中國新金融集團有限公司
China Innovative Finance Group Limited

(Incorporated in Bermuda with limited liability)
Stock code : 00412.HK

2016
Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS	*Executive Directors:* Mr. Ji Kewei *(Deputy Chairman and Chief Executive)* (appointed on 11 September 2015) Mr. Yau Wai Lung Mr. Ma Chao (appointed on 22 April 2015) *Non-Executive Director:* Mr. Qiu Jianyang (appointed on 11 September 2015) *Independent Non-Executive Directors:* Mr. Chung Yuk Lun Mr. To Shing Chuen Mr. Cheung Wing Ping (appointed on 17 April 2015)
AUDIT COMMITTEE	Mr. Chung Yuk Lun *(Chairman)* Mr. To Shing Chuen Mr. Cheung Wing Ping (appointed on 17 April 2015)
REMUNERATION COMMITTEE	Mr. Cheung Wing Ping (appointed on 17 April 2015) *(Chairman)* Mr. Ji Kewei (appointed on 11 September 2015) Mr. To Shing Chuen
NOMINATION COMMITTEE	Mr. Yau Wai Lung *(Chairman)* Mr. To Shing Chuen Mr. Cheung Wing Ping (appointed on 17 April 2015)
EXECUTIVE COMMITTEE	Mr. Yau Wai Lung *(Chairman)* Mr. Ji Kewei (appointed on 11 September 2015) Mr. Ma Chao (appointed on 22 April 2015)
COMPANY SECRETARY	Mr. Lau Yau Chuen, Louis (appointed on 11 May 2015)
REGISTERED OFFICE	Clarendon House 2 Church Street Hamilton HM 11 Bermuda

CORPORATE INFORMATION

PRINCIPAL OFFICE	29th Floor, China United Centre 28 Marble Road North Point Hong Kong
STOCK CODE	412
AUDITOR	HLB Hodgson Impey Cheng Limited 31/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong SAR
LEGAL ADVISERS	*Hong Kong law:* Cheung & Choy Rooms 417–418, 4th Floor Hutchison House, 10 Harcourt Road, Central Hong Kong *Bermuda law:* Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central Hong Kong
PRINCIPAL BANKER	The Hongkong and Shanghai Banking Corporation Limited No.1 Queen's Road Central Hong Kong
PRINCIPAL REGISTRAR IN BERMUDA	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM08 Bermuda
BRANCH REGISTRAR IN HONG KONG	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
WEBSITE	www.cifg.com.hk

CHIEF EXECUTIVE REPORT

On behalf of the board of directors (the "Board" or the "Directors") of China Innovative Finance Group Limited, ("CIFG" or the "Company" and, together with its subsidiaries, the "Group") (stock code: 0412. HK), I am pleased to present the annual results of CIFG for the 12 months ended 31 March 2016.

For CIFG, 2015/2016 was a year filled with both challenges as well as spectacular progress in our business. On 1 September last year, the Group officially completed the acquisition of Hong Kong Leasing Limited and its subsidiaries, with the Group renamed as CIFG Group, signifying the Group's vision of becoming an integrated financial service platform offering a full range of licensed services.

For the year ended 31 March 2016, the Group's turnover grew by 2,454%, year-on-year, to HK$96,992,000. The turnaround to profitability during the year was mainly attributable to change in fair value amounting to approximately HK$241 million (Year ended 31 March 2015: approximately HK$34 million), which was accounted for in the income statement for the current period, as well as profit before tax contributed from the leasing business amounting to approximately HK$70 million (Year ended 31 March 2015: nil). Profit attributable to owners of the Company amounted to HK$72 million (Year ended 31 March 2015: loss of approximately HK$129 million).

The financial market in 2016 has been dominated by risks associated with uncertainties in the outlook of monetary policies, global financial crises and the slowdown in China's economic growth. Conditions have been improved following measures adopted by the central bank of China to stabilise the RMB exchange rate by utilising the nation's foreign exchange reserves and tightening the regulation of capital flow, and to enhance economic growth and domestic liquidity by lowering benchmark interest rates and the bank reserve ratio. In connection with the financial industry, the General Office of the State Council published the "Guiding Opinion on Expediting the Development of the Financial Leasing Business" (《關於加快融資租賃業發展的指導意見》) in September last year as an important policy document in support of the financial leasing business, underpinning the determination of the government to drive the development of this sector. Such policies have provided strong support for CIFG as it strives to enhance its market competitiveness as a company positioned at the "wind gap" of the development of China's financial industry.

On the back of invaluable experiences inherited from the past, CIFG has been engaged in vigorous endeavours to deliver value to the community through the diversity of its innovative businesses and to add value for shareholders. The inclusion of the Group in the Morgan Stanley Capital International (MSCI) Hong Kong Small Cap Index during the year has facilitated the further expansion of the Group's investors' base, while effectively enhancing the public image and market position of the Company and providing a booster for the development of the Company's business.

The Group formulated short-term to long-term strategies for business development during the reporting period. Last year, we focused on achieving our short-term goals of broadening our coverage in the innovative financial service sector and enlarging our market share, while building a comprehensive network across China and establishing additional presence. During the reporting period, the Group completed the first step of its strategic move by securing strategic partners. These included China Taiping Insurance Holdings Company Limited, Haitong International Securities Group Limited and CCB International (Holdings) Limited, which have subscribed for our convertible bonds in a vote of confidence for the Group. Moreover, the Group entered into a strategic cooperation agreement with Beijing Wangrong Tianxia Financial Information Services Co., Ltd (北京網融天下金融信息服務有限公司) ("Licaifan" (理財範)) in

May this year to embark on strategic cooperation in "industrial financing for listed companies". The Group tapped further into the Internet finance sector by commencing its consumer finance business through Licaifan, a well-established platform, with the benefit of mutual sharing of resources. Synergies are expected to be created between such new venture and the Group's existing businesses.

FUTURE PROSPECTS

In 2016, many banks have adopted a tightened loan policy and reduced their lending to businesses, given volatile financial credit risks in the context of increasing uncertainties in the global economy and the economic downside of China. However, this might be favourable to the development of the financial leasing business, which is emerging to fill the gap left by traditional banking services by providing short to medium-term financing solutions to enterprises. For 2016, we anticipate continued volatility and uncertainties in economies around the world, including China, but we also believe that there will be underlying market opportunities.

On the back of a sound and efficient operating system developed since last year, the Group will embark on business expansion on all fronts and seek consistent asset growth, enrichment in product lines and improvements in operating results through horizontal integration and vertical expansion. In the medium term, CIFG will make dedicated efforts to create strategic synergies among various innovative financial service operations within its business regime and usher in the growth cycle of the enterprise. The Group intends to achieve its medium-term target of growing its customer base and making a major breakthrough in transaction scale through acquisitions and its own online financial services platform, leveraging unique policy support and advantages offered in different provinces in China, including Shenzhen and Qianhai Shenzhen-Hong Kong Cooperation Zone.

In addition, as a strategic partner of banks, CIFG will provide a platform for domestic leasing and lending transactions to help resolve issues relating to loan assets, leased assets and investment products of banks, with a view to bringing benefits to all parties involved. In the longer term, we are confident that we will grow into a reputable and influential non-banking financial institution offering a full range of comprehensive services.

May I take this opportunity to express appreciation to my fellow Directors and all employees for their wise counsel and total dedication during the past year which was full of challenges. I must also thank the shareholders and customers for their unfailing trust and support, which has provided constant driving force for our innovation and growth.

Ji Kewei
Deputy Chairman and Chief Executive

27 June 2016

FINANCIAL RESULTS

The Board announces that the Group has recorded a turnaround performance from a net loss of approximately HK$128,727,000 for the year ended 31 March 2015 to a net profit of approximately HK$71,696,000 for the year ended 31 March 2016. The profit is mainly attributable to the unrealized fair value gain of approximately HK$231,845,000 (2015: HK$41,732,000) arising from investments at fair value through profit or loss and the net profit of approximately HK$69,655,000 (2015: nil) from the financial leasing segment.

With an aim of supporting our business development, the Group has been continuously introducing institutional investors and strategic partners, such as Haitong International Investment Fund SPC, Taiping Trustees Limited and Sea Venture Investments Limited (an investment vehicle of China Construction Bank International) by way of the subscription to our convertible bonds with an aggregated amount of USD130 million (HK$1,007.5 million).

The proceeds from the convertible bonds were used for the Group's business development and working capital. During the reporting period, HK$187.5 million was used to obtain new contracts in the financial leasing business, HK$206 million was lent to our client as principal in the money lending segment, HK$365 million was invested in the securities and futures market for capital appreciation.

The Company is a financial investment holding company with its subsidiaries engaged in the following major lines of business during the fiscal year ended 31 March 2016.

a) Financial leasing

On 1 September 2015, the Group has completed the acquisition of a group of companies, which principally engages in financial leasing business, provision of consultancy services, provision of financial guarantee and operation of financial services platform in Hong Kong, Shenzhen, Shanghai and Beijing. The main subsidiaries include 翔龍融資租賃（深圳）有限公司 (Shenzhen Hover Dragon Financial Leasing Co, Ltd.), 翔龍融資租賃（上海）有限公司 (Shanghai Hover Dragon Financial Leasing Co. Ltd.), 翔龍融資租賃（北京）有限公司 (Beijing Hover Dragon Financial Leasing Co. Ltd.) and 深圳亞太租賃資產交易中心有限公司 (Shenzhen Asia-Pacific Leasing Assets Exchange Center Co. Ltd.), covering leasing services of engineering facilities, medical, environmental protection and transportation facilities, etc. For further details of the acquisition, please refer to the announcements of the Company dated 10 April 2015 and 2 September 2015 and the circular of the Company dated 30 July 2015.

The financial leasing business recorded a positive result of approximately HK$70 million for the year ended 31 March 2016 (2015: nil) which has been consolidated into the Group after the date of completion of the acquisition on 1 September 2015. The management believes that the unique financial leasing transaction platform, which is one of only seven financial transaction platforms which possess the "Trading Business Qualification", can provide synergy effect with other segments of the Group to capture business opportunities in finance leasing industry.

b) Investment in listed and unlisted securities

The Group's securities portfolio had an unrealized fair value gain on investment at fair value through profit or loss of approximately HK$232 million for the year ended 31 March 2016 and a realized gain of approximately HK$9 million.

c) Money lending business

In January 2016, the money lending business segment operated with a Money Lenders Licence newly issued by the Hong Kong Government. Lending business will focus on lending with short term, high interest rate, collateral and low risk, aiming to optimizing funding reserve for financing lending. The business has recorded a turnover of approximately HK$8.2 million compared to last year's turnover of approximately HK$1 million. The increase of turnover was mainly due to the expansion of the business, the borrowing principal amounted to HK$371 million (2015: HK$45 million). The Group will continue to use a cautious approach to manage risk and upkeep the profitability of the business.

d) Asset Trading Platform

The Group engaged in trading business relating to the leasing facilities, leasing assets and other related leasing properties, and provision of spot trading platform and marketing services and consulting services relating to the aforesaid businesses.

The Group's wholly-owned subsidiary, 深圳亞太租賃資產交易中心有限公司 (Shenzhen Asia-Pacific Leasing Assets Exchange Center Co., Ltd.), rooted in Qianhai, and benefitting from the policy advantages of the Guangdong Free Trade Area and Qianhai-Shenzhen-Hong Kong Cooperation Area, plans to be a leading domestic and international integrated financial leasing business service provider and financial leasing transaction service platform.

e) Investment in forest interest in the PRC (now discontinued)

The Group owned a group of companies which holds forestlands as its principal assets, with a total area of approximately 63,035.29 mu located in Qinglong Manchu Autonomous County of Hebei Province, the PRC. Having considered the continuous losses incurred, the Group disposed of the investment in forest interest in August 2015 at a consideration of HK$720,000,000 to Trillion Cheer, an independent third party, so that the Group can focus on the development of the money lending and financial leasing businesses while seeking opportunities to diversify into other areas in order to enhance the Group's performance and increase shareholders' value.

PROSPECT

The Group continues to expand to a variety of financial services serving the China and Hong Kong markets and is actively seeking other acquisition opportunities in the area of financial services in both Greater China and other parts of the world to enhance its performance and increase shareholders' value.

On 31 May 2016, after market close, the Group has been officially adopted by MSCI and included in its MSCI Hong Kong Small Cap Index as one of its constituent stocks. MSCI Hong Kong Small Cap Index provides valuable sources for investment decisions and is among the most widely used international equity benchmarks by institutional investors. The index includes constituent companies with excellent performance and development potential which meet certain criteria on market capitalization, liquidity and others. The inclusion of the Group into the MSCI Hong Kong Small Cap Index shows investors' recognition and confidence in our prospects and enhances our corporate image, thereby fostering future growth of our Group.

EVENTS AFTER THE END OF THE REPORTING PERIOD

The event after the end of the reporting period are set out on note 40 to the consolidated financial statements.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2016, the Group's total assets and borrowings were approximately HK$5,897,307,000 and HK$2,359,086,000 respectively. The borrowings of the Group represented bank borrowings, three convertible bonds with a fixed rate of interest of 7% to 8% per annum and two unsecured seven-year bonds with a fixed rate of interest of 5% per annum issued by the Company. Though the convertible bonds were denominated in United States dollars, the exchange rate is relatively stable and the bonds were denominated in Hong Kong dollars, thus there is no exposure to fluctuations in exchange rate. The gearing ratio (total borrowings/total assets) as at 31 March 2016 was approximately 40% (2015: 2%).

