without conversion option.

34. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(iii) Credit risk management

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.

In order to minimise the credit risk, the management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Other receivables consist of a number of counterparties which do not give rise to significant concentration risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry and country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment losses. The Group does not provide any guarantees which would expose the Group to credit risk.

The Group deposited its cash and cash equivalents with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to cash and cash equivalents held to be delayed or limited. Management of the Company monitors the credit rating of these banks on an ongoing basis, and considers that the Group's exposure to credit risk were minimal.

(iv) Liquidity risk management

In the management of the liquidity risk, the management manages the Group's funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operation needs. Various banking facilities and credit lines will be considered to fund any emergency liquidity requirements. The Group currently relies on funds generated from business operations, issue of new shares and convertible notes as well as advances from directors/shareholders/related companies as principal source to maintain its liquidity.

The Group monitors and maintains a level of cash and cash equivalents considered adequate by the Directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group held cash and cash equivalents amounting to approximately HK$62,731,000 at 31 March 2017 (2016: HK$70,718,000).

34. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(iv) Liquidity risk management (continued)

The following tables details the Group's contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. Undiscounted cash flows of financial liabilities are based on the earliest date on which the Group can be required to pay. The analysis is prepared on the same basis for both 2017 and 2016.

	Contractual undiscounted cash outflow				
	Weighted average effective interest rate	On demand or less than 1 year	More than 1 year	Total undiscounted cash flows	Total carrying amount at 31 March
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2017					
Non-derivative financial liabilities					
Convertible notes	**14%**	**–**	**32,800**	**32,800**	**25,606**
Trade and other payables	**–**	**17,982**	**–**	**17,982**	**17,982**
Amounts due to directors	**–**	**6,576**	**–**	**6,576**	**6,576**
Amounts due to shareholders	**–**	**–**	**69,414**	**69,414**	**69,414**
Amounts due to related companies	**–**	**53,615**	**–**	**53,615**	**53,615**
Total		**78,173**	**102,214**	**180,387**	**173,193**
2016					
Non-derivative financial liabilities					
Convertible notes	13%	–	103,840	103,840	74,432
Trade and other payables	–	5,950	–	5,950	5,950
Amounts due to directors	–	9,303	–	9,303	9,303
Amounts due to shareholders	–	–	35,696	35,696	35,696
Amounts due to related companies	–	59,565	–	59,565	59,565
Total		74,818	139,536	214,354	184,946

35. PARTICULAR OF SUBSIDIARIES

The Company's subsidiaries at 31 March 2017 were as follows, the class of shares held is ordinary unless otherwise stated:

Name of subsidiary	Place of incorporation/ operation	Issued and paid up share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Hi-Smart Technology Limited	Hong Kong	HK$1	100%	–	Investment holding
China Score International Holdings Limited	Hong Kong	HK$1	100%	–	Investment holding and processing of iron ores
Kingdom Win Limited	Hong Kong	HK$10,000	100%	–	Inactive
Golden Strategy Limited	Hong Kong	HK$10,000	100%	–	Investment holding
*Invescom Develop Limited (Former name: Telecom Develop Limited)	Hong Kong	HK$1	100%	–	Inactive
Great World Investments Limited	Hong Kong	HK$1	100%	–	Investment holding
Linkful Wise Group Holdings Limited	British Virgin Islands	US$50,000	–	100%	Investment holding
Great China International Enterprises Group Limited	Hong Kong	HK$30,000,000	–	100%	Investment holding
樂山大中華國際實業有限公司	The PRC	RMB25,000,000	–	100%	Property investment and development, operating and managing residential and commercial properties
Field Source Capital Resources Limited	Hong Kong	HK$1	100%	–	Inactive
Prime Profit International Group Holdings Limited	Hong Kong	HK$1	100%	–	Investment holding
October International Trading Co. Ltd.	The PRC	HK$1,000,000	–	100%	Inactive
Best Sky Holdings Limited	British Virgin Islands	US$100	–	51%	Investment holding
Asset Express Limited	Hong Kong	HK$1	–	51%	Investment holding
江蘇廣誠生態景觀有限公司	The PRC	RMB2,000,000	–	51%	Constructing landscape projects and earth-rock engineering, maintenance and planting and selling forest trees and flowers
Yenbo Gain Limited	British Virgin Islands	HK$30,000,000	–	81.82%	Investment holding
Hong Kong Silversage Holdings Limited	Hong Kong	HK$10,000	–	81.82%	Investment holding
Silversage Biotechnology (Shenzhen) Co., Ltd	The PRC	RMB5,261,793	–	81.82%	Investment holding
Xin Jiang Zhong Lin Ke Sheng Wu Ji Shu Limited	The PRC	RMB10,000,000	–	81.82%	Research and growing of forestry products for cleaning energy sector

