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(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

(Warrant Code: 1153)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

The Board of Directors (the “Board”) of Skyway Securities Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 March 2016 together with comparative figures as follows:

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	4	57,052	300,700
Cost of sales		<u>(9,786)</u>	<u>(268,657)</u>
Gross profit		47,266	32,043
Net (loss) gains on investments at fair value through profit or loss		(1,509,211)	596,440
Other income		57,377	3,235
Other gains and losses	4	(378,851)	(2,956)
Selling and distribution costs		–	(481)
Administrative expenses		(43,762)	(27,480)
Other expenses		(80,234)	(38,975)
Finance costs	5	<u>(23,422)</u>	<u>(10,424)</u>
(Loss) profit before taxation	6	(1,930,837)	551,402
Taxation	7	<u>55,813</u>	<u>(64,345)</u>
(Loss) profit and total comprehensive (expense) income for the year		<u>(1,875,024)</u>	<u>487,057</u>
(Loss) profit and total comprehensive (expense) income for the year attributable to:			
Owner of the Company		(1,874,835)	487,057
Non-controlling interests		<u>(189)</u>	<u>–</u>
		<u>(1,875,024)</u>	<u>487,057</u>
(Loss) earnings per share	9		
Basic (HK cents per share)		(18.53)	10.40
Diluted (HK cents per share)		<u>(18.53)</u>	<u>10.35</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment		594	96
Goodwill	10	551,445	–
Contingent consideration	11	67,934	–
Intangible assets	12	135,973	–
Available-for-sale investments		358,218	349,400
Deposits		8,956	–
		<u>1,123,120</u>	<u>349,496</u>
Current assets			
Accounts receivable	13	425,684	11,974
Prepayments, deposits and other receivables		4,654	17,497
Loans receivable	14	7,000	120,000
Tax recoverable		5,187	50
Investments at fair value through profit or loss	15	406,355	2,203,143
Cash and bank balances			
– Segregated accounts		158,729	–
– House accounts		81,128	17,585
		<u>1,088,737</u>	<u>2,370,249</u>
Current liabilities			
Accounts payable	16	192,302	2,590
Other payables and accruals		16,474	18,917
Bank borrowings	17	80,000	158,128
Bank overdrafts	17	66,286	–
Tax payable		2,500	–
		<u>357,562</u>	<u>179,635</u>
Net current assets		<u>731,175</u>	<u>2,190,614</u>
Total assets less current liabilities		<u>1,854,295</u>	<u>2,540,110</u>

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Non-current liabilities			
Notes payable	18	147,073	146,375
Promissory notes	19	260,010	–
Deferred tax liabilities		30,026	65,000
		<u>437,109</u>	<u>211,375</u>
Net assets		<u>1,417,186</u>	<u>2,328,735</u>
Capital and reserves			
Share capital		126,641	64,178
Reserves		1,288,284	2,264,557
Equity attributable to owners of the Company		1,414,925	2,328,735
Non-controlling interests		2,261	–
Total equity		<u>1,417,186</u>	<u>2,328,735</u>

NOTES:

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, that are measured at fair values at the end of each reporting period.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current year, the Group has applied the following amendments issued by the HKICPA.

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle

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

3. SEGMENT INFORMATION

The financial information reported to the management of the Group, being the chief operating decision makers, for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

- the supply and procurement segment represents supply and procurement activities in metal minerals, recyclable metal materials and timber logs, of which the management is proactively looking for the potential transaction during the year;
- the securities investment segment represents investment and trading activities in equity securities, warrants, convertible bonds and interest bearing notes;
- the provision of finance segment represents provision of short-term loan financing activities;
- the real estate segment represents trading of properties, property investment and letting of properties; and
- the provision of brokerage and related services segment represents new business line of provision of brokerage services, proprietary trading, securities margin financing services and futures and options contracts dealing services to clients commencing in November 2015, since acquisitions of certain subsidiaries.

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

For the year ended 31 March 2016

	Supply and procurement <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Real estate <i>HK\$'000</i>	Provision of brokerage and related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue						
Sales to and income from external parties	<u>-</u>	<u>3,220</u>	<u>17,492</u>	<u>300</u>	<u>36,040</u>	<u>57,052</u>
Segment results	<u>(2,243)</u>	<u>(1,499,931)</u>	<u>17,607</u>	<u>5,300</u>	<u>(22,793)</u>	<u>(1,502,060)</u>
Unallocated other income						50,140
Unallocated other gains and losses						(355,816)
Unallocated expenses						(99,679)
Finance costs						<u>(23,422)</u>
Loss before taxation						<u>(1,930,837)</u>

For the year ended 31 March 2015

	Supply and procurement <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Real estate <i>HK\$'000</i>	Provision of brokerage and related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue						
Sales to and income from external parties	<u>269,013</u>	<u>28,783</u>	<u>2,904</u>	<u>-</u>	<u>-</u>	<u>300,700</u>
Segment results	<u>(2,225)</u>	<u>625,223</u>	<u>2,693</u>	<u>(26)</u>	<u>-</u>	<u>625,665</u>
Unallocated other income						1,221
Unallocated expenses						(65,060)
Finance costs						<u>(10,424)</u>
Profit before taxation						<u>551,402</u>

Geographical information

The Group operates in two principal geographical areas – the People’s Republic of China (the PRC) and Hong Kong.