CURRENCY RISK MANAGEMENT

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and United States dollar. The Group is mainly exposed to foreign exchange risk with respect to Renminbi which may affect the Group's performance. However, during the year under review, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and consider appropriate hedging measures in the future when necessary.

PLEDGE OF ASSETS

At 31 March 2016, the banking facilities of the Group were secured by finance lease receivables, restricted cash and listed equity securities of the Company. Details are set out in note 34 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2016 (2015: Nil).

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

There was no purchase, redemption or sale of the Company's listed securities by the Company or any of its subsidiaries during the reporting period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group entered into a sales and purchase agreement with China Hover Dragon Group Limited and Mr. Gao Chuanyi to acquire the entire issued share capital of Hong Kong Leasing Limited on 8 April 2015. The acquisition was completed on 1 September 2015. The consideration was settled by way of allotment and issue of shares by the Company on 4 September 2015. Further details are set out in the Company's next day disclosure return on 4 September 2015, the Company's circular dated 30 July 2015 and the Company's announcements dated 10 April 2015 and 2 September 2015.

Save as disclosed in note 33 to the consolidated financial statements and above in this annual report, the Group had no material acquisition and disposal of subsidiaries during the year ended 31 March 2016.

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2016, the Group had a workforce, including directors of the Company, of 98, of which 76 were based in the PRC. Staff costs incurred and charged to profit or loss for the year including directors' remuneration but excluding equity-settled share based payment expenses, was approximately HK$38.5 million (2015: HK$10.9 million).

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Group operates a defined contribution mandatory provident fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of laws of Hong Kong) for all its employees.

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

EXECUTIVE DIRECTORS

Mr. Ji Kewei, aged 56, is the deputy chairman, chief executive and a member of each of the remuneration committee and executive committee of the Company. He holds a Master of Business Administration degree and a Doctor of Philosophy degree in Economics (Finance). He is a senior economist. Mr. Ji has over 30 years of extensive experience in the financial and financial leasing services industry in Hong Kong and the PRC. In 2001, Mr. Ji was approved to reside and work in Hong Kong by the Hong Kong Special Administrative Region Government under the first phase of the Admission Scheme for Mainland Talents and Professionals. Mr. Ji has served the following positions: vice president of the People's Bank of China, Jinzhou Branch and concurrently deputy director of the State Administration of Foreign Exchange, Jinzhou Sub-Branch; general manager of the Fund Planning Department of the People's Bank of China, Shenzhen Special Economic Zone Branch; chairman of the board and president of Shenzhen City Commercial Bank (now renamed as Ping An Bank); director of China Everbright Group Limited and vice president of China Everbright Bank head office and executive vice president of China Everbright Bank; chairman of the board of Concord Group (BVI) Limited and concurrently as the chairman of the board of Concord Capital Securities Limited and Concord Credit Services Limited respectively; executive director and the chief executive officer of China Finance Investment Holdings Limited (formerly known as Cypress Jade Agricultural Holdings Limited and Ever Fortune International Holdings Limited) (stock code: 00875), a company listed on the main board of the Stock Exchange; vice chairman of the board of HNA Capital Holdings Limited and chairman of the board of HNA Group International Headquarters (Hong Kong) Co., Limited. He is currently the chairman of the board and the chief executive officer of China Hover Dragon Group Limited.

Mr. Yau Wai Lung, aged 44, is the chairman of the nomination committee of the Company. He has rich experience in project investment and management in Hong Kong and China. Mr. Yau held a number of senior business development roles in major corporations and, during his tenure with these corporations, Mr. Yau was involved in a number of cross-border business projects and he was responsible for the investment and management of these projects.

Mr. Ma Chao, aged 33, graduated from Beijing Jiaotong University. Mr. Ma has extensive experience in finance and wealth management. Mr. Ma is currently the chairman of 華信財富資產管理有限公司 (Huaxin Asset Management Company Limited). Prior to his current position, Mr. Ma served as executive president of 湖南信託有限責任公司 (Hunan Trust Company Limited) and managing director of 中誠信財務顧問有限公司 (Zhongchengxin Financial Advisory Company Limited).

NON-EXECUTIVE DIRECTOR

Mr. Qiu Jianyang, aged 53, graduated from Hunan University (Hunan College of Finance and Economics) in 1985 with a major in Financial Accounting. Mr. Qiu has extensive experience in finance and investment. Mr. Qiu is currently the president of the Investment Department of 世紀金源投資集團有限公司 (Century Golden Resources Group*), responsible for investment feasibility analysis and review on business plans and strategic investments. Meanwhile, Mr. Qiu is the director of 中信建投證券股份有限責任公司 (China Securities Co., Ltd.*). Prior to these, Mr. Qiu served as vice president of 中信信息科技投資有限公司 (CITIC Information Technology Investment Co., Ltd*) and the financial manager of 中國聯通第一分公司 (the First Branch of China Unicom*).

* *For identification purposes only*

Mr. Qiu is a certified public accountant in the PRC, holding various positions such as a financial manager with rich investment experience in the global financial markets. Mr. Qiu has a wealth of theoretical knowledge, and has co-published a treatise entitled "Corporate Financial Accounting Practice"《公司財務會計實務》.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. To Shing Chuen, aged 65, is a member of the audit committee, remuneration committee and nomination committee of the Company. He has a Bachelor's of Arts degree and has over 20 years' experience in trading, garment and leather fields. Mr. To is currently an independent non-executive director of China Opto Holdings Limited (previously known as China Optoelectronics Holding Group Co., Limited) (Stock Code: 1332), which is a publicly listed company in Hong Kong.

Mr. Chung Yuk Lun, aged 55, is the chairman of the audit committee of the Company. He has over 20 years' experience in the finance and accounting field. Mr. Chung is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Chartered Accountant (England and Wales). Mr. Chung was formerly an executive director of O Luxe Holdings Limited (Stock Code: 860) from February 2002 to September 2013. He was the chairman and an executive director of Eagle Ride Investment Holdings Limited (previously known as Radford Capital Investment Limited) (Stock Code: 901) from October 2002 to November 2013. He was an independent non-executive director of Dragonite International Limited (Stock Code: 329) from April 2010 to September 2014. He was an independent non-executive director of Rentian Technology Holdings Limited (previously known as Forefront Group Limited) (Stock Code: 885) from April 2007 to October 2015. He was an executive director and chairman of HengTen Networks Group limited (previously known as Mascotte Holdings Limited) (Stock Code: 136) from May 2014 to October 2015. He was an independent non-executive director of Freeman Financial Corporation Limited (Stock Code: 279) from August 2013 to June 2016. He was also an executive director of Imagi International Holdings Limited (Stock Code: 585) from May 2016 to June 2016. All of the above are publicly listed companies in Hong Kong.

Mr. Cheung Wing Ping, aged 49, is the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. He has over 20 years of experience in auditing and accounting fields. He holds a Bachelor's degree in Accountancy with honours from City University of Hong Kong and is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung is currently an independent non-executive director of Freeman Financial Corporation Limited (Stock Code: 279), Enerchina Holdings Limited (Stock Code: 622) and China Opto Holdings Limited (previously known as China Optoelectronics Holding Group Co., Limited) (Stock Code: 1332) and executive director of Mason Financial Holdings Limited (previously known as Willie International Holdings Limited) (Stock Code: 273), all of which are publicly listed companies in Hong Kong. Mr. Cheung was formerly an executive director of Eagle Ride Investment Holdings Limited (previously known as Radford Capital Investment Limited) (Stock Code: 901) from June 2011 to November 2013 and an independent non-executive director of Willie International Holdings Limited (Stock Code: 273) from October 2009 to June 2013, all of which are publicly listed companies in Hong Kong.

SENIOR MANAGEMENT

Mr. Law Man Tat Martin

Chief Financial Officer

Mr. Law is a seasoned financial & business executive with more than 25 years of experience, with 7 years in financial consulting and 18 years in financial management and risks management within financial & commercial institutions. Mr. Law has been working as senior executives within a number of renowned corporations, including Arthur Andersen & Co. CPA, Standard Chartered Bank, HSBC, Lloyd's of London, ANZ Bank, etc. Mr. Law had stationed in Shanghai for more than 4 years whilst he serves as Chief Financial Officer & Chief Operating Officer of Lloyd's of London China and Chief Financial Officer of ANZ Bank China respectively. Mr. Law has an extensive international working exposure in USA, UK, Australia and various other Asian countries. Mr. Law has a MBA degree and also possesses a number of internationally recognised professional qualifications including: Chartered Management Accountant, CIMA (UK), Chartered Global Management Accountant, AICPA (USA), Associate Member of Chartered Institute of Arbitrators, CIArb (UK), Certified Information System Auditor, ISACA (USA), Fellow member of Life Management Institutes, LOMA (USA), Associate of Reinsurance, LOMA (USA) and Associate of Customer Services, LOMA (USA).

Mr. Fan Dongping

Managing Director, LAECAP

Mr. Fan graduated from Beihang University and was awarded with the doctor degree of engineering. Prior joining LAECAP, Mr. Fan has been working as lecturer of School of Computer Science and Engineering, Beihang University, Deputy Supervisor of Department of Science and Technology Development, Chief Secretary of the Beihang Education Foundation, Honorary Vice President of IT Department of the Development and Reform Commission of Nanning City, Guangxi Zhuang Autonomous Region, Business Development Director of China Beijing Assets Exchange Centre, committee member of China Beijing Assets Exchange Centre, President of Beijing Jinmajia Internet Trading Co. Ltd., Vice President of China Qinglu Industrial Development Group Co. Ltd. and vice chairman of Beijing Jinmajia Internet Trading Co. Ltd.

Mr. Louis Lau

Deputy Chief Financial Officer and Company Secretary

Mr. Lau has 16 years financial reporting, audit and compliance experiences gained from international CPA firms and listed company. Mr. Lau was formerly an executive director and financial controller of Artini China Co. Ltd. (stock code: 789) from May 2010 to July 2011. He graduated from City University of Hong Kong and is a member of the Association of Chartered Certified Accountants.

Mr. Sam Cheng

Deputy Chief Risk Officer

Mr. Cheng has over 20 years of experience in accounting, auditing, finance and risk management. Mr. Cheng's previous appointments included Internal Audit Director of Changzhou Trina Solar Ltd., Finance Director of Terex Corporation, Senior Manager of Shanghai PriceWaterHouseCoopers Business Process Risk Consulting Department, Regional Internal Auditor of United Technologies etc. Mr. Cheng obtained his bachelor degree in Accountancy with City University of Hong Kong. Mr. Cheng is a Fellow member of Hong Kong Institute of Certified Public Accountants and a Certified Public Accountant.

PRINCIPAL ACTIVITIES

The principal activity of the Company is financial services. The principal activities of its principal subsidiaries are set out in note 42 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's profits for the financial year ended 31 March 2016 and the state of affairs of the Company and of the Group at that date are set out in the consolidated financial statements on pages 36 to 43.

The directors do not recommend the payment of any dividend in respect of the financial year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 166. This summary does not form part of the audited financial statements.

BUSINESS REVIEW

The financial results of the Group for the year ended 31 March 2016 are set out in the section headed "Management Discussion and Analysis" on pages 6 to 9 of the annual report.

Environmental policies and performance

The Group is committed to supporting the environmental sustainability. The Group is committed to implementing policies and measures in our daily business operations to foster reduction of the Group's environmental impact such as (i) video conferencing meetings among Hong Kong headquarter and PRC subsidiaries to save business travel (ii) use of recycled papers and office light-out measures after office hours etc.

Compliance with relevant laws and regulations

During the year under review, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognizes that employees are our valuable assets. Thus employee management focuses on recruiting and growing the right people. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group's corporate strategy. The Group also understands that maintaining long-term good relationship with business partners is also one of the primary objectives of the Group. Accordingly, our management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year under review, there was no material and significant dispute between the Group and its business partners.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the financial year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL, BONDS, CONVERTIBLE BONDS AND SHARE OPTION SCHEME

Details of movements in the share capital and bonds of the Company during the year are set out in notes 31 and 28 to the consolidated financial statements, respectively.

Details of the convertible bond agreements entered into during the year or subsisting at the end of the year are set out below:

On 28 October 2015, the Company issued US$50,000,000 7% secured redeemable convertible bonds. The net proceeds from the issue of the convertible bonds, namely, HK$388 million, to be used for the purpose of enhancing the share capital and working capital of Hong Kong Leasing Limited, an indirect wholly owned subsidiary of the Company. There was no movement in the number of these convertible bonds during the year. Upon exercise in full of the subscription rights attaching to the convertible bonds at the conversion price of HK$0.68 (subject to adjustment), a maximum of 573,529,411 conversion shares will be issued. The bonds carry interest at a rate of 8% per annum, which is payable half-yearly in arrears on 30 June and 31 December.

On 24 December 2015, the Company issued US$40,000,000 8% convertible bonds which are used for the business development and the general working capital of the Group. The net proceeds from the issue of the convertible bonds, after deducting related expenses, are approximately HK$303 million. There was no movement in the number of these convertible bonds during the year. Based on the initial conversion price of HK$0.72 per conversion share and on full conversion of the convertible bonds, a maximum number of 433,333,333 conversion shares will be allotted and issued by the Company. The bonds carry interest at a rate of 8% per annum, which is payable half-yearly in arrears on 30 June and 31 December.