35. PARTICULAR OF SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ operation	Issued and paid up share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Splendid Favour Limited	BVI	US$1	100%	–	Investment holding
Wonderful Imagine Limited	Hong Kong	HK$1	–	100%	Inactive
Grant Shine Limited	Hong Kong	HK$1	100%	–	Inactive

* *Name changed on 27 April 2015*

The PRC subsidiaries adopted 31 December as financial year end date for local statutory reporting purposes. For the preparation of these consolidated financial statements, accounts of those PRC subsidiaries for each of the 12 months ended 31 March 2017 and 2016 have been used after making adjustments, as appropriate, for compliance with accounting principles generally accepted in Hong Kong.

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

The following table lists out the information relating to Yenbo Gain Limited and its subsidiaries ("Yenbo Gain Group"), subsidiaries of the Group with material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	2017 **HK$'000**	2016 HK$'000
Current assets	**78,358**	77,772
Non-current assets	**96**	166
Current liabilities	**(15,511)**	(9,921)
Non-current liabilities	**–**	–
Equity attributable to owners of the Company	**51,500**	55,652
Non-controlling interests	**11,443**	12,365
Revenue	**42,941**	4,804
Expenses	**(43,977)**	(4,830)
Loss attributable to owners of the Company	**(848)**	(21)
Loss attributable to non-controlling interests	**(188)**	(5)
Loss for the year	**(1,036)**	(26)

Except for Yenbo Gain Group, the Directors consider that the non-controlling interests of other non-wholly owned subsidiaries during the year ended 31 March 2017 and 2016 were insignificant to the Group and thus are not separately presented in these consolidated financial statements. In addition, no separate financial information of other non-wholly owned subsidiaries are required to be presented.

36. MAJOR NON-CASH TRANSACTION

The Group entered into the following major non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

On 10 June 2015, 20,808,000 shares were allotted, issued and recognised at an issue price of HK$0.75 (adjusted from HK$0.5) per share for the acquisition of 51% equity interest of Best Sky Holdings Limited as part of the consideration of HK$39,881,000.

37. EVENTS AFTER THE REPORTING PERIOD

Zhifeng Holdings Limited and its subsidiaries

On 25 November 2016, Yenbo Gain Limited ("Yenbo Gain"), a company of which 81.82% equity interest is indirectly owned by the Company, entered into a conditional sale and purchase agreement with the Vendor, an independent third party, in relation to the acquisition 60% of the issued share capital of Zhifeng Holdings Limited and its subsidiaries ("Zhifeng Group"), which are engaged in (i) forestry cultivation and application of agricultural technologies; and (ii) information consultation, at a consideration of approximately HK$40,176,000 (equivalents to RMB36,000,000) (the "Acquisition"). The Acquisition was completed on 19 May 2017. The remaining balance of the consideration for the Acquisition in the amount of approximately HK$30,176,000 shall be paid within 12 months after the completion date. Details of the Acquisition were disclosed in the Company's announcements dated 19 May 2017 and 25 November 2016.

Up to the date on the approval of these consolidated financial statements, the Directors are still assessing the fair values of Zhifeng Group's assets and liabilities to be recognised at the date of the Acquisition. The fair value assessment of goodwill and biological asset, if any, of Zhifeng Group had not been finalised and thus, the recognition of Zhifeng Group's assets and liabilities may subject to change upon finalisation of the valuation. The Directors expect the valuation will be finalised in 2017.

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance Sheet of the Company

	2017 HK$'000	2016 HK$'000
Non-current assets		
Property, plant and equipment	**125**	171
Investments in subsidiaries	**20**	20
Prepayment	**6,309**	7,122
Amounts due from subsidiaries	**161,055**	223,684
	167,509	230,997
Current assets		
Deposits and prepayment	**1,309**	1,643
Amounts due from shareholders	**–**	632
Cash and bank deposits	**39,961**	8
	41,270	2,283
Current liabilities		
Trade and other payables	**(670)**	(570)
Amount due to a director	**(6,556)**	(6,736)
	(7,226)	(7,306)
Net current assets/(liabilities)	**34,044**	(5,023)
Non-current liabilities		
Convertible notes	**(25,606)**	(74,432)
Deferred tax liabilities	**(1,174)**	(4,788)
Amount due to a shareholder	**(33,208)**	–
	(59,988)	(79,220)
Net assets	**141,565**	146,754
Capital and reserves		
Share capital	**23,689**	19,039
Reserves	**117,876**	127,715
Equity	**141,565**	146,754