The Group’s revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i>	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i>
Hong Kong	57,052	31,687	696,968	96
PRC	–	269,013	–	–
	57,052	300,700	696,968	96

Information about major customers

During the year ended 31 March 2016, there was no customer that contributed over 10% of the total sales of the Group. For the year ended 31 March 2015, there were three major customers from the supply and procurement segment contributing over 10% of the total sales amounting to HK\$149,253,000, HK\$48,345,000 and HK\$38,557,000 respectively.

4. REVENUE, OTHER GAINS AND LOSSES

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, interest income from provision of finance and securities margin financing, dividend and interest income from securities investments, commission income from brokerage and related services and rental income during the year.

An analysis of revenue, other gains and losses is as follows:

	2016 HK\$'000	2015 HK\$'000
Revenue		
Commission income from brokerage and related services	5,821	–
Commission income from underwriting, sub-underwriting, placing and sub-placing	4,255	–
Sale of goods	–	269,013
Rental income	300	–
Interest income from provision of finance and securities margin financing	43,456	2,904
Dividend income on investment in listed equity securities	2,604	28,070
Interest income on investment in convertible bonds	616	713
	57,052	300,700
	2016 HK\$'000	2015 HK\$'000
Other gains and losses		
Impairment loss recognised in respect of other receivables, net	(375)	(1,626)
Impairment loss recognised in respect of accounts receivable	(22,642)	(390)
Impairment loss recognised in respect of available-for-sale (“AFS”) investment	(327,782)	–
Gain on disposal of property, plant and equipment	366	–
Loss on disposal of AFS investment	(28,400)	–
Net exchange loss	(18)	(940)
	(378,851)	(2,956)

5. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interests on:		
Notes payable (note 18)	8,219	8,158
Promissory notes (note 19)	7,185	–
Borrowings and bank overdrafts	8,018	2,266
	<hr/>	<hr/>
Total borrowing costs on financial liabilities that are not at fair value through profit or loss	23,422	10,424
	<hr/>	<hr/>

6. (LOSS) PROFIT BEFORE TAXATION

	2016 HK\$'000	2015 HK\$'000
(Loss) profit before taxation is arrived at after charging:		
Staff costs (including directors' remuneration):		
Wages and salaries	13,067	11,570
Retirement benefits contributions	528	549
Equity-settled share option expense	1,988	–
	<hr/>	<hr/>
Total staff costs	15,583	12,119
	<hr/>	<hr/>
Auditor's remuneration	2,835	1,200
Cost of inventories sold	–	257,036
Depreciation of property, plant and equipment	188	567
Amortisation of intangible assets	9,786	–
Minimum lease payments in respect of land and buildings	3,957	4,372
Equity-settled share option expense for consultants (included in other expenses)	80,234	38,975
	<hr/>	<hr/>

7. TAXATION

	2016 HK\$'000	2015 HK\$'000
Current tax:		
Hong Kong Profits Tax	(3,053)	(88)
Over provision in prior years	<u> -</u>	<u> 36</u>
	(3,053)	(52)
Deferred tax:		
Current year	<u>58,866</u>	<u>(64,293)</u>
	<u>55,813</u>	<u>(64,345)</u>

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

8. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2016.

For the year ended 31 March 2015, the Board had distributed interim dividend by way of bonus issue of warrants to shareholders of the Company on the basis of one warrant for every five shares held. Each warrant entitles the holder to subscribe in cash for one new share at an initial subscription price of HK\$0.1. A total of 855,670,100 warrants were issued during the year ended 31 March 2015.

9. (LOSS) EARNINGS PER SHARE

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

	2016 HK\$'000	2015 HK\$'000
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	<u>(1,874,835)</u>	<u>487,057</u>
	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	10,115,275	4,681,843
Effect of dilutive potential ordinary shares:		
Warrants	N/A	22,236
Share options	N/A	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>10,115,275</u>	<u>4,704,079</u>

The computation of diluted loss per share for the year ended 31 March 2016 does not assume the exercise of the Company's outstanding share options and warrants since their exercise would result in a decrease in loss per share.

The computation of diluted earnings per share for the year ended 31 March 2015 did not assume the exercise of the Company's outstanding share options as the exercise price of the share options was higher than the average market price for the year ended 31 March 2015.

10. GOODWILL

	<i>HK\$'000</i>
Cost and carrying amount	
At 1 April 2015	–
Arising on acquisition of subsidiaries	<u>551,445</u>
At 31 March 2016	<u>551,445</u>

For the purposes of impairment testing, goodwill has been allocated to one individual cash generating unit (CGU), comprising two subsidiaries, Skyway Securities Investment Limited ("Skyway Securities") and its subsidiaries and Skyway Futures Limited ("Skyway Futures"), representing "the provision of brokerage and related services segment", which is lowest level the CGU can be identified within the Group at which the goodwill is monitored for internal management purposes.