On 31 December 2015, the Company issued US$40,000,000 7% secured redeemable convertible bonds which are used for the business development and the general working capital of the Group. The net proceeds from the issue of the convertible bonds, after deducting related expenses, are approximately

HK$306 million. There was no movement in the number of these convertible bonds during the year. The convertible bonds can be convertible at the option of the bondholders at a price of HK$0.72 per conversion share and upon full conversion of the convertible bonds, a maximum number of 433,333,333 conversion shares will be allotted and issued by the Company. The bonds carry interest at a rate of 7% per annum, which is payable half-yearly in arrears on 30 June and 31 December.

For more details of convertible bonds information, please refer to note 29 to the consolidated financial statements.

Details of the share option scheme of the Company is set out below:

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

The following table discloses movements in the Company's share options outstanding during the year:

		Number of share options								
Name of category	Date of grant of share options	Outstanding as at 01.04.2015	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Outstanding as at 31.03.2016	Vesting period	Validity period of share options	Exercise price of share options (HK$) per share
Director										
Yau Wai Lung	—	169,400,000	–	–	–	–	169,400,000	–	05.12.2014 to 04.12.2024	0.42
Total		169,400,000	–	–	–	–	169,400,000			

For more details of share options information, see note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

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

RESERVES

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

DISTRIBUTABLE RESERVES

Under the Bermuda Companies Act 1981, the Company's contributed surplus of approximately HK$1,524,577,000 may be distributed under certain circumstances. Other than the contributed surplus, the Company does not have any reserves available for distribution in accordance with the Bermuda Companies Act 1981 as at 31 March 2016. In addition, the Company's share premium account of approximately HK$3,236,117,000 as at 31 March 2016 may be distributed in the form of fully paid bonus shares. Details of the share premium account and reserves are set out in note 43 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 March 2016, sales to the Group's five largest customers accounted for less than 30% of the Group's revenue. The Group has insignificant amount of purchases. In the opinion of the board of directors, it is therefore of no value to disclose details of the Group's suppliers.

DIRECTORS

The directors of the Company during the financial year ended 31 March 2016 and up to the date of this report were:

Executive Directors

Mr. Ji Kewei *(appointed on 11 September 2015)*
Mr. Yau Wai Lung
Mr. Ma Chao *(appointed on 22 April 2015)*
Dr. Jonathan Ross *(resigned on 13 August 2015)*

Non-executive Director

Mr. Qiu Jianyang *(appointed on 11 September 2015)*

Independent Non-executive Directors

Mr. To Shing Chuen
Mr. Chung Yuk Lun
Mr. Cheung Wing Ping *(appointed on 17 April 2015)*
Mr. Ha Kee Choy, Eugene *(resigned on 17 April 2015)*

Dr. Jonathan Ross resigned as an executive director of the Company with effect from 13 August 2015 due to his personal business development. Mr. Ha Kee Choy, Eugene resigned as an independent non-executive director of the Company with effect from 17 April 2015 due to his desire to devote more time in other personal and business commitments.

In accordance with Bye-law 91 of the bye-laws of the Company, Mr. Ji Kewei, an executive director appointed by the board of directors of the Company (the "Board") since 11 September 2015 and Mr. Qiu Jianyang, a non-executive director appointed by the Board since 11 September 2015 shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

In accordance with Bye-law 99(B) of the bye-laws of the Company, two independent non-executive directors of the Company namely Mr. To Shing Chuen and Mr. Chung Yuk Lun, shall retire from office by rotation at the forthcoming annual general meeting.

Mr. Ji Kewei, Mr. Qiu Jianyang, Mr. To Shing Chuen and Mr. Chung Yuk Lun, being eligible, will offer themselves for re-election as directors of the Company at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the financial year.

CHANGES IN INFORMATION OF DIRECTOR(S) OF THE COMPANY

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the changes in information of director(s) of the Company are as follows:

Mr. Chung Yuk Lun resigned as an independent non-executive director of Freeman Financial Corporation Limited on 21 June 2016. He has been appointed as an executive director of Imagi International Holdings Limited on 1 May 2016 and resigned from the position on 15 June 2016.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

Details of the connected transactions are set out in note 36 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 31 March 2016, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests or short positions which the directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Long positions in ordinary shares and underlying shares of the Company

	Number of Shares						
Name of Director/Chief Executive	Personal interests	Family interests	Corporate interests	Other interests	Interests in underlying shares/ equity derivatives	Total Shares	Percentage of Company's issued share capital as at 31 March 2016
Ji Kewei *(Note 1)*	5,617.977	—	2,284,947,214	—	—	2,290,565,191	11.86
Yau Wai Lung *(Note 2)*	—	—	3,676,708,000	—	169,400,000	3,846,108,000	19.92

Notes:

1. China Hover Dragon Group Limited beneficially owns 2,284,947,214 shares by way of trusts. Chinanet Consultancy Limited owns 50% of the issued share capital of China Hover Dragon Group Limited and Mr. Ji Kewei owns the entire issued share capital of Chinanet Consultancy Limited. Mr. Ji Kewei is personally interested in 5,617,977 shares as part of annual emolument for his terms of office as executive director, deputy chairman and chief executive of the Company commencing from 11 September 2015.

2. Mr. Yau Wai Lung is deemed to be interested in 3,676,708,000 shares by virtue of his 100% beneficial holding in Leading Fortune International Group Limited, which holds 3,676,708,000 shares. Mr. Yau Wai Lung is also a director of Leading Fortune International Group Limited. The 169,400,000 underlying shares are shares issuable upon the exercise of share options granted by the Company to Mr. Yau Wai Lung under the share option scheme of the Company adopted at the annual general meeting held on 18 August 2014.

Save as disclosed above, as at 31 March 2016, none of the directors and chief executive of the Company was interested in the shares, underlying shares or debentures of the Company or its associated corporations (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 or the chief executive of the Company were taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register maintained by the Company under section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share options granted to Mr. Yau Wai Lung under the share option scheme as disclosed above and in note 32 to the consolidated financial statements, at no time during the financial year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any other directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN SHARES OF THE COMPANY

As at 31 March 2016, according to the register of interests required to be kept by the Company under Section 336 of the SFO, the following persons, other than the directors and chief executive of the Company, had interests or short positions in the shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in ordinary shares of the Company

Name of substantial shareholders	Capacity	Interests in underlying shares/equity derivatives	Number of shares interested	Percentage of the issued share capital as at 31 March 2016
Hao Tian Development Group Limited *(Note 1)*	Corporate interest	—	5,241,500,000	27.14
	Corporate interest	—	80,729,170 (S) *(Note 6)*	0.42
Yau Wai Lung *(Note 2)*	Corporate interest	—	3,676,708,000	19.04
	Beneficial interest	169,400,000	—	0.88
Huang Rulun *(Note 3)*	Corporate interest	—	2,320,000,000	12.01
Ji Kewei *(Note 4)*	Corporate interest	—	2,284,947,214	11.83
	Beneficial interest	—	5,617,977	0.03
CST Mining Group Limited *(Note 5)*	Corporate interest	—	1,662,330,000	8.61

Notes:

1. Hao Tian Development Group Limited is deemed to be interested in the 5,241,500,000 shares held by Hao Tian Management (Hong Kong) Limited pursuant to the SFO by virtue of Hao Tian Management (Hong Kong) Limited being a subsidiary of Win Team Investments Limited, which in turn is a subsidiary of Hao Tian Development Group Limited.

2. Mr. Yau Wai Lung, a director of the Company, is deemed to be interested in the 3,676,708,000 Shares held by Leading Fortune International Group Limited pursuant to the SFO by virtue of his 100% beneficial interest in Leading Fortune International Group Limited. 169,400,000 share options were granted to Mr. Yau Wai Lung by the Company under the share option scheme adopted on 18 August 2014.

3. Mr. Huang Rulun is deemed to be interested in the 2,320,000,000 shares held by Century Golden Resources Investment Co. Ltd. pursuant to the SFO by virtue of his controlling interest in Century Golden Resources Investment Co. Ltd.

4. Mr. Ji Kewei, a director of the Company, is deemed to be interested in the 2,284,947,214 shares held by China Hover Dragon Group Limited pursuant to the SFO by virtue of Chinanet Consultancy Limited (wholly-owned by Mr. Ji Kewei) holding 50% issued shares of China Hover Dragon Group Limited. Mr. Ji Kewei is personally interested in 5,617,977 shares as part of annual emolument for his terms of office as executive director, deputy chairman and chief executive of the Company commencing from 11 September 2015.

5. CST Mining Group Limited is deemed to be interested in the 1,662,330,000 shares held by Skytop Technology Limited pursuant to the SFO by virtue of Skytop Technology Limited being a subsidiary of Perfect Touch Technology Inc., which in turn is a subsidiary of CST Mining Group Limited.

6. (S) — Short position.

Save as disclosed above, the Company had not been notified of any other person (other than director or chief executive of the Company) who had an interest (whether direct or indirect) in 5% or more of the shares comprised in the relevant share capital or a short position which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 March 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on the public available information and to the best knowledge of the directors of the Company, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 40 to the consolidated financial statements.

AUDITORS

HLB Hodgson Impey Cheng Limited was appointed as auditor of the Company on 24 March 2016 following the resignation of BDO Limited, which was appointed on 18 September 2015 and resigned on 24 March 2016. Prior to this, Messr. Graham H.Y. Chan & Co. who acted as auditor of the Company for the period from 11 November 2013 to 18 September 2015. Apart from this, there was no change in auditors of the Company in any of the preceding three years.

HLB Hodgson Impey Cheng Limited will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Mr. Lau Yau Chuen, Louis
Company Secretary

Hong Kong
27 June 2016

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of transparency and accountability, and believes that shareholders can benefit from good corporate governance. The Company has adopted the Corporate Governance Code contained in Appendix 14 (the "Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own corporate governance code. The Company aims to achieve good standard of corporate governance, thus during the year the Company has complied with most of the code provisions (the "Code Provision(s)") as set out in the Code for the year ended 31 March 2016 except for Code Provision A.2.1 in respect of the role separation of the chairman and the chief executive; Code Provision A.4.1 in respect of the service term of non-executive directors (the "NED(s)"); Code Provision A.6.7 in respect of attendance by independent non-executive directors (the "INED(s)") and other NEDs at the general meetings of the Company and Code Provision D.1.4 in respect of the letters of appointment for directors. Any deviation from the Code Provisions will be explained in this report. The Company aims to comply with all the Code Provisions and will review and update the current practices of the corporate governance regularly in order to achieve the aims.

DIRECTORS' SECURITIES TRANSACTIONS

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 code of conduct regarding director's securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 March 2016.

BOARD OF DIRECTORS

The Board comprised seven Directors, including three executive Directors, one NED and three INEDs on 31 March 2016 and up to the date of this report:

Executive Directors

Mr. Ji Kewei *(appointed on 11 September 2015)*
Mr. Yau Wai Lung
Mr. Ma Chao *(appointed on 22 April 2015)*
Dr. Jonathan Ross *(resigned on 13 August 2015)*

Non-executive Director

Mr. Qiu Jianyang *(appointed on 11 September 2015)*

Independent Non-executive Directors

Mr. To Shing Chuen
Mr. Chung Yuk Lun
Mr. Cheung Wing Ping *(appointed on 17 April 2015)*
Mr. Ha Kee Choy, Eugene *(resigned on 17 April 2015)*

The Board is collectively responsible for formulating and implementing the Group's strategies and policies, monitoring the performance of the Group and reviewing the corporate governance practices. The members of the Board are experienced individuals having a mix of core competencies in areas of accounting and finance, business management, law, industry knowledge and marketing strategies. Biographical details of all Directors are set out on pages 10 to 11 of this annual report. The mix of professional skills and experience of the INEDs is an important element in the proper functioning of the Board. Their participation in Board and committee meetings brings independent judgment and helps to ensure that adequate checks and balances are provided and that the interests of all shareholders are taken into account. Directors have full access to appropriate business documents and information about the Group on a timely basis. The Directors can also obtain independent professional advice at the Group's expense if they require it. The Board delegates the day-to-day operation and administration to the management and to the executive committee.

The Company has complied with rules 3.10 (1) and (2) of the Listing Rules in maintaining at all times sufficient number of INEDs on the Board including an INED with professional accounting and financial qualifications. The Company has complied with rule 3.10A and has INEDs representing at least one third of the Board. The Company considers all of the INEDs are independent and has received from each INED an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules.

None of the Directors has any financial, business, family or other material/relevant relationships with each other except that Mr. Chung Yuk Lun and Mr. Cheung Wing Ping were both independent non-executive directors of Freeman Financial Corporation Limited as at 31 March 2016.

For the year ended 31 March 2016, there were a total of 23 Board meetings and 5 general meetings held. The attendance of each of the Directors during their period of office is as follows:

Name of Directors	**Attendance** *(Note)*	
	Board meetings	**General meetings**
Executive Directors		
Mr. Ji Kewei (appointed on 11 September 2015)	3/10	2/3
Mr. Yau Wai Lung	23/23	5/5
Mr. Ma Chao (appointed on 22 April 2015)	13/20	0/5
Dr. Jonathan Ross (resigned on 13 August 2015)	10/10	1/1
Non-executive Director		
Mr. Qiu Jianyang (appointed on 11 September 2015)	5/7	0/3
Independent Non-executive Directors		
Mr. To Shing Chuen	20/23	0/5
Mr. Chung Yuk Lun	21/23	4/5
Mr. Cheung Wing Ping (appointed on 17 April 2015)	19/21	4/5
Mr. Ha Kee Choy, Eugene (resigned on 17 April 2015)	2/2	0/0

Note:

The denominator is the number of meetings held within term of office of each director of the Company for the year ended 31 March 2016.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings of the Company. For the year ended 31 March 2016, one non-executive director and one independent non-executive director were unable to attend the annual general meeting and special general meeting held on 18 September 2015 due to overseas commitments or other prior business engagements. One non-executive director and/or one or two independent non-executive directors were unable to attend other three special general meetings due to overseas commitments or other prior business engagements.