The financial statements were approved and authorised for issue by the board of directors on 28 June 2017 and are signed on its behalf by:

Ng Mui King, Joky	**Zhang Yanqiang**
Director	*Director*

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Reserve movement of the Company

	Share premium HK$'000	Share option reserve HK$'000	Convertible notes equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 March 2015	171,589	–	51,552	(283,821)	(60,680)
Loss for the year	–	–	–	(18,585)	(18,585)
Shares reduction	–	–	–	142,104	142,104
Placement of new shares	33,800	–	–	–	33,800
Shares issuing expenses	(304)	–	–	–	(304)
Issue of consideration shares in relation to acquisition of a subsidiary	13,525	–	–	–	13,525
Recognition of equity-settled share based payments	–	11,513	–	–	11,513
Conversion of convertible notes	22,750	–	(16,408)	–	6,342
At 31 March 2016 and 1 April 2016	241,360	11,513	35,144	(160,302)	127,715
Released upon expiry of convertible notes	–	–	(6,430)	6,430	–
Conversion of convertible notes	32,550	–	(15,260)	–	17,290
Loss for the year	–	–	–	(27,129)	(27,129)
At 31 March 2017	273,910	11,513	13,454	(181,001)	(117,876)

(c) Nature and purpose of the reserves:

(i) Share premium

The share premium account of the Company is distributable to the owners of the Company under the Companies Law (2013 Revision) of the Cayman Islands subject to the provisions of the Company's memorandum and articles of association and provided that the Company will be in a position to payoff its debts as they fall due in the ordinary course of business immediately following the date on which the dividend is proposed to be distributed.

(ii) Share options reserves

The share option reserves represent the fair value of the actual or estimated number of unexercised share options granted by the Company and recognised in accordance with the accounting policy adopted for share-based payment as set in note 3(v).

(iii) Convertible notes equity reserve

The convertible notes equity reserve represents the value of the equity component of unexercised convertible notes issued by the Company with related deferred tax recognised.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 June 2017.

Five-Year Financial Summary

For the year ended 31 March 2017

The summarised consolidated results, assets and liabilities of the Group for the last five financial years, as extracted the audited financial statements of the Group, are set out below:

RESULTS

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**55,122**	18,212	1,502	1,559	963
Loss before tax	**(19,106)**	(26,869)	(14,148)	(16,091)	(7,596)
Income tax credit/(expenses)	**627**	2,938	(1,363)	848	(1,907)
Loss for the year from continuing operations	**(18,479)**	(23,931)	(15,511)	(15,243)	(9,503)
Profit for the year from discontinued operation	**–**	–	–	–	2,438
Loss for the year	**(18,479)**	(23,931)	(15,511)	(15,243)	(7,065)
Attributable to:					
Owners of the Company	**(17,822)**	(24,766)	(15,511)	(15,243)	(7,501)
Non-controlling interest	**(657)**	835	–	–	436
	(18,479)	(23,931)	(15,511)	(15,243)	(7,065)

ASSETS AND LIABILITIES

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**335,177**	357,047	304,413	172,397	180,925
Total liabilities	**(193,464)**	(210,022)	(229,620)	(154,993)	(148,287)
Net assets	**141,713**	147,025	74,793	17,404	32,638
Non-controlling interests	**10,914**	12,380	–	–	–

Major Properties

As at 31 March 2017

Investment property

Location	Intended use	Category of lease term	Gross floor area *(sq. m.)*	Group's interest *(%)*
Commercial units on Level 1 to 3 and 41 carparking spaces on Basement, Venice Building, No. 130 Renmin South Road, Zhongxincheng District, Leshan City, Sichuan Province, The PRC.	Commercial use	Medium term lease	8,471.90	100

Properties held for sale

Location	Intended use	Category of lease term	Gross floor area *(sq. m.)*	Group's interest *(%)*
Residential units on Level 5 to 21, Venice Building, No. 130 Renmin South Road, Zhongxincheng District, Leshan City, Sichuan Province, The PRC.	Residential use	Medium term lease	19,779.92	100