During the year ended 31 March 2016, management of the Group determined that there is no impairment of the CGU. The basis of the recoverable amount of the CGU and its major underlying assumptions are summarised below:

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 13.5%. The cash flows beyond the 5-year period are extrapolated using a steady 3.5% growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of Skyway Securities and Skyway Futures to exceed its recoverable amount.

11. CONTINGENT CONSIDERATION

	2016 HK\$'000	2015 HK\$'000
Profit guarantee	<u>67,934</u>	<u>–</u>

Profit guarantee represents the guarantee jointly and severally from Mr. Lam Hoi Sze, Mr. Ng Siu Fan, Ms. Lee Chau Man Ada, Mr. Lin Haimiao and Ms. Yiu Ka Fung Susan (collectively "Vendors") to the Group that the average of two years' aggregate audited net profits before tax of Skyway Securities and Skyway Futures for the two financial years ended 31 December 2015 and 31 December 2016 respectively shall not be less than HK\$120,000,000 per financial year (the "Profit Guarantee"). In the event of breach of non-fulfillment of the Profit Guarantee, the Vendors shall pay the Group 10 times of the shortfall between HK\$120,000,000 and the average of the two years' aggregate audited net profit before tax of Skyway Securities and Skyway Futures for the two financial years ended 31 December 2015 and 31 December 2016. The fair value of Profit Guarantee is estimated based on the valuation carried out by an independent professional valuer, Roma Appraisals Limited.

12. INTANGIBLE ASSETS

	Trading rights <i>HK\$'000</i>	Customers relationship <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST			
At 1 April 2015	–	–	–
Acquired on acquisition of subsidiaries	960	144,799	145,759
	<hr/>	<hr/>	<hr/>
At 31 March 2016	960	144,799	145,759
	<hr/>	<hr/>	<hr/>
AMORTISATION			
At 1 April 2015	–	–	–
Charge for the year	–	9,786	9,786
	<hr/>	<hr/>	<hr/>
At 31 March 2016	–	9,786	9,786
	<hr/>	<hr/>	<hr/>
CARRYING VALUE			
At 31 March 2016	960	135,013	135,973
	<hr/>	<hr/>	<hr/>

Trading rights represents rights that confer eligibility of the Group to trade on the Stock Exchange and The Hong Kong Futures Exchange Limited (“HKFE”). The trading rights have no foreseeable limit to period that the Group can use to generate net cash flows, accordingly, the trading rights are considered as having an indefinite useful lives.

Customers relationship represents the customers networks of brokerage and related business. Amortisation for customers relationship with finite useful lives is recognised on a straight-line basis over its estimated useful lives of 6 years. 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.

13. ACCOUNTS RECEIVABLE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables arising from supply and procurement business	–	11,974
Accounts receivable arising from the ordinary course of business of securities brokerage services dealing in securities transactions:		
– Clearing house	10,037	–
– Cash clients	31,383	–
– Margin clients	373,098	–
Accounts receivable arising from the ordinary course of business of dealing in futures and options contracts:		
– HKFE Clearing Corporation Limited (“HKCC”)	678	–
– A broker	10,488	–
	<hr/>	<hr/>
	425,684	11,974
	<hr/>	<hr/>

Trade receivables arising from supply and procurement business

The Group's trading terms with its customers were mainly on credit, except for new customers, where payment in advance is normally required. The credit period was generally for a period of one month, extending up to three to six months for major customers. Each customer had a maximum credit limit. Overdue balances were reviewed regularly by senior management. Trade receivables were non-interest bearing.

An aged analysis of the trade receivables at the end of the reporting periods, based on invoice date, and net of impairment, is as follows:

	2016 HK\$'000	2015 <i>HK\$'000</i>
31 to 60 days	–	1,555
Over 180 days	–	10,419
	<hr/>	<hr/>
Total	–	11,974

Movement of impairment loss recognised:

	2016 HK\$'000	2015 <i>HK\$'000</i>
Balance at the beginning of the year	390	–
Impairment loss recognised during the year	–	390
Amount written off during the year as uncollectible	(390)	–
	<hr/>	<hr/>
Balance at the end of the year	–	390

During the year ended 31 March 2015, the Group recognised an impairment loss for trade receivables of HK\$390,000 which was individually determined to be impaired. The individually impaired receivable was outstanding for more than one year at the end of the reporting period and was considered as uncollectible.

The aged analysis of the trade receivables that were past due at the end of the reporting period but not impaired was as follows:

	2016 HK\$'000	2015 <i>HK\$'000</i>
Overdue by:		
1 to 30 days	–	1,555
Over 90 days	–	10,419
	<hr/>	<hr/>
Total	–	11,974

Trade receivables that were neither past due nor impaired related to customers for whom there were no recent history of default. Based on past experience, the directors of the Company were of the opinion that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable. The Group did not hold any collateral or other credit enhancements over these balances.

Accounts receivable arising from the business of dealing in securities

The Group seeks to maintain tight control over its outstanding accounts receivable and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limit are approved by designated approvers according to the clients' credit worthiness.