ACCOUNTABILITY AND INTERNAL CONTROL

The Directors acknowledge their responsibility for the preparation of financial statements of the Group that give a true and fair view of the Group's financial position and are in accordance with applicable accounting standards and statutory rules and guidelines. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue on a going concern basis. The statement by the external auditor of the Company about their reporting responsibilities is set out in the Independent Auditor's Report contained in this annual report. The Board recognizes its overall responsibility for the establishment, maintenance and review of a system of internal control that provides reasonable assurance on the reliability and integrity of financial and operational information, effective and efficient operations, safeguarding of assets and compliance with laws and regulations. The system of internal control which is reviewed annually by the Board is designed to manage rather than eliminate all risks of failure while its goal is to provide reasonable, not absolute, assurance regarding the achievement of organizational objectives.

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The segregation of responsibilities between chairman and chief executive should be clearly established and set out in writing. Mr. Yau Wai Lung, an executive director, has been primarily responsible for the leadership of the Board and overall management and operation of the Company since he was appointed as the executive director on 19 August 2014. Mr. Ji Kewei, has assumed the roles of both deputy chairman and chief executive of the Company, and has been in charge of the overall management of the Company since he was so appointed 11 September 2015. The Company considered that the combination of the roles of deputy chairman and chief executive could promote the efficient formulation and implementation of the Company's strategies which enabled the Group to grasp business opportunities efficiently and promptly. The Company has not appointed a new chairman or chief executive separately, but when it does so it is expected that appropriate persons will be nominated to the different roles of chairman and chief executive.

NON-EXECUTIVE DIRECTORS

Although not less than one-third of the directors of the Company (both executive and non-executive directors) are subject to retirement by rotation at the Company's annual general meeting (Code Provision A.4.2 requires every director should be subject to retirement by rotation at least once every three years (the "Rotation Period Restriction") as specified by the Company's bye-laws, the independent non-executive directors are not appointed for a specific term. Thus the Company has deviated from Code Provision A.4.1. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those provided in the Code.

FORMAL LETTERS OF APPOINTMENT FOR DIRECTORS

Code Provision D.1.4 sets out that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for some of the directors. All of the directors of the Company are, however, required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. In the opinion of the directors, this meets the objective of Code Provision D.1.4.

DIRECTOR'S CONTINUOUS PROFESSIONAL DEVELOPMENT

Code provision A.6.5 stipulates that all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company had received from each of the directors a confirmation of training they received during the year ended 31 March 2016. A summary of such training is listed as follows:

Name of Director	Type of training
Executive Directors	
Mr. Ji Kewei (appointed on 11 September 2015)	I & II
Mr. Yau Wai Lung	I & II
Mr. Ma Chao (appointed on 22 April 2015)	II
Dr. Jonathan Ross (resigned on 13 August 2015)	II
Non-Executive Director	
Mr. Qiu Jianyang	II
Independent Non-Executive Directors	
Mr. To Shing Chuen	II
Mr. Chung Yuk Lun	II
Mr. Cheung Wing Ping (appointed on 17 April 2015)	II
Mr. Ha Kee Choy, Eugene (resigned on 17 April 2015)	II

I: Attending training courses and/or seminars conferences.

II: Reading journals and updates relevant to the Company's business or directors' duties and responsibilities.

The directors will continue to attend training that may be required from time to time keeping abreast with the latest changes in laws, regulations and the business environment.

REMUNERATION COMMITTEE

The Company has established a remuneration committee since 8 March 2006. The principal function of the remuneration committee is to make recommendations to the Board on the remuneration packages of individual executive and senior management. The terms of reference of the remuneration committee adopted on 26 March 2012 are consistent with the Code provisions set out in the Code. For the year ended 31 March 2016 and up to the date of this report, the remuneration committee comprised INEDs, namely, Mr. To Shing Chuen, Mr. Cheung Wing Ping (appointed as member on 17 April 2015 and appointed as chairman on 26 June 2015) and Mr. Ha Kee Choy, Eugene (resigned on 17 April 2015), and executive directors, Mr. Ji Kewei (appointed on 11 September 2015), Dr. Jonathan Ross (resigned on 13 August 2015). For the year ended 31 March 2016, the committee reviewed and made recommendations to the Board on the remuneration packages of the directors with reference to the level of responsibilities of the individual director, the scope of operation of the Group as well as the prevailing market conditions. For the year ended 31 March 2016, individual attendance of each remuneration committee member was as follows:

Name of remuneration committee member	**Attendance** *(Note)*
Mr. Cheung Wing Ping *(INED)* (appointed on 17 April 2015) (appointed as chairman of the remuneration committee on 26 June 2015)	2/2
Mr. Ji Kewei	0/0
Mr. To Shing Chuen *(INED)*	2/2
Dr. Jonathan Ross *(Executive Director)* (resigned on 13 August 2015)	1/1
Mr. Ha Kee Choy, Eugene *(INED)* (resigned on 17 April 2015)	0/0

Note:

The denominator is the number of meetings held within term of office of each remuneration committee member for the year ended 31 March 2016.

Remuneration of directors and senior management

The remuneration of the directors and the members of senior management of the Company for the year ended 31 March 2016 by band is set out below:

	Number of Individuals
Nil–HK$1,000,000	9 *(Note 1)*
HK$1,000,001–HK$1,500,000	1
HK$1,500,001–HK$2,000,000	1
HK$5,000,001–HK$10,000,000	2

Notes:

1. Two directors resigned during the year ended 31 March 2016.

Further particulars in relation to directors' remuneration and the five highest paid employees as required to be disclosed pursuant to appendix 16 to the Listing Rules are set out in note 11, respectively, to the consolidated financial statements.

NOMINATION COMMITTEE

The principal function of the nomination committee is to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy. New directors, being individuals who are suitably qualified and expected to make a positive contribution to the performance of the Board having regard to the individuals' skills, experience, professional knowledge and time commitments as well as the balance of skills and experience appropriate to the Company's business, are identified and submitted to the Board or shareholders for approval either to fill vacancies on the Board or to be appointed as additional directors. The terms of reference of the nomination committee are consistent with the Code Provisions set out in the Code. For the year ended 31 March 2016 and up to the date of this report, the nomination committee comprised INEDs, namely, Mr. To Shing Chuen, Mr. Cheung Wing Ping (appointed on 17 April 2015) and Mr. Ha Kee Choy, Eugene (resigned on 17 April 2015), and executive director, Mr. Yau Wai Lung (appointed as chairman on 26 June 2015). For the year ended 31 March 2016, the nomination committee reviewed the composition of the Board and assessed the independence of the INEDs. For the year ended 31 March 2016, individual attendance of each nomination committee member was as follows:

Name of nomination committee member	Attendance *(Note)*
Mr. Yau Wai Lung *(Executive Director)* (appointed as chairman of the nomination committee on 26 June 2015)	2/2
Mr. Cheung Wing Ping *(INED)* (appointed on 17 April 2015)	2/2
Mr. To Shing Chuen *(INED)*	2/2
Mr. Ha Kee Choy, Eugene *(INED)* (resigned on 17 April 2015)	0/0

Note:

The denominator is the number of meetings held within term of office of each nomination committee member for the year ended 31 March 2016.

AUDIT COMMITTEE

The Company has established an audit committee since 2001.

For the year ended 31 March 2016 and up to the date of this report, the audit committee comprised INEDs, namely Mr. Ha Kee Choy, Eugene (replaced on 17 April 2015 by Mr. Cheung Wing Ping), Mr. To Shing Chuen and Mr. Chung Yuk Lun (appointed as chairman of the audit committee on 26 June 2015). Mr. Ha, Mr. Cheung and Mr. Chung possess appropriate professional accounting qualifications. Code Provision C.3.3 requires the terms of reference of the audit committee should include certain minimum duties. The terms of reference of the audit committee were adopted on 28 April 2004 and revised on 26 March 2013 and 3 February 2016 to include all the duties set out in the Code Provision C.3.3, which among other things include reviewing financial statements of the Company. Any findings and recommendations of the audit committee of the Company are to be submitted to the Board for consideration.

The audit committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee. It is also authorized to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

For the year ended 31 March 2016, individual attendance of each audit committee member was as follows:

Name of audit committee member	Attendance *(Note)*
Mr. Chung Yuk Lun (appointed as chairman of the audit committee on 26 June 2015)	3/3
Mr. To Shing Chuen	2/3
Mr. Ha Kee Choy, Eugene (resigned on 17 April 2015)	0/0
Mr. Cheung Wing Ping (appointed on 17 April 2015)	2/3

Note:

The denominator is the number of meetings held within term of office of each audit committee member for the year ended 31 March 2016.

During the meetings, the audit committee reviewed the report from the external auditor regarding their audit on annual financial statements and reviewed the interim financial information.

AUDITOR'S REMUNERATION

During the year ended 31 March 2016, fees paid to the Company's external auditor for non-audit services amounted to approximately HK$2,688,000 for acquisition and disposal of subsidiaries of the Group, the Group's interim review and tax services.

The audit fee for the year 2016 was HK$2,349,000.

The statement of the auditor of the Company regarding auditor's reporting responsibilities is set out in the Independent Auditor's Report on pages 34 to 35 of this annual report.

CORPORATE GOVERNANCE FUNCTIONS

The directors are responsible for performing the corporate governance duties as set out below:

To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

To review the Company's compliance with the Code and its disclosure requirements in the Corporate Governance Report;

To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

To review and monitor the training and continuous professional development of directors.

The Board has reviewed the Group's policies and practices on corporate governance practices and compliance with legal and regulatory requirements including compliance with the Code for the year ended 31 March 2016.

COMPANY SECRETARY

Mr. Mak Hing Keung, Thomas was appointed as company secretary of the Company on 6 October 2014 and was replaced by Mr. Lau Yau Chuen, Louis on 11 May 2015. Messrs. Mak and Lau have complied with the relevant qualification and training requirements under the Listing Rules.

SHAREHOLDERS' RIGHTS

Shareholders' Enquiries

Shareholders are encouraged to maintain direct communication with the Company. Shareholders who have any questions for the Board may write directly to the Company Secretary at the Company's Hong Kong principal place of business at 29/F, China United Centre, 28 Marble Road, North Point, Hong Kong, or they may send emails to ir@cifg.com.hk. The company secretary of the Company will direct the questions to the Board.

Shareholder's Meetings

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings if they are unable to attend in person.

The procedure of the Company's general meetings will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that shareholders' needs are best served.

Board members, in particular, members of Board committees, appropriate management executives and the external auditor will attend annual general meetings to answer shareholders' questions.

Should shareholders wish to call a special general meeting, it must be convened according to the Company's Bye-laws. In summary:

(a) Shareholders holding not less than one-tenth of the paid up capital of the Company can, in writing to the Board or the Company Secretary, request a special general meeting to be called by the Board to transact any business specified in such request.

(b) The signed written request, which should specify the purpose of the meeting, should be delivered to the Company's principal place of business in Hong Kong. The meeting will be held within 21 days after receipt of the request. If the Board fails to proceed to convene such meeting within twenty-one days after receiving the request, the shareholders themselves representing more than on half of the total voting rights may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company aims to maintain good relationships with shareholders and investors, and to enhance the transparency of its business operations. The Company disseminates information in respect of its business operations to investors and shareholders through publishing interim reports, annual reports and announcements that are sent to shareholders in hard copy. This and other information can also be found on the Company's website.

INVESTOR RELATIONS

Constitutional Documents

There was no significant change of the Company's Memorandum of Association and Bye-laws (the "Constitutional Document") for the year ended 31 March 2016. A latest version of the Constitutional Document can be downloaded from the websites of the Company and the Stock Exchange.

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

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CHINA INNOVATIVE FINANCE GROUP LIMITED
(FORMERLY KNOWN AS HERITAGE INTERNATIONAL HOLDINGS LIMITED)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 165, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

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

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2015 were audited by another auditor who expressed an unmodified opinion on 26 June 2015.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 27 June 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Continuing operations			
REVENUE	6	96,992	3,797
COST OF SERVICES		(43,276)	—
Other income	7	5,887	—
Loss on disposal of property, plant and equipment		(24)	—
Fair value gains on investments at fair value through profit or loss, net		240,842	33,907
Loss on disposal of subsidiaries	33(a)	—	(1,455)
Impairment loss on loans receivable	9	(45,000)	—
Impairment loss on interest receivable	9	(2,232)	—
Employee benefit expenses	9	(38,131)	(8,485)
Equity-settled share-based payment expenses	32	—	(40,150)
Depreciation	16	(6,522)	(1,408)
Minimum lease payments under operating lease in respect of land and buildings		(8,401)	(4,654)
Administrative expenses		(46,163)	(7,644)
Finance costs	8	(42,033)	(1,561)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	9	111,939	(27,653)
Income tax expense		(41,459)	(5,280)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		70,480	(32,933)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	13	1,216	(95,794)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		71,696	(128,727)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
From continuing and discontinued operations			
Basic	15	HK0.39 cents	HK(0.76) cents
Diluted	15	HK0.39 cents	HK(0.76) cents
From continuing operations			
Basic	15	HK0.38 cents	HK(0.19) cents
Diluted	15	HK0.38 cents	HK(0.19) cents

Details of dividend are set out in note 14 to the consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

		2016 HK$'000	2015 HK$'000
PROFIT/(LOSS) FOR THE YEAR		**71,696**	(128,727)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified subsequently to consolidated income statement:			
Release of translation reserve arising on disposal of subsidiaries	33(a)	**2,698**	—
Exchange difference arising on translation of foreign operations		**(4,672)**	630
Available-for-sale investments:			
Reclassification adjustments for gains included in the consolidated income statement upon disposal of a subsidiary		**—**	(154)
Changes in fair value of available-for-sale investments		**—**	100
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(1,974)**	576
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**69,722**	(128,151)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**168,698**	2,455
Prepaid lease payments	17	**—**	43,776
Intangible assets	18	**1,243,156**	789,709
Biological assets	19	**—**	61,242
Available-for-sale investments	20	**4,600**	4,600
Finance lease receivables	21	**664,576**	—
Investments at fair value through profit or loss	22	**96,010**	340,800
Loans receivables	23	**155,500**	—
Restricted cash	24	**72,127**	—
Total non-current assets		**2,404,667**	1,242,582
CURRENT ASSETS			
Available-for-sale investments	20	**340,800**	—
Investments at fair value through profit or loss	22	**2,185,079**	337,067
Loans receivables	23	**20,000**	45,000
Finance lease receivables	21	**260,404**	—
Prepayments, deposits and other receivables	25	**321,532**	15,269
Restricted cash	24	**37,204**	—
Cash and cash equivalents	26	**327,621**	4,331
Total current assets		**3,492,640**	401,667
CURRENT LIABILITIES			
Other payables and accruals	27	**207,183**	2,713
Tax payable		**1,382**	432
Borrowings	28	**922,381**	10,503
Total current liabilities		**1,130,946**	13,648

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

	Note	2016 HK$'000	2015 HK$'000
NET CURRENT ASSETS		**2,361,694**	388,019
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,766,361**	1,630,601
NON-CURRENT LIABILITIES			
Borrowings	28	**499,000**	18,813
Convertible bonds	29	**937,705**	—
Deferred tax liabilities	30	**170,301**	190,715
Total non-current liabilities		**1,607,006**	209,528
Net assets		**3,159,355**	1,421,073
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Issued capital	31	**4,828**	4,236
Reserves		**3,154,527**	1,416,837
Total equity		**3,159,355**	1,421,073

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2016 and are signed on its behalf by:

Yau Wai Lung
Director

Je Kewei
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company								
	Issued capital HK$'000	Share premium account HK$'000	Share options reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Available-for-sale investments revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 April 2014	2,824	1,651,176	–	1,177	1,524,577	174	(3,328)	(1,667,526)	1,509,074
Loss for the year	–	–	–	–	–	–	–	(128,727)	(128,727)
Other comprehensive (loss)/income for the year:									
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	630	–	630
Available-for-sale investments:									
Reclassification adjustments for gain included in the consolidated income statement upon disposal of a subsidiary	–	–	–	–	–	(154)	–	–	(154)
Charges in fair value of available-for-sale investments	–	–	–	–	–	100	–	–	100
Other comprehensive income/(loss) for the year	–	–	–	–	–	(54)	630	–	576
Total comprehensive income/(loss) for the year	–	–	–	–	–	(54)	630	(128,727)	(128,151)
Recognition of equity-settled share-based payments	–	–	40,150	–	–	–	–	–	40,150
Bonus issues	1,412	(1,412)	–	–	–	–	–	–	–
At 31 March 2015	4,236	1,649,764	40,150	1,177	1,524,577	120	(2,698)	(1,796,253)	1,421,073

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium account HK$'000	Share options reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Available-for-sale investments revaluation reserve HK$'000	Convertible bond reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 April 2015	**4,236**	**1,649,764**	**40,150**	**1,177**	**1,524,577**	**120**	**–**	**(2,698)**	**(1,796,253)**	**1,421,073**
Profit for the year	–	–	–	–	–	–	–	–	71,696	71,696
Other comprehensive (loss)/ income for the year:										
Release of translation reserve arising on disposal of subsidiaries	–	–	–	–	–	–	–	2,698	–	2,698
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(4,672)	–	(4,672)
Other comprehensive loss for the year	–	–	–	–	–	–	–	(1,974)	–	(1,974)
Total comprehensive (loss)/ income for the year	–	–	–	–	–	–	–	(1,974)	71,696	69,722
Issuance of new shares (note 33(b))	590	1,581,355	–	–	–	–	–	–	–	1,581,945
Issuance of emolument shares to a director (note 31)	2	4,998	–	–	–	–	–	–	–	5,000
Equity component of convertible bonds (note 29)	–	–	–	–	–	–	97,743	–	–	97,743
Deferred tax arising on issue of convertible bonds (note 30)	–	–	–	–	–	–	(16,128)	–	–	(16,128)
At 31 March 2016	**4,828**	**3,236,117**	**40,150**	**1,177**	**1,524,577**	**120**	**81,615**	**(4,672)**	**(1,724.557)**	**3,159,355**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax from continuing operations		**111,939**	(27,653)
Loss before tax from discontinued operations		**(205)**	(102,372)
Profit/(loss) before tax		**111,734**	(130,025)
Adjustments for:			
Unrealised gains on investments at fair value through profit or loss, net	9	**(231,845)**	(41,732)
Fair value loss on derivative financial instruments		**—**	19,763
Loss arising from changes in fair value less costs of disposal of biological assets	19	**—**	9,936
Amortisation		**6,050**	17,452
Depreciation		**6,622**	2,551
Impairment loss on goodwill	18	**—**	42,552
Equity-settled share-based payment expenses	32	**—**	40,150
Finance costs	8	**42,033**	1,561
Loss on disposal of property, plant and equipment		**24**	3,102
Loss on disposal of subsidiaries	33(a)	**—**	1,853
Impairment loss on loans receivables		**45,000**	—
Impairment loss on other receivables		**2,232**	—
Bank interest income		**(3,307)**	—
Operating cash flows before movements in working capital		**(21,457)**	(32,837)
Increase in loans receivables		**(175,500)**	(15,000)
Decrease in inventories		**—**	58
Increase in investments at fair value through profit or loss, net		**(1,185,474)**	(8,833)
Increase in finance lease receivables		**(90,486)**	—
Increase in prepayments, deposits and other receivables		**(25,621)**	(1,367)
Increase/(decrease) in other payables and accruals		**35,152**	(1,830)
Cash used in operations		**(1,463,386)**	(59,809)
Interest paid		**—**	(553)
Tax (paid)/refunded		**(4,316)**	38
Net cash used in operating activities		**(1,467,702)**	(60,324)

	Note	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(3,368)**	(1,438)
Proceeds from disposal of items of property, plant and equipment		**—**	33
Addition to biological assets		**68**	(383)
Cash inflow resulting from acquisition of subsidiaries	33(b)	**90,682**	—
Cash inflow resulting from disposal of subsidiaries	33(a)	**717,851**	51,885
Bank interest income received		**3,239**	—
Net cash generated from investing activities		**808,472**	50,097
CASH FLOWS FROM FINANCING ACTIVITIES			
New other loan raised		**—**	80,000
Net proceeds from issue of convertible bonds		**999,845**	—
Proceeds from bonds issue	28(c)	**—**	10,000
Bonds issue expenses	28(c)	**—**	(500)
Interest paid		**(6,292)**	(500)
Repayment of other loan		**—**	(80,000)
New bank borrowings raised		**107,007**	—
Repayment of bank borrowings		**(113,308)**	(559)
Net cash generated from financing activities		**987,252**	8,441
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**328,022**	(1,786)
Cash and cash equivalents at beginning of year		**4,331**	6,122
Effect of foreign exchange rate changes		**(4,732)**	(5)
CASH AND CASH EQUIVALENTS AT END OF YEAR	26	**327,621**	4,331

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

1. CORPORATE INFORMATION

China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited) (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, and 29th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong, respectively.

Pursuant to a special resolution passed on 18 September 2015 and with the approval of the Registrar of Companies in Bermuda on 24 September 2015 and the Registrar of Companies in Hong Kong on 8 October 2015, the name of the Company was changed from Heritage International Holdings Limited to China Innovative Finance Group Limited.

The Company acts as an investment holding company and its subsidiaries (together with the Company, collectively referred to as the "Group") involve in various kinds of financial services, including financial leasing, operation of an asset exchange platform, investments in securities, money lending and investment holding.

On 21 May 2015, the Company entered into a conditional sale and purchase agreement with Trillion Cheer Toprich Limited ("Trillion Cheer"), pursuant to which the Company conditionally agreed to dispose of, and Trillion Cheer conditionally agreed to purchase the entire issued share capital of Gold Mountain Limited ("Gold Mountain"), together with the assignment of the entire shareholder's loan and other indebtedness owed by Gold Mountain or its subsidiaries to the Group as at completion of an aggregate consideration of HKD720,000,000. Gold Mountain is principally engaged in investment in and management of the Forestlands in the People's Republic of China ("PRC"). The disposal was completed on 5 August 2015. Upon the completion, the Group discontinued the management of Forestlands and Gold Mountain Group was deconsolidated. For the presentation of the consolidated financial statements for the year ended 31 March 2016 and 2015, management of Forestlands was regarded as "discontinued operation". Details are set out in note 13 to the consolidated financial statements.

Following the acquisition (the "Acquisition") of Hong Kong Leasing Limited ("Hong Kong Leasing") and its subsidiaries (collectively referred to as "Hong Kong Leasing Group") on 1 September 2015, the Group was newly involved in financial leasing. Details of the Acquisition are set out in note 33(b) to the consolidated financial statements.

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

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

In the current year, the Group has applied, for the first time, the following new and revised amendments and interpretation ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which have become effective for the accounting period beginning on or after 1 April 2015.

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

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segment's assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

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

Annual Improvements to HKFRSs 2010–2012 Cycle (continued)

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

a) the property meets the definition of investment property in terms of HKAS 40; and

b) the transaction meets the definition of a business combination under HKFRS 3.

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

HKAS 19 (Amendments) *Defined Benefit Plans: Employee Contributions*

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKAS 27	Equity method in separate financial statements[1]
HKFRS 9	Financial instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
HKFRS 14	Regulatory deferral accounts[1]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[4]

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

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

Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 *Disclosure — Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

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

Amendments to HKAS 1 *Disclosure Initiative* (continued)

The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

Amendments to HKAS 16 and HKAS 41 *Bearer Plants*

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016 as the Group no longer holds any biological assets.

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investment in subsidiaries, joint ventures and associates in its separate financial statements

- At cost;
- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9); or

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

Amendments to HKAS 27 *Equity Method in Separate Financial Statements* (continued)

- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*.

The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirement of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investment and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entity 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 (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. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of HKFRS 9 in the future may have material impact on amounts reported and disclosures made in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until a detailed review has been completed.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to HKFRS 10:

- An exception from the general requirement of full gain of loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

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

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (continued)

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the measurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption as the Group does not have any associates and joint ventures.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 *Investment Entities: Applying the Consolidation Exception*

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKFRS 11 *Accounting for Acquisitions of Interest in Joint Operations*

The amendments to HKFRS 11 provide guidance on how to account for acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 *Impairment of Assets* regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016.

The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2016.

HKFRS 14 *Regulatory Deferral Accounts*

HKFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous Generally Accepted Principles requirements when they adopt HKFRS. However, to enhance comparability with entities that already apply HKFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents HKFRS financial statements is not eligible to apply the standard.

The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

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

HKFRS 15 *Revenue from Contracts with Customers* (continued)

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

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

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

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

HKFRS 16 *Leases*

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

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

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

HKFRS 16 *Leases* (continued)

The Group is yet to assess the full impact of the standard on its financial position and results of operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the disclosure requirements of the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong CO (Cap. 622) regarding preparation of financial statements and directors' reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual consolidated financial statements have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in these consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or the Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale investments, conversion options embedded in a convertible bond, biological assets, derivative financial instruments and investments at fair value through profit or loss, which have been measured at fair values or fair values less costs of disposal, as appropriate, as explained in the accounting policies set out below.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, for financial reporting purposes, fair value measurements are categorized 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 with 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.

Basis of consolidation

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

- has the power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use the 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.

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

All intra-group 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)

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost plus additional capital contribution, less any identified impairment loss, unless the investment is classified as held for sale or included in a disposal group that is classified as held for sale. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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 acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

- deferred tax assets or liabilities and liabilities or assets 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 transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date;

- assets or liabilities related to an operating lease in which the acquiree is the lease shall not be recognised, unless the terms of an operating lease are favorable or unfavorable relative to market terms. In that case, an intangible asset or a liability, as appropriate, is recognised; and

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

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

Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

Contingent liabilities

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.

A contingent liability is not recognised but is disclosed in the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment Reporting

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

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.

Related parties

(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 of a parent of the Group.

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

- (i) the entity and 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).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) (continued)

(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 apart, provides key management personnel services to the Group or to the parent of the Group.

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

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

Discontinued operations

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

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. 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.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the 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 annual rates used for this purpose are as follows:

Leasehold land and building	Over the lease terms
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and office equipment	10%–20%
Motor vehicles	20%–30%
Aircraft	6%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Biological assets

Biological assets predominately consist of various standing fruit trees that are attached to the Forestlands. The forest establishment and maintenance expenses are charged to profit or loss in the period in which they are incurred.