The normal settlement terms of accounts receivable from clients and clearing house, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Accounts receivable due from cash clients are secured by clients' securities, which are publicly traded equity securities listed in Hong Kong. The fair values of the securities as at 31 March 2016 approximate HK\$277,436,000. As at 31 March 2016, 86% of the balance were secured by sufficient collateral on an individual basis. Included in the accounts receivable from cash clients are debtors with a carrying amount of approximately HK\$23,133,000 as at 31 March 2016, which are past due at the end of reporting period but which the directors of the Company consider not to be impaired as there has not been a significant change in credit quality and a substantial portion of the carrying amount is subsequently settled. The accounts receivable from cash clients with a carrying amount of approximately HK\$8,250,000 are neither past due nor impaired and the directors of the Company are of the opinion that the amount are recoverable. Cash client receivables which were past due but not impaired bear interest at interest rates by reference to Hong Kong prime rate plus certain basis points based on management's discretion.

Accounts receivable due from margin clients are repayable on demand and carry interest at Hong Kong Prime Rate plus 4% to 8% per annum during the year ended 31 March 2016. They are generally included in "Neither past due nor impaired" category. The fair values of the pledged securities as at 31 March 2016 approximate HK\$2,000,772,000. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited. As at 31 March 2016, 85% of the balance were secured by sufficient collateral on an individual basis. Management has assessed the market value of the pledged securities of each individual customer that has margin shortfall as at the year end, and considered that no impairment allowance is necessary. The collateral held can be repledged by the Group up to 140% of the margin receivable amounts in the search of short-term financing, if necessary. The corresponding collateral held can be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients.

In addition, the Group has a policy for determining the allowance for impairment of accounts receivable without sufficient collateral based on the evaluation of collectability and aging analysis of accounts and on management's judgement including the creditworthiness, collateral and the past collection history of each client.

In determining the recoverability of the accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date the credit was initially granted up to the reporting date and the fair values of the collateral held.

Movement in the allowances for impairment loss on accounts receivables are as follows:

	Cash clients <i>HK\$'000</i>	Margin clients <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at the beginning of the year	–	–	–
Impairment loss recognised during the year	119	22,523	22,642
	<hr/>	<hr/>	<hr/>
Balance at the end of the year	<u>119</u>	<u>22,523</u>	<u>22,642</u>

In respect of accounts receivable from cash client which are past due but not impaired at the end of reporting period, the ageing analysis of cash clients based on trade date is summarised as follows:

	2016 HK\$'000	2015 <i>HK\$'000</i>
Less than one month	2,376	–
More than one month and within three months	7,031	–
More than three months	13,726	–
	<hr/>	<hr/>
Total	<u>23,133</u>	<u>–</u>

Accounts receivable arising from the business of dealing in futures and options contracts

Under the settlement arrangement with HKCC, all open positions held at HKCC are treated as if they were closed out and re-opened at the relevant closing quotation as determined by HKCC. Profits or losses arising from this “mark-to-market” settlement arrangement are included in accounts receivables with HKCC.

In accordance with the agreement with the broker, mark-to-market profits or losses are treated as if they were settled and are included in accounts receivables with a broker.

The accounts receivable are neither past due nor impaired.

Accounts receivable from HKCC and brokers represent transactions arising from the business of dealing.

14. LOANS RECEIVABLE

	2016 HK\$'000	2015 HK\$'000
Loans receivable	7,000	130,000
Less: Impairment loss recognised (<i>Note</i>)	<u>–</u>	<u>(10,000)</u>
	<u>7,000</u>	<u>120,000</u>

Note: The amount has been written off as uncollectible during the year ended 31 March 2016.

The effective interest rates (which are equal to contractual interest rates) on the Group's loans receivable is 5.25% (2015: 8%) per annum.

All loans receivable are recoverable within one year.

At the end of the reporting period, there is no loans receivable which are past due for which the Group has not provided for impairment loss.

15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK\$'000	2015 HK\$'000
Held for trading:		
Equity securities listed in Hong Kong (<i>note (a)</i>)	406,355	2,115,018
Designated as at fair value through profit or loss:		
Convertible bonds (<i>note (b)</i>)	<u>–</u>	<u>88,125</u>
	<u>406,355</u>	<u>2,203,143</u>
Proceeds on sales of listed equity securities	(3,536,854)	(800,309)
Less: cost of sales based on weighted average method	<u>5,099,310</u>	<u>813,701</u>
Loss on disposal of investments in listed equity securities during the year	<u>1,562,456</u>	<u>13,392</u>

Notes:

- (a) The fair values of the listed equity securities investments were determined based on the quoted market closing prices available on the Stock Exchange.

As at 31 March 2016, the Group held 14.70% (1,318,059,647 shares) (2015: 0.68%) of the issued share capital of China Soft Power Technology Holdings Limited ("China Soft"). China Soft is incorporated in Bermuda and its shares are listed on the Stock Exchange.

- (b) At 31 March 2015, amount represented fair value of an investment in convertible notes issued by Up Energy Development Group Limited ("Up Energy"), a company listed on the Stock Exchange. The principal amount of the convertible notes is HK\$100,000,000, which can be converted to 133,333,333 ordinary shares of Up Energy at conversion price of HK\$0.75 per share from the inception date till the date which is five business days preceding the maturity date on 31 December 2018. The convertible notes carried interest at 5% per annum, payable semi-annually on 30 June and 31 December each calendar year. The convertible notes would be redeemed by Up Energy on maturity date at principal amount. During the year ended 31 March 2016, the Group disposed the convertible notes.

16. ACCOUNTS PAYABLE

	2016 HK\$'000	2015 HK\$'000
Trade payables arising from supply and procurement business	857	2,590
Accounts payable arising from the ordinary course of business of securities brokerage services and dealing in futures and options contracts:		
– Cash clients	74,508	–
– Margin clients	113,614	–
– Clearing house	3,323	–
	<u>192,302</u>	<u>2,590</u>

Trade payables arising from supply and procurement business

Trade payables are non-interest bearing and are normally settled on 60 days term.

An aged analysis of trade payables presented based on invoice date, is as follows:

	2016 HK\$'000	2015 HK\$'000
Over 180 days	<u>857</u>	<u>2,590</u>

Accounts payable arising from the business of dealing in securities

The accounts payable balances arising from the ordinary course of business of securities brokerage services are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No aging analysis is disclosed as, in the opinion of directors of the Company, an aging analysis does not give additional value in view of the nature of this business.

Accounts payable arising from the business of dealing in futures and options contracts

Settlement arrangements with clients follow the same settlement mechanism with HKCC or a broker as disclosed in note 13 and profits or losses arising from mark-to-market settlement arrangement are included in accounts payables with clients.

Accounts payable to clients are non-interest bearing. The settlement terms of accounts payable are one day after trade day. No aging analysis is disclosed as, in the opinion of directors of the Company, an aging analysis does not give addition value in view of the nature of this business.

17. BANK BORROWINGS AND BANK OVERDRAFTS

At 31 March 2016, the bank loans and bank overdrafts carry interest at Hong Kong Interbank Offered Rate (“HIBOR”) plus a spread or Hong Kong Prime Rate minus certain basis points and are repayable on demand. Marketable securities provided by margin clients amounting to HK\$225,191,000 are pledged to secure the general banking facilities granted by the banks at 31 March 2016. In addition, two of the former shareholders of Skyway Securities has also provided joint and several personal guarantees in respect of the aforesaid banking facilities.

At 31 March 2015, borrowings were secured by marketable securities of approximately HK\$717,446,000 and borne floating interest rate ranging from 2.3% to 4% per annum. The amounts were repayable within one year.

18. NOTES PAYABLE

On 8 November 2012, the Company entered into a placing agreement with a placing agent (the “Placing Agent”), pursuant to which the Company agreed to place, through the Placing Agent, on a best effort basis, the notes up to an aggregate principal amount of HK\$100,000,000 to be issued by the Company in the denomination of HK\$10,000,000 each to independent third parties (the “Placing”). Details of the Placing were set out in the Company’s announcement dated 8 November 2012. The Placing was completed and the Company had issued placing notes in the aggregate principal amount of HK\$100,000,000. The placing notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the placing notes.

During the year ended 31 March 2014, the Company further issued notes in the aggregate principal amount of HK\$50,000,000 to independent third parties. The notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the notes.

As at 31 March 2016, the aggregate principal amount of the notes payable was HK\$150,000,000 (2015: HK\$150,000,000).

The movement of the notes payable for the years ended 31 March 2016 and 2015 are set out below:

	2016	2015
	HK\$'000	HK\$'000
At the beginning of the year	146,375	145,717
Interest charged at effective interest rate from 5% to 5.91% (2015: 5% to 5.91%) per annum (<i>note 5</i>)	8,219	8,158
Interest payable	(7,521)	(7,500)
	<u>147,073</u>	<u>146,375</u>
At the end of the year	147,073	146,375

19. PROMISSORY NOTES

On 7 May 2015 and 11 May 2015, the Company entered the sale and purchase agreement with Vendors in relation to acquisitions of Skyway Securities and Skyway Futures, pursuant to which the Company agreed to issue an unsecured 3 years promissory note with total face value of HK\$550,000,000 on the completion date as part of the consideration for the acquisitions. The promissory notes bear interest rate of 2.5% per annum and will be redeemed on the third anniversary from the issue date. The Company may repay all or part of the principal amount of the promissory notes at any time without penalty provided that the Company shall have given not less than one business day notice to the promissory note holder. The early repayment option is not closely related to the host contract and the fair value determined as negligible at 4 November 2015 and 31 March 2016 by an independent professional valuer. The fair values of promissory notes are in aggregation of HK\$520,204,000 at 4 November 2015 based on the valuation carried out by an independent professional valuer.

As at 31 March 2016, the aggregate principal amount of promissory notes was HK\$285,000,000 (2015: HK\$ Nil).

The movement of the promissory notes are set out below:

	<i>HK\$'000</i>
On 4 November 2015	520,204
Early settlement of promissory notes	(265,000)
Interest charged at effective interest rate at 6.3%	7,185
Interest paid	<u>(2,379)</u>
At 31 March 2016	<u>260,010</u>

20. EVENTS AFTER THE REPORTING PERIOD

On 4 March 2016, Gold Mission Limited (“Gold Mission”) an indirect wholly owned subsidiary of the Company, entered into the sale and purchase agreement with the Central Wealth Financial Group Limited (“Central Wealth”) pursuant to which Gold Mission agreed to acquire and Central Wealth agreed to sell the sale share comprising one share in the share capital of the Sky Eagle Global Limited (“Sky Eagle”), representing 100% of the entire issued share capital of Sky Eagle and a loan amounting to approximately HK\$214,000,000 at a consideration of HK\$218,000,000 of which HK\$7,000,000 will be satisfied in cash as deposit and as to the remaining balance of HK\$211,000,000 shall be satisfied by the allotment and issue of the 1,300,000,000 consideration shares by the Company at the issue price of HK\$0.14 per consideration share to the Central Wealth and by issue of the promissory notes in the principal amount of HK\$29,000,000. Sky Eagle is principally engaged in investment holding and owns 100% of the a Hong Kong subsidiary, Metro Victor Limited which in turn holds a property. The only significant asset of this group is the property. The acquisition of investment property has not yet been completed up to the date of approving the issuance of these consolidated financial statements.

On 3 May 2016, Skyway Securities, an indirect wholly owned subsidiary of the Company and a placing agent, entered into the placing agreement with the Company pursuant to which the Company has conditionally agreed to place through the placing agent up to 2,550,000,000 placing shares at the placing price of HK\$0.18 per placing share to not less than six places who and whose beneficial owners shall be independent third parties. The placing of shares has not yet been completed up to the date of approving issuance of these consolidated financial statements.

Subsequent to the end of the reporting period, Capital Union Inc., an existing holder of promissory notes initiated to early settle the relevant promissory notes through the proceed of share subscription. On 3 May 2016, the Company entered into the subscription agreement with Capital Union Inc., pursuant to which Capital Union Inc. has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,450,000,000 new shares at the subscription price of HK\$0.18 per subscription share. There will be no net proceeds from the subscription as the subscription will be settled by way of set off against the outstanding promissory notes. The transaction was completed on 13 May 2016. The early settlement of the promissory notes has resulted in a loss of HK\$41,428,000, being the difference between the carrying amount of the promissory notes and the fair value of the shares, recognised in the profit or loss for the year ending 31 March 2017.

FINAL DIVIDEND

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

OPERATIONS REVIEW

For the year ended 31 March 2016, the Group continued to engage in the businesses of securities investment, supply and procurement of commodities, provision of finance and real estate. A new business line of brokerage and related services became one of the principal activities of the Group commencing in November 2015.

REVENUE

The Group's revenue decreased by 81.0% to approximately HK\$57.1 million compared to approximately HK\$300.7 million in the prior year. It was mainly due to the combined effect of the (i) sharp decrease in trading volume of metal minerals transacted from the supply and procurement segment, (ii) decrease in revenue from securities investment segment, (iii) increase in revenue from provision of finance segment and (iv) contribution from brokerage and related services segment upon the Acquisition in November 2015. The analysis of the Group's revenue by reportable segments is as below.

Investment

Securities Investment

During the year under review, the segment revenue, which included dividend income on investment in listed equity securities, and interest income on investment in convertible bonds of approximately HK\$3.2 million decreased by approximately 88.9% from approximately HK\$28.8 million as compared to the prior year.

As a whole, the segment loss of approximately HK\$1,500.0 million in the current year as compared to a profit of approximately HK\$625.2 million in the prior year. The turnaround from profit to loss was mainly attributable to:

- (1) net losses on investments at fair value through profit or loss of approximately HK\$1,501.6 million, which turned from net gains of approximately HK\$596.4 million as compared to the prior year; and
- (2) dividend income from investment in listed equity securities of approximately HK\$2.6 million, the income decreased by approximately HK\$25.5 million, as compared to the dividend income of approximately HK\$28.1 million for last year.

At 31 March 2016, the Group's securities portfolio mainly constituted of listed equity securities in semiconductors company. During the year, the stock market in Hong Kong was adversely affected by a number of factors of which were out of the control of the Company. Under such circumstances, the Company has decided to realized most of the Group's then existing securities investment in tandem with the unattractive market sentiment prevailing in the past few months.

Other Investment

At 31 March 2016, an impairment loss of approximately HK\$327.8 million is recognized on the Group available-for-sale investments, with reference to the latest financial information of the investees available to the Group.

Provision of Finance

The interest income and segment profit generated by the Group's financing segment increased by 503.4% to approximately HK\$17.5 million (2015: approximately HK\$2.9 million) and 551.9% to approximately HK\$17.6 million (2015: approximately HK\$2.7 million) respectively comparing to the prior year. It was mainly due to the comparatively large average amount of loans lent to borrowers and the increase in number of borrowers.

Brokerage and Related Services

During the year under review, the Group had completed the acquisition of Skyway Securities Investment Limited and Skyway Futures Limited (the “Acquisition”) in November 2015. Subsequent to the Acquisition, the Group has further expand its business on brokerage and related services. The segment revenue and segment loss contributed by brokerage and related services were approximately HK\$36.0 million (2015: nil) and HK\$22.8 million (2015: nil) respectively.

Real Estate

The segment recorded rental income of approximately HK\$0.3 million (2015: nil) and segment profit of approximately HK\$5.3 million (2015: nil) during the year under review.

Supply and Procurement

The Group’s supply and procurement segment related to the sourcing, transporting and supplying of metal minerals and recyclable metal materials. Compared to last year, the segment recorded a 100% decrease in revenue and profit. The declines in the segment’s revenue and profit were principally attributed to the decreased volume of metal minerals transacted during the year under review, which was in turn mainly a result of dropping in demand for building materials following the slowdown of property sector in the People’s of Republic of China. However, the management is proactively looking for the potential transaction during the year.

GROSS PROFIT

The Group’s gross profit during the year under review was approximately HK\$47.3 million, which increased by approximately HK\$15.3 million, as compared to approximately HK\$32.0 million in last year. The increase was mainly resulted from the higher gross margin from brokerage and related services.

RESULTS

For the year ended 31 March 2016, the Group recorded a loss attributable to owners of the Company of approximately HK\$1,874.8 million (2015: profit of approximately HK\$487.1 million) and basic losses per share of HK18.53 cents (2015: earnings per share of HK10.40 cents).

FINANCIAL REVIEW LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group primarily financed its operations with internally generated cash flows, borrowing, and by its internal resources and shareholder's equity.

At 31 March 2016 the Group had current assets of approximately HK\$1,088.7 million (2015: approximately HK\$2,370.2 million) and liquid assets comprising cash (excluding segregated bank accounts) and short-term securities investments totaling approximately HK\$487.5 million (2015: approximately HK\$2,220.7 million). The Group's current ratio, calculated based on current assets of approximately HK\$1,088.7 million (2015: approximately HK\$2,370.2 million) over current liabilities of approximately HK\$357.6 million (2015: approximately HK\$179.6 million), was at a ratio of about 3.04 at the year end (2015: 13.2). The Group's accounts receivable amounted to approximately HK\$425.7 million, increased by 3,447.5% from last year (2015: approximately HK\$12.0 million) which was primarily due to the contribution from the brokerage and related services after the Acquisition during the year.

The Group's finance costs for the current year represented the effective interest on notes payable of approximately HK\$8.2 million (2015: approximately HK\$8.2 million), effective interest on promissory notes of approximately HK\$7.1 million (2015: nil) and interest on borrowing of approximately HK\$8.0 million (2015: approximately HK\$2.3 million). At 31 March 2016, the Company had long-term notes payable of approximately HK\$147.1 million (2015: HK\$146.4 million), long-term promissory notes of approximately HK\$260.0 million (2015: nil) and short-term bank borrowings of approximately HK\$80.0 million (2015: approximately HK\$158.1 million).

At the year end, total equity attributable to owners of the Company amounted to approximately HK\$1,414.9 million (2015: approximately HK\$2,328.7 million).

At 31 March 2016, the Group's indebtedness comprised of long-term notes payable and promissory notes, short-term bank borrowings and bank overdrafts totaling approximately HK\$553.4 million (2015: approximately HK\$304.5 million which comprised of short-term bank borrowings and long-term notes payable). The notes payable were denominated in Hong Kong dollars, due on the seventh anniversary from the respective issue dates of the notes, and bore interests at 5% fixed rate per annum. The promissory notes were denominated in Hong Kong dollars, due on the third anniversary from the issue dates of the notes, and bore interests at 2.5% fixed rate per annum. The bank borrowings and bank overdrafts were denominated in Hong Kong dollars, due within one year, and bore interests at floating rate. The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was at a low ratio of about 28.1% (2015: 11.6%).

During the year, as a return to the shareholders of the Company and an opportunity to allow the shareholders of the Company to participate in the business growth of the Company, the Company announced bonus warrants on the basis of one warrant for every five shares held on the record date. As a result, a total of 2,523,640,250 warrants were issued at an initial subscription price of HK\$0.10 per share each to confer subscription rights to the holders of warrants to subscribe in cash for 2,523,640,250 shares (during the period from 12 February 2016 up to 13 February 2017) in February 2016 (the “2017 Warrants”). In addition, in order to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group, the Company had adopted a share award scheme in February 2016 (the “Share Award Scheme”). Pursuant to the Share Award Scheme, maximum number of 1,261,820,125 shares may be acquired by the Administration Committee or the Trustee at the cost of the Company, such shares will be held in trust for the selected persons until the vesting criteria and conditions have been satisfied.

As at 31 March 2016, no shares have been acquired by the Company or granted to the selected persons of the Group under the Share Award Scheme.

In January 2015, a total of 855,670,100 warrants were issued by the Company to the shareholders of the Company pursuant to the bonus warrants issue which conferred the subscription rights to the holders of warrants to subscribe in cash for 835,670,100 shares of an initial subscription price of HK\$0.10 per share, during the period from 27 January 2015 up to 26 January 2016 (the “2016 Warrants”). During the year, a total of 822,500,234 warrants were exercised by the holders of the 2016 Warrants to subscribe for 822,500,234 shares (equivalent to HK\$82,250,023.40). The Company has utilised the proceeds in amount of HK\$82,250,023.40 as to (i) approximately 73.0% for money lending business and (ii) approximately 27.0% for general working capital of which 8.0% for corporate branding and promotion, 24.0% for human resources and 68.0% for office utilities and others.

As for the 2017 Warrants, a total of 45,997,196 warrants were exercised by the holders of the 2017 Warrants during the year (equivalent to HK\$4,599,719.60). The Company has utilised the proceeds in amount of HK\$4,599,719.60 for general working capital of which 2.0% for corporate branding and promotion, 19.0% for human resources and 79.0% for office utilities and others and general expenses.

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

FOREIGN CURRENCY RISK MANAGEMENT

The majority of the Group's assets are held in Hong Kong dollars with no material foreign exchange exposure. During the year under review, the directors are of the view that the Group's exposure to exchange rate risk is not material, and will continue to monitor it.

PLEDGE OF ASSETS

At 31 March 2016, marketable securities portfolio of approximately HK\$225.2 million (2015: approximately HK\$717.4 million) were pledged to banks to secure borrowings.

At 31 March 2015, a revolving loan facility from a private bank was granted to the Group which was secured by the Group's marketable securities portfolio of approximately HK\$717.4 million. Under the revolving loan facility, a total amount of approximately HK\$158.1 million was utilized. Such revolving loan facility had been fully repaid as of 31 March 2016 and the pledge of the Group's marketable securities portfolio had been released thereafter.

CONTINGENT LIABILITY

At 31 March 2016, the Group had no significant contingent liability (2015: nil).

CAPITAL COMMITMENT

At 31 March 2016, the Group had no significant capital commitment (2015: nil).

HUMAN RESOURCES AND REMUNERATION POLICY

At 31 March 2016, the Group had 51 (2015: 20) employees including directors. For the year under review, total staff costs, including directors' remuneration, was approximately HK\$15.6 million (2015: approximately HK\$12.1 million). Total staff costs increased by approximately 28.9% was mainly due to the increase in headcount. Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance, share option scheme, share award scheme and discretionary bonuses.

EVENTS AFTER REPORTING PERIOD

Save as disclosed in note 20, there is no other significant events after the end of the reporting period.

PROSPECTS

With the anticipated Shenzhen-HK Stock Connect Scheme to be launched in the second half of 2016, together with the existing Shanghai-Hong Kong Stock Connect Scheme, it is expected to stimulate the financial market in the near future. The Group is optimistic about the development of the brokerage and related services and provision of finance.

Looking ahead, the Group will continually enhance its principal business and will seek good business opportunities to enhance the value of the shareholders of the Company and the Company as a whole.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2016.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2016, except for the following deviations with reasons as explained:

THE BOARD

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Deviation

Neither the Company's Bye-laws nor Bermuda Act, 1981 contains any requirement as to the separation of these roles. During the period from 1 April 2015 to 29 February 2016, Mr. Suen Yick Lun Philip ("Mr Suen"), an executive director of the Company, acted as Acting Chairman and Managing Director of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company that should hold both offices. The Board believes that it is able to effectively monitor and assess management in a manner that properly protects and promotes the interests of shareholders. After the resignation of Mr. Suen from the above positions on 29 February 2016, Mr. Ng Kwok Leung ("Mr. Ng"), an executive director of the Company, has been appointed as the Chief Executive Officer on 29 February 2016 and Ms, Lin Yuehe has been appointed as the Chairlady and an executive director of the Company on 1 March 2016. The roles of chairman and chief executive have been separated from 1 March 2016.

APPOINTMENT OF NEW DIRECTORS

Code Provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Deviation

There has been a deviation from the code provision since the appointment of three independent non-executive directors of the Company, namely Mr. Siu Siu Ling Robert on 24 July 2015, and Mr. Chan Kwan Pak and Mr. Siu Gee Tai on 30 July 2015. They are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in bye-law 87 of the Company's Bye-laws which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than those set out in the CG Code.

Code Provision A.6.7

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Deviation

Two independent non-executive directors of the Company, namely Mr. Chan Kwan Pak and Mr. Siu Gee Tai were unable to attend the special general meeting of the Company held on 10 August 2015 (the “SGM”) as they had other important business engagement. However, there were two executive Directors and three independent non-executive Directors presented at the SGM to enable the Board to develop a balanced understanding of the views of shareholders of the Company.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 March 2016 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

REVIEW OF FINANCIAL STATEMENTS

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2016 have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

By order of the Board
**Skyway Securities Group
Limited**
Lin Yuehe
Chairlady

Hong Kong, 24 June 2016

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Ms. Lin Yuehe (*Chairlady*)

Mr. Ng Kwok Leung (*Chief Executive Officer*)

Mr. Tam Tak Wah

Independent Non-executive Directors:

Mr. Chan Kwan Pak

Mr. Siu Gee Tai

Mr. Siu Siu Ling Robert