Biological assets are measured at fair value less costs of disposal at the date of initial recognition and at the end of each reporting period and the gain or loss arising from the changes in fair value less costs of disposal of the biological assets is recognised in profit or loss in the period in which it arises.

If an active market exists for standing fruit tree with reference to the distribution of the Forestlands area by age-class, land tenure, forest health, expected growth and yield of the tree crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values or as determined by independent professional valuers. If the market-determined prices or values of biological assets are not available and the alternative estimates of fair values of biological assets are determined to be clearly unreliable subsequent to the initial recognition, in that case, the biological assets shall be measured at cost less accumulated depreciation and any accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Forestlands use rights

Payments for obtaining the Forestlands use rights that are classified as operating leases are accounted for as prepaid lease payments and charged to profit or loss over the period of the right using the straight-line method.

Convertible bonds

Convertible bonds that can be converted into equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component.

Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible bonds (continued)

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible bonds reserve until either the bond is converted or redeemed.

If the convertible bond is converted, the convertible bonds reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the convertible bond is redeemed, the convertible bonds reserve is released directly to retained profits.

When the convertible bond is extinguished before maturity through an early redemption or repurchase where the original conversion privileges are unchanged, the consideration paid and any transaction costs for the redemption or repurchase are allocated to the liability component and equity component using the same allocation basis as when the convertible bond was originally issued. Once the allocation of consideration and transaction costs is made, any resulting gain or loss relating to the liability component is recognised in profit or loss and the amount of consideration relating to equity component is recognised in equity.

Financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial assets is either held for trading or it is designed as at fair value through profit or loss initial recognition.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

(i) Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss in the period in which they arise.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets or management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any identified impairment loss (see accounting policy on impairment of financial assets below), unless the effect of discounting would be immaterial, in which case, they are stated at cost less any identified impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

(iii) Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities that are either designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investments revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investments revaluation reserve to profit or loss (see accounting policy in respect of impairment of financial assets below).

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets or management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives not designated into an effective hedge relationship are classified as current or non-current on the basis of their expected settlement dates.

Embedded derivatives

Embedded derivatives are treated as separate derivatives when their economic characteristics and risk are not clearly and closely related to those of the host contract; the terms of the embedded derivatives would meet the definition a stand-alone derivatives they were contained in a separate contract; and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with changes therein recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the right to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Impairment losses on debt instruments are reversed through the profit or loss if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss and loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

(ii) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the Company's statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statement.

Income tax

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(i) Finance lease income

The income under finance lease is recognised in the consolidated income statement using the effective interest rate implicit in the lease over the term of the lease. Contingent rent is recognised as income in the period in which it is earned.

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(iii) Advisory fee income

Fee income is recognised when the corresponding service is provided, except where the fee is charged to cover the cost of a continuing service to. In such case, the fee is recognised as income in the accounting period in which the costs or risk are incurred or is accounted for as income.

(iv) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

(vi) Rental income

Rental income is recognised on a time proportion basis over the lease terms.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company currently operates a share option scheme for the purpose of providing incentives and rewards to eligible participants (including the Company's directors and other employees of the Group and of the investee entities and any consultant, advisor or agent engaged by any member of the Group or any investee entity) who render services and/or contribute to the success of the Group's operations. Employees (including directors) and investment advisors of the Group receive remuneration in the form of share-based payments, whereby employees/investment advisors render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee/investment advisors as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

Interest-bearing borrowings

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

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

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

Goodwill and fair value adjustments on identifiable assets acquired arising on 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 the translation reserve.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in these consolidated financial statements:

Classification of financial assets

The Group needs to make judgements on the classification of financial assets as different classification will affect the accounting treatment for the financial assets, and financial position and operating results of the Group. The judgments on these classifications depend on the nature and purposes of acquiring those financial assets at their initial recognitions. Subsequent reclassifications may be made if the intention of holding a particular financial asset changed and that reclassification is permitted by HKFRSs.

Classification of leases

The Group has entered into certain property, plant and equipment leases whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the leased to the lessees, as the present values of the minimum lease payments of the lease amounts to at least substantially all of the fair values of the leased assets at the inception of the leases. Accordingly, the Group has excluded the property, plant and equipment from its consolidated statement of financial position and has instead, recognised finance lease receivables in their place. Otherwise the Group includes the property, plant and equipment under operating lease in property, plant and equipment. The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease and this has involved critical judgements by management.

Impairment of loans receivables and interest receivables

The Group estimates impairment loss for loans receivables and the respective interest receivables resulting from the inability of the borrowers to make the required payment. The Group bases on the estimation of the aging of the loans receivables, interest receivables and borrowers creditworthiness.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

Estimated impairment on loans receivables

The Group assesses at the end of each reporting period whether there is objective evidence that a loan receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

The Group maintains an allowance for estimated losses arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the ageing of its debtor balances, debtors' creditworthiness, repayment history, historical write-off experience and other relevant information. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected.

Estimated impairment loss on finance lease receivables

The Group reviews the finance lease receivables portfolio on a regular basis, evaluates any indications of impairment, and assesses impairment loss in the case of impairment under specific circumstances. The directors of the Company are of the views that there is no need to make any allowance for impairment loss for finance lease receivables based on their assessment.

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Estimated impairment loss on other receivables

The Group assesses at the end of each reporting period whether there is objective evidence that loans and other receivables are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

The Group maintains an allowance for estimated losses arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the ageing of its debtors balances, debtors' creditworthiness, repayment history, historical write-off experience and other relevant information. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected.

Estimated useful lives of property, plant and equipment

The Group's management reviews the estimated useful lives of property, plant and equipment in determining their depreciation charges at the end of each reporting period. This estimate is based on the historical experience of the actual useful lives of assets of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated.

Estimated impairment loss of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated. The recoverable amount of the cash-generating unit has been determined based on value in use (2015: fair value less costs of disposal). Should the recoverable amount is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, a material impairment loss may arise.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Estimated impairment of non-financial assets (other than goodwill and property, plant and equipment)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Non-financial assets with indefinite useful lives are tested for impairment annually and whenever there are indications that it may be impaired. An impairment exists when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and/or its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices, or fair value as determined by professional valuer, less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Measurement of fair values of financial assets

The Group has significant amounts of financial assets measured at fair values that are classified as Level 2 fair value measurement under HKFRS 13. The Group engaged independent competent valuers to perform the valuation of those financial instruments. As at 31 March 2016, the financial assets that are classified as Level 2 fair value measurement under HKFRS 13 amounted to approximately HK$100,610,000 (2015: approximately HK$345,400,000). Details of the fair value measurement are set out in note 38.

5. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the Group's CODM. For the year ended 31 March 2016, the Group had three reportable operating segments from continuing operations. Details are as follows:

(i) the investments in securities segment engages primarily in the purchase and sale of securities and derivatives and the holding of equity and debt investments primarily for interest income, dividend income and capital appreciation;

(ii) the money lending segment engages primarily in money lending operations in Hong Kong; and

(iii) the financial leasing segment engages primarily in the direct financial leasing, advisory services and asset trading platform.

In the current year, the Group's management of the Forestlands segment was discontinued. For the year ended 31 March 2015, the Group's Chinese medicine clinic operation in Hong Kong was discontinued. The segment information reported does not include any amounts for the discontinued operations, which are described in more detail in note 13.

CODM monitors the results of the Group's operating segments separately as described above, 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 profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that unallocated income, equity-settled share-based payment expenses, unallocated finance costs and unallocated expenses are excluded from such measurement.

Comparative figures from the prior year have been re-presented to conform to the current year's presentation due to the business of property investment and management of the Forestlands were no longer operated during the year ended 31 March 2016.

5. OPERATING SEGMENT INFORMATION (continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than unallocated corporate assets such as property, plant and equipment. Goodwill is allocated to the financial leasing segment as described in note 18; and

- all liabilities are allocated to reportable segments other than current and deferred tax liabilities, and unallocated corporate liabilities such as other payables and accruals.

	Investments in securities		Money lending		Financial leasing		Unallocated		Consolidated	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000 (restated)
Segment revenue:										
Revenue from external customers	**–**	1,397	**8,215**	1,380	**88,777**	–	**–**	1,020	**96,992**	3,797
Segment results	**177,257**	28,387	**(39,747)**	1,318	**69,655**	–	**–**	1,808	**207,165**	31,513
Reconciliation:										
Unallocated income									**123**	–
Unallocated finance costs									**(38,420)**	(1,484)
Equity-settled share-based payment expenses									**–**	(40,150)
Unallocated expenses*									**(56,929)**	(17,532)
Profit/(loss) before tax from continuing operations									**111,939**	(27,653)
Other segment information:										
Finance costs — allocated	**(2,621)**	(77)	**–**	–	**(992)**	–	**–**	–	**(3,613)**	(77)
Finance costs — unallocated									**(38,420)**	(1,484)
									(42,033)	(1,561)
Depreciation — allocated	**–**	–	**–**	–	**(3,476)**	–	**–**	–	**(3,476)**	–
Depreciation — unallocated									**(3,046)**	(1,408)
									(6,522)	(1,408)
Loss on disposal of subsidiaries	**–**	(5,632)	**–**	90	**–**	–	**–**	4,087	**–**	(1,455)
Fair value gains on investments at fair value through profit or loss, net	**184,133**	33,907	**–**	–	**56,709**	–	**–**	–	**240,842**	33,907
Impairment of loans receivables	**–**	–	**(45,000)**	–	**–**	–	**–**	–	**(45,000)**	–
Impairment loss on interest receivable	**–**	–	**(2,232)**	–	**–**	–	**–**	–	**(2,232)**	–
Capital expenditure — allocated**	**–**	–	**–**	–	**455**	–	**–**	–	**455**	–
Capital expenditure — unallocated**									**2,913**	976
									3,368	976

* Unallocated expenses mainly included employee benefit expenses of approximately HK$24,047,000, legal and professional fee of approximately HK$11,432,000 and exchange loss of approximately HK$10,271,000.

** Capital expenditure consists of additions to property, plant and equipment.

5. OPERATING SEGMENT INFORMATION (continued)

The following is an analysis of the Group's assets and liabilities from continuing operations by reportable operating segments:

	2016 HK$'000	2015 HK$'000
Segment assets:		
Investment in securities	2,217,712	346,492
Money lending	327,403	46,025
Financial leasing	2,633,497	—
Management of the Forestlands (now discontinued)	—	900,028
	5,178,612	1,292,545
Unallocated assets	718,695	351,704
Total assets	5,897,307	1,644,249
Segment liabilities:		
Investment in securities	634,325	9,520
Financial leasing	787,858	—
Management of the Forestlands (now discontinued)	—	62
	1,422,183	9,582
Unallocated liabilities	1,315,769	213,594
Total liabilities	2,737,952	223,176

Revenue from external customers

The Group's revenue from continuing operations is substantially derived from its external customers in Hong Kong and the PRC.

Information about major customers

Revenue from customers individually contributing over 10% of the Group's revenue is as follows:

	2016 HK$'000	2015 HK$'000
Customer A	38,174	—
Customer B*	—	1,380
Customer C*	—	780

* Customer B and C did not contribute over 10% of the Group's revenue for the year ended 31 March 2016.

5. OPERATING SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are mainly located in Hong Kong and other parts of the PRC. The geographical information about the Group's revenue based on the locations of the customers and non-current assets based on the locations of the assets is set out below:

	Revenue from external customers		Non-current assets (note)	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Hong Kong	**8,215**	3,797	**157,928**	1,512
Other parts of the PRC	**88,777**	—	**1,326,053**	895,670
	96,992	3,797	**1,483,981**	897,182

Note: Non-current assets exclude available-for-sale investments, finance lease receivables, investments at fair value through profit or loss, loans receivables and financial assets included in deposits.

6. REVENUE

Revenue, which is also the Group's turnover, represents gross rental income received and receivables; interest income from money lending operations; leasing and consultancy services income from financial leasing operations; dividend and interest income from investments at fair value through profit or loss; and interest income from a convertible bond during the year.

An analysis of revenue from continuing operations is as follows:

	2016 HK$'000	2015 HK$'000
Financial leasing income	**48,315**	—
Consultancy services income	**38,982**	—
Gross rental income	**—**	1,020
Interest income from money lending operations	**6,183**	1,380
Interest income from a convertible bond	**—**	375
Handling fee income (note)	**3,512**	—
Dividend income from investments at fair value through profit or loss	**—**	1,022
	96,992	3,797

Note: Included in handling fee income was an amount of approximately HK$1,480,000 from financial leasing segment and approximately HK$2,032,000 from money lending segment.

7. OTHER INCOME

An analysis of other income from continuing operations is as follows:

	2016	2015
	HK$'000	HK$'000
Bank interest income	**3,307**	—
Government subsidy (note)	**2,377**	—
Sundry income	**203**	—
	5,887	—

Note: This is the one-off subsidy received from the PRC government regarding the setting up of financial institution in Shanghai Pudong area.

8. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2016	2015
	HK$'000	HK$'000
Interest on bank borrowings wholly repayable within five years (note)	**2,671**	166
Interest on margin and other loans	**2,621**	387
Imputed interest on bonds	**1,138**	1,008
Imputed interest on convertible bonds	**35,603**	—
	42,033	1,561

Note: The Group's bank borrowings containing an on-demand clause had been classified as current liabilities. For the purpose of the above disclosure, the interest on such borrowings is disclosed as "Interest on bank borrowings wholly repayable within five years".

9. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit/(loss) before tax from continuing operations is arrived at after charging/(crediting):

	2016 **HK$'000**	2015 HK$'000
Auditor's remuneration:		
— audit services	**2,349**	830
— non-audit services	**2,688**	125
Employee benefit expenses:		
Directors' remuneration:		
— Fees	**638**	410
— Salaries and allowances	**8,302**	4,169
— Retirement benefit scheme contributions (defined contribution scheme)*	**36**	48
— Emolument shares	**2,781**	—
	11,757	4,627
Other staff's costs:		
— Salaries and allowances	**20,313**	3,585
— Retirement benefit scheme contributions (defined contribution scheme)*	**1,061**	176
— Inducement fee	**5,000**	—
— Termination benefits	**—**	97
	26,374	3,858
Total employee benefit expenses	**38,131**	8,485
Sales proceeds from disposal of trading securities	**(189,768)**	(240,102)
Cost of trading securities	**176,184**	247,927
Realised (gains)/losses from investments at fair value through profit or loss — trading securities	**(13,584)**	7,825
Unrealised losses/(gains) from investments at fair value through profit or loss — trading securities	**262,732**	(41,732)
Fair value losses/(gains) on investments at fair value through profit or loss — trading securities, net	**249,148**	(33,907)
Realised losses from investments at fair value through profit or loss — derivative financial instruments	**4,587**	—
Unrealised gains from investments at fair value through profit or loss — derivative financial instruments	**(494,577)**	—
Fair value gains on investments at fair value through profit or loss — derivative financial instruments, net	**(489,990)**	—
Fair value gains on investment at fair value through profit or loss, net	**(240,842)**	(33,907)
Net foreign exchange loss	**10,271**	—
Impairment loss on loans receivable	**45,000**	—
Impairment loss on interest receivable	**2,232**	—

* As at 31 March 2016, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2015: Nil).

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2016 **HK$'000**	2015 HK$'000
Fees	**638**	410
Other emoluments:		
Salaries, allowances and benefits in kind	**8,302**	4,889
Retirement benefit scheme contributions (defined contribution scheme)	**36**	48
Equity-settled share-based payment expenses	**—**	40,150
Emolument shares*	**2,781**	—
	11,119	45,087
Total amounts of directors' remuneration	**11,757**	45,497
Less: estimated value of a director's quarter plus the related charges borne by the Group	**—**	(720)
Less: equity-settled share-based payment expenses	**—**	(40,150)
Directors' remuneration included in employee benefit expenses (note 9)	**11,757**	4,627

* The issuance of emolument shares to a director is pursuant to the service contract.

10. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors ("INED") during the year were as follows:

	2016 HK$'000	2015 HK$'000
Mr. To Shing Chuen	120	120
Mr. Ha Kee Choy Eugene#	6	120
Mr. Chung Yuk Lun	120	120
Mr. Cheung Wing Ping##	114	—
Mr. Lo Wong Fung, JP###	—	50
	360	410

\# Mr. Ha Kee Choy Eugene retired as an independent non-executive director of the Company at the annual general meeting with effect from 17 April 2015.

\## Mr. Cheung Wing Ping appointed as an independent non-executive director of the Company at the annual general meeting with effect from 17 April 2015.

\### Mr. Lo Wong Fung, JP retired as an independent non-executive director of the Company at the annual general meeting with effect from 18 August 2014.

There were no other emoluments payable to the independent non-executive directors during the year ended 31 March 2016 (2015: Nil).

There was no arrangement under which INED waived or agreed to waive any remuneration during the year (2015: Nil).

No emoluments have been paid to INED as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

(b) Non-executive director

The fee paid to non-executive director during the year was as follows:

	2016 HK$'000	2015 HK$'000
Mr. Qiu Jianyang#	278	—

\# Mr. Qiu Jianyang appointed as a non-executive director of the Company at the annual general meeting with effect from 11 September 2015.

There were no other emoluments payable to the non-executive director during the year ended 31 March 2016 (2015: Nil).

There was no arrangement under which non-executive director waived or agreed to waive any remuneration during the year (2015: Nil).

No emoluments have been paid to non-executive director as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

10. DIRECTORS' REMUNERATION (continued)

(c) Executive directors

	Fees HK$'000	Salaries, allowances and benefit in kind HK$'000	Retirement benefit scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Emolument shares HK$'000	Total remuneration HK$'000
2016						
Mr. Ji Kewei(i)	–	5,367	7	–	2,781	8,155
Mr. Ma Chao(ii)	–	1,123	11	–	–	1,134
Mr. Yau Wai Lung(iii)	–	1,560	18	–	–	1,578
Dr. Jonathan Ross(iv)	–	252	–	–	–	252
	–	8,302	36	–	2,781	11,119

	Fees HK$'000	Salaries, allowances and benefit in kind HK$'000	Retirement benefit scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Emolument shares HK$'000	Total remuneration HK$'000
2015						
Mr. Yau Wai Lung(iii)	–	1,010	9	40,150	–	41,169
Dr. Jonathan Ross(iv)	–	313	–	–	–	313
Dr. Kwong Kai Sing, Benny(v)	–	1,565	6	–	–	1,571
Mr. Ong Peter(vi)	–	1,115	15	–	–	1,130
Mr. Chow Chi Wah, Vincent(vii)	–	465	9	–	–	474
Ms. Chen Wei(vii)	–	421	9	–	–	430
	–	4,889	48	40,150	–	45,087

10. DIRECTORS' REMUNERATION (continued)

(c) Executive directors (continued)

(i) Mr. Ji Kewei was appointed as chief executive officer and executive director of the company with effect from 11 September 2015.

(ii) Mr. Ma Chao was appointed as executive director of the company with effect from 22 April 2015.

(iii) Mr. Yau Wai Lung was appointed as executive director of the Company with effect 19 August 2014.

(iv) Dr. Jonathan Ross was appointed as executive director of the Company with effect from 6 October 2014 and resigned with effect from 13 August 2015.

(v) Dr. Kwong Kai Sing, Benny resigned as chairman and executive director of the company with effect from 7 August 2014.

(vi) Mr. Ong Peter resigned as managing director and executive director of the Company with effect from 9 January 2015.

(vii) Ms. Chen Wei and Mr. Chow Chi Wah, Vincent resigned as executive director of the Company with effect from 6 October 2014.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2015: Nil).

No emoluments have been paid to executive directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

11. FIVE HIGHEST PAID EMPLOYEES

For the year ended 31 March 2016, the five highest paid employees included three current directors of the Company, details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining two non-director, highest paid employee of the Company are as follows:

For the year ended 31 March 2015, the five highest paid employees during the year included one current director and three former directors of the Company, details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining non-director, highest paid employee of the Company and salaries paid to two highest paid former directors after their resignation, are as follows:

	2016 HK$'000	2015 HK$'000
Salaries and allowances	**1,240**	958
Retirement benefit scheme contributions (defined contribution scheme)	**11**	12
Inducement fee	**5,000**	—
	6,251	970

The emoluments of the remaining two (2015: one) individuals and the salaries paid to nil (2015: two) former directors after their resignation fell within the following band:

	2016 Number of Individual	2015 Number of individual
Nil–HK$1,000,000	**1**	3
HK$1,000,001–HK$2,000,000	**—**	—
HK$2,000,001–HK$3,000,000	**—**	—
HK$3,000,001–HK$4,000,000	**—**	—
HK$4,000,001–HK$5,000,000	**—**	—
HK$5,000,001–HK$6,000,000	**1**	—
	2	3

For the year ended 31 March 2016, included in the emoluments of one of the remaining two individuals was the inducement fee upon joining the Group totaling HK$5,000,000.

12. INCOME TAX EXPENSE

No provision for current Hong Kong profits tax had been made for the year ended 31 March 2016 as the Group did not generate any assessable profits arising in Hong Kong during the year. Hong Kong Profits Tax was provided for at the rate of 16.5% on the estimated assessable profit for the year ended 31 March 2015.

PRC Enterprise Income Tax was provided for at the rate of 25% on the estimated assessable profit for the year ended 31 March 2016. No provision for PRC Enterprise Income Tax was made for the year ended 31 March 2015 as the Group had no assessable profits derived from the PRC.

	2016 **HK$'000**	2015 HK$'000
Current tax		
— Hong Kong Profits Tax	**—**	(7,010)
— Over-provision for Hong Kong Profits Tax in prior year	**432**	—
— PRC Enterprise Income Tax	**(4,316)**	—
	(3,884)	(7,010)
Deferred tax (expense)/credit (note 30)	**(37,575)**	1,730
Total income tax expense recognised in consolidated income statement	**(41,459)**	(5,280)

12. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to profit/(loss) before tax from continuing operations for the consolidated income statement as follows:

	2016 HK$'000	2015 HK$'000
Profit/(loss) before tax from continuing operations	**111,939**	(27,653)
Tax at the statutory tax rates of different jurisdictions	**24,273**	(4,562)
Tax effect of income not taxable for tax purpose	**(44,268)**	(405)
Tax effect of expenses not deductible for tax purpose	**8,834**	16,892
Utilisation of tax losses not recognised in previous periods	**(4,475)**	(6,663)
Tax effect of tax losses not recognised	**19,952**	1,748
Tax effect of unrecognised temporary differences	**37,575**	(1,730)
Over-provision in prior year	**(432)**	—
Income tax expense recognised in consolidated income statement	**41,459**	5,280

13. DISCONTINUED OPERATIONS

For the year ended 31 March 2016

On 21 May 2015, the Company entered into a conditional sale and purchase agreement with Trillion Cheer, pursuant to which the Company conditionally agreed to dispose of, and Trillion Cheer conditionally agreed to purchase, the entire issued share capital of Gold Mountain, together with the assignment of the entire shareholder's loan and other indebtedness owed by Gold Mountain or its subsidiaries to the Group as at completion for an aggregate consideration of HK$720,000,000.

Gold Mountain is principally engaged in investment in and management of the Forestlands in the PRC, the results of which are classified as discontinued operation and are set out below.

	Note	2016 HK$'000	2015 HK$'000
Profit/(loss) for the year from discontinued operation of management of the Forestlands			
REVENUE		—	—
Other income		14	168
Fair value loss on biological assets	19	—	(9,936)
Impairment loss on goodwill	18	—	(42,552)
Employee benefit expenses		(373)	(1,018)
Depreciation		(100)	(275)
Amortisation of prepaid lease payment	17	(371)	(1,075)
Amortisation of intangible assets	18	(5,679)	(16,377)
Minimum lease payments under operating leases in respect of land and buildings		(553)	(1,516)
Other expenses		(426)	(2,499)
Loss before taxation		(7,488)	(75,080)
Income tax credit		1,421	6,578
Loss for the year from discontinued operations		(6,067)	(68,502)
Gain on disposal of subsidiaries	33(a)	7,283	—
		1,216	(68,502)

13. DISCONTINUED OPERATIONS (continued)

Loss for the year from discontinued operation of management of the Forestlands is arrived at after charging:

	2016 HK$'000	2015 HK$'000
Auditor's remuneration:		
— audit services	—	—
Depreciation	100	275
Amortisation of prepaid lease payment	371	1,075
Amortisation of intangible assets	5,679	16,377
Employee benefit expenses:		
Other staff's costs:		
— Salaries and allowances	373	1,018
Cash flows from discontinued operation		
Net cash inflows/(outflows) from operating activities	1,013	(4,849)
Net cash (outflows)/inflows from investing activities	(69)	6,054
Net cash inflows	944	1,205

For the year ended 31 March 2015

On 5 November 2014, Power Global and High Rhine entered into a sales and purchase agreement, pursuant to which Power Global agreed to sell and High Rhine agreed to purchase the entire share capital of Apex together with the assignment of the outstanding shareholder loan advanced by the Company to Apex Group, for a consideration of HK$500,000. The transaction was completed on 20 November 2014.

Apex Group principally involved in Chinese medicine clinic operation, the results of which are classified as discontinued operation and are set out below:

	2015 HK$'000
Loss for the year from discontinued operation of Chinese medicine clinic	
REVENUE	1,292
Changes in inventories and consumables used	(273)
Fair value loss on derivative financial instruments	(19,763)
Employee benefit expenses	(1,375)
Depreciation	(868)
Minimum lease payments under operating leases in respect of land and buildings	(1,807)
Loss on disposal of property, plant and equipment	(3,102)
Other expenses	(998)
Loss before taxation	(26,894)
Income tax expense	—
Loss for the year from discontinued operations	(26,894)
Loss on disposal of subsidiaries	(398)
	(27,292)

13. DISCONTINUED OPERATIONS (continued)

Loss for the year from discontinued operation of Chinese medicine clinic is arrived at after charging:

	2015 HK$'000
Auditor's remuneration:	
— audit services	—
Cost of inventories sold and consumables used	273
Depreciation	868
Employee benefit expenses:	
Other staff's costs:	
— Salaries and allowances	1,164
— Retirement benefit scheme contributions (defined contribution scheme)	60
— Termination benefits	151
Total employee benefit expenses	1,375
Cash flows from discontinued operation	
Net cash outflows from operating activities	(2,446)
Net cash outflows from investing activities	(283)
Net cash outflows	(2,729)
Other segment information	
Capital expenditure	437

14. DIVIDENDS

No dividend was paid or proposed for the year ended 31 March 2016 (2015: Nil), nor has any dividend been proposed since the end of the reporting period.

15. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

From continuing and discontinued operations

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

	2016 **HK$'000**	2015 HK$'000
Earnings/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**71,696**	(128,727)
Number of shares '000		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**18,293,308**	16,943,718
Effect of dilutive potential ordinary shares — Share options	**94,507**	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**18,387,815**	16,943,718
Basic earnings/(loss) per share (in HK cents)	**0.39**	(0.76)
Diluted earnings/(loss) per share (in HK cents)	**0.39**	(0.76)

15. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

From continuing operations

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

	2016 **HK$'000**	2015 HK$'000
Earnings/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**71,696**	(128,727)
Less: (Earnings)/loss for the year attributable to owners of the Company from discontinued operations	**(1,216)**	95,794
Earnings/(loss) for the purposes of basic and diluted earnings per share from continuing operations	**70,480**	(32,933)

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK$0.01 cents (2015: loss per share of HK$0.57 cents), based on the earnings for the year from discontinued operations of approximately HK$1,216,000 (2015: loss of approximately HK$95,794,000) and the denominators detailed above for both basic and diluted earnings/(loss) per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Aircraft HK$'000	Total HK$'000
31 March 2016					
At 1 April 2015:					
Cost	4,833	4,803	3,496	—	13,132
Accumulated depreciation	(4,701)	(4,267)	(1,709)	—	(10,677)
Net carrying amount	132	536	1,787	—	2,455
At 1 April 2015, net of accumulated depreciation and impairment	132	536	1,787	—	2,455
Acquisition of subsidiaries (note 33(b))	4,793	8,264	944	156,574	170,575
Additions	778	397	2,193	—	3,368
Disposal of subsidiaries (note 33(a))	—	(126)	(720)	—	(846)
Depreciation provided during the year	(1,373)	(2,173)	(622)	(2,454)	(6,622)
Disposals	—	(24)	—	—	(24)
Exchange realignment	(147)	240	(301)	—	(208)
At 31 March 2016, net of Accumulated depreciation	4,183	7,114	3,281	154,120	168,698
At 31 March 2016:					
Cost	10,256	11,926	3,849	156,574	182,605
Accumulated depreciation	(6,073)	(4,812)	(568)	(2,454)	(13,907)
Net carrying amount	4,183	7,114	3,281	154,120	168,698

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2015					
At 1 April 2014:					
Cost	73,000	13,149	6,065	7,989	100,203
Accumulated depreciation and impairment	(9,805)	(9,385)	(4,962)	(6,320)	(30,472)
Net carrying amount	63,195	3,764	1,103	1,669	69,731
At 1 April 2014, net of accumulated depreciation and impairment	63,195	3,764	1,103	1,669	69,731
Additions	—	461	253	724	1,438
Disposal of subsidiaries (note 33(a))	(62,320)	(495)	(185)	(29)	(63,029)
Depreciation provided during the year	(875)	(783)	(315)	(578)	(2,551)
Disposals	—	(2,815)	(320)	—	(3,135)
Exchange realignment	—	—	—	1	1
At 31 March 2015, net of accumulated depreciation	—	132	536	1,787	2,455
At 31 March 2015:					
Cost	—	4,833	4,803	3,496	13,132
Accumulated depreciation	—	(4,701)	(4,267)	(1,709)	(10,677)
Net carrying amount	—	132	536	1,787	2,455

Upon disposal of a subsidiary which principally held a leasehold land and building, as at 31 March 2015, the Group had no leasehold land and building pledged to secure general banking facilities granted to the Group.

17. PREPAID LEASE PAYMENTS

	2016 HK$'000	2015 HK$'000
Leasehold land in the PRC under medium-term lease:		
At beginning of year	**44,844**	45,873
Amortisation	**(371)**	(1,075)
Disposal of subsidiaries (note 33(a))	**(44,473)**	—
Exchange realignment	—	46
At end of year	—	44,844
Analysed for reporting purposes as:		
Current assets, included in prepayments, deposits and other receivables (note 25)	—	1,068
Non-current assets	—	43,776
	—	44,844

The Group's prepaid lease payments represent the land portion of the Forestlands use rights granted to the Group and are located in Qinglong of the PRC. The Forestlands use rights will expire in the year 2057. Usage of the Forestlands is regulated by the implementation regulations of the PRC Forest Law promulgated by the State Council of the PRC.

The prepaid lease payments are amortised on a straight-line basis over the remaining term of the lease of the Forestlands.

During the year ended 31 March 2016, the Group has disposed the Forestlands use rights through the disposal of subsidiaries.

18. INTANGIBLE ASSETS

	License HK$'000	Favourable lease asset HK$'000	Goodwill HK$'000	Total HK$'000
At 1 April 2014				
Acquisition of subsidiaries	—	703,635	144,319	847,954
Amortisation during the year	—	(16,377)	—	(16,377)
Impairment loss for the year	—	—	(42,552)	(42,552)
Exchange realignment	—	568	116	684
At 31 March 2015 and 1 April 2015	—	687,826	101,883	789,709
Acquisition of subsidiaries (note 33(b))	447,000	—	796,156	1,243,156
Disposal of subsidiaries (note 33(a))	—	(682,147)	(101,883)	(784,030)
Amortisation during the year	—	(5,679)	—	(5,679)
At 31 March 2016	**447,000**	**—**	**796,156**	**1,243,156**

(a) License

License arising from the acquisition represents the license to operate an asset trading platform in Shenzhen granted by the development of the Shenzhen Municipal Government Financial Services Office. The license is considered by the directors as having an indefinite useful life because the license has no expiry date and it is expected to contribute to net cash inflows indefinitely and will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there are indications that it may be impaired.

Impairment testing of license with indefinite useful life

For the purpose of impairment testing, the license is allocated at acquisition to the CGU of financial leasing that are expected to benefit from such intangible asset.

At 31 March 2016, the directors assessed the recoverable amount of license with reference to the valuation performed by a firm of independent qualified professional valuers.

The recoverable amount of the license has been determined based on value in use calculation, which uses cash flow projections based on financial budgets approved by management covering a five-year period and discount rate of 13.42% per annum and cash flows beyond the five-year period are extrapolated using a steady 3% growth rate. The growth rate is determined with reference to projected inflation in the PRC published by the International Monetary Fund. Key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include gross margin, growth rate and discount rate, such estimation is based on past experience and management's expectations for the market development.

During the year ended 31 March 2016, the Directors determined that there was no impairment for the license.

18. INTANGIBLE ASSETS (continued)

(b) Favourable lease asset

Favorable lease asset arising from the acquisition represents the terms of the Forestlands use rights granted to the Group which are favorable relative to the market terms as at the date of the acquisition. Favorable lease asset is amortised on a straight-line basis over the remaining term of the lease of the Forestlands. Details are set out in note 17 above.

During the year ended 31 March 2016, the Group has disposed the favourable lease asset through the disposal of subsidiaries.

(c) Goodwill

Goodwill was arising from the acquisition and has been allocated to a CGU that is expected to benefit from the acquisition. For the year ended 31 March 2016, the entire carrying amount of goodwill has been allocated to the financial leasing segment (2015: management of the Forestlands segment).

Financial leasing segment

At 31 March 2016, the directors assessed the recoverable amount of goodwill with reference to the valuation performed by a firm of independent qualified professional valuers, which valued the goodwill using the discounted cash flow method.

The recoverable amount of the CGU has been determined based on value in use calculation, which uses cash flow projections based on financial budgets approved by management covering a five-year period and discount rate of 13.42% per annum and cash flows beyond the five-year period are extrapolated using a steady 3% growth rate. The growth rate is determined with reference to projected inflation in the PRC published by the International Monetary Fund. Key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include gross margin, growth rate and discount rate, such estimation is based on past experience and management's expectations for the market development.

During the year ended 31 March 2016, the Directors determined that there was no impairment for the goodwill.

18. INTANGIBLE ASSETS (continued)

(c) Goodwill (continued)

Management of the Forestlands segment

For the year ended 31 March 2015, the recoverable amount of the CGU is determined based on fair value less costs of disposal of the Forestlands. The fair value less costs of disposal of the Forestlands was determined by an independent professional valuer engaged by the Company, LCH (Asia-Pacific) Surveyors Limited ("LCH"), using Comparable Sales Approach by reference to ask prices of comparable forestlands in the neighborhood townships, adjusted for the condition and features of the comparable forestlands such as their locations, accessibility, size and tree species planted. LCH determines that the recoverable amount of the CGU was approximately HK$709,928,000. This is categorised as Level 3 fair value hierarchy. Accordingly, the carrying amount of the CGU has been written down to the recoverable amount and an impairment loss on goodwill of approximately HK$42,552,000 was recognized in profit or loss in the consolidated income statement for the year ended 31 March 2015.

Key assumptions used for the determination of the fair value less costs of disposal of the Forestlands are as follows:

- the Group could be able to sell the Forestlands in its highest and best form and as part of a going concern business of the Group in the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the Forestlands;

- the Group has free and uninterrupted rights to assign the interest for the whole of the unexpired terms as granted and any premiums payable have already been fully paid;

- all required licenses, certificates, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organisation have been or can readily be obtained or renewed for any use on which the value estimates determined by LCH are based;

- the Forestlands has obtained relevant government's or organisation's approvals for the sale of the Forestlands and is able to be disposed of and transferred free of all encumbrances (including but not limited to the cost of transaction) in the market;

- the Forestlands can be freely disposed and transferred free of all encumbrances for its existing or approved uses in the market to both local and overseas purchasers without payment of any premium to the government;

- the Group has adopted reasonable and necessary security measures and has considered several contingency plans against any disruption (such as compensation and soil erosion) to the Forestlands and the proper usage of the Forestlands; and

18. INTANGIBLE ASSETS (continued)

(c) Goodwill (continued)

Management of the Forestlands segment (continued)

- there is no material difference between the information contained in the Forestland Rights Certificate and the actual size figures.

19. BIOLOGICAL ASSETS

	2016 HK$'000	2015 HK$'000
At beginning of year	**61,242**	70,737
Increases due to purchases	**68**	383
Disposal of subsidiaries (note 33(a))	**(61,310)**	—
Loss arising from changes in fair value less costs of disposal	**—**	(9,936)
Exchange realignment	**—**	58
At end of year	**—**	61,242

(a) Nature of activities

Biological assets predominately consist of various standing fruit trees that are attached to the Forestlands, of which the Forestry Right Certificates have been obtained from the Forest Bureau in Qinglong. The Forestlands have a total leasehold land base of 63,035.29 Chinese Mu ("mu") and the rights to use the Forestlands will be expired in the year 2057.

19. BIOLOGICAL ASSETS (continued)

(a) Nature of activities (continued)

Pursuant to a forest survey report (the "Investigation Report") prepared by an independent licensed forestry professionals and consultants in the PRC (the "Forest Survey Team"), estimated number of 4 major species of fruit trees (the "Relevant Biological Assets") planting on 40,571.54 mu of the Forestlands and owned by the Group at the end of the reporting period is shown as follows:

	2015	
	Estimated Number	Area (mu)
Apricot trees	2,793,254	33,653.66
Hawthorn tree	373,881	5,341.15
Chestnut trees	69,346	990.65
Pear trees	41,026	586.08
Total	3,277,507	40,571.54

During the year ended 31 March 2015, there is no material physical change of the Relevant Biological Assets attached to the Forestlands. The Group considers that the costs of harvest outweigh the economic benefits derived from selling the fruits. Accordingly, the Group does not harvest any agricultural produce, being the fruits of the biological assets during the year ended 31 March 2015 and no gains or losses arising from agricultural produce harvested is recognised.

In additional to the financial risk management as disclosed in note 39 below, the Group is exposed to the following operational risks relating the biological assets:

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in the PRC in which it operates. Since the Group has not yet commenced harvesting any agricultural produce during the year ended 31 March 2015, the Group has not yet established any environmental policies and procedures. Management will establish relevant environmental policies and procedures aimed at compliance with local environment and other laws and will perform regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

19. BIOLOGICAL ASSETS (continued)

(a) Nature of activities (continued)

(ii) Climate and other natural risks

The Group's biological assets are exposed to the risk of damage from climate changes, diseases, forest fires and other natural forces. The Group has procedures in place aimed at monitoring and mitigating those risks, including regular forest inspections by setting up forest patrol team.

(iii) Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of various types of fruits. The Group currently has not established any measures to mitigate supply and demand risk as the Group has not yet harvested any agricultural produce during the year ended 31 March 2015.

(b) Value of biological assets

The Group's biological assets are measured at fair value less costs of disposal at the date of the acquisition and at the end of the reporting period in accordance with HKAS 41 "Agriculture". The fair values of biological assets were determined with reference to the work performed by LCH. LCH has various professional qualifications and extensive experience in the valuation of agricultural and biological assets and its related businesses for the listed companies in Hong Kong. Accordingly, the directors are of the view that LCH is competent to determine the fair value of the Group's biological assets. The Group's management has discussion with LCH on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting period.

As advised by the Forest Survey Team, tree species other than the Relevant Biological Assets attached to the remaining areas of the Forestlands have no significant economic value. Accordingly, LCH determined the fair values of the Relevant Biological Assets as the fair values of the biological assets at the date of the acquisition and at end of the reporting period.

LCH determined the fair values of the Relevant Biological Assets using the Comparable Sales Approach which based on a special assumption (the "Special Assumption") that Relevant Biological Assets could be sold in an active market which is not the case as the Group does not have any licenses and approvals from the relevant authorises on out planting, cutting, logging, transplanting or selling the biological assets on piecemeal basis (hereinafter the "Relevant Licenses and Approvals") at the date of the acquisition and at the end of the reporting period. The Group will proceed to obtain the Relevant Licenses and Approvals when deemed necessary. As of the date of the 2015 Annual Report, the Group has not obtained the Relevant Licenses and Approvals.

19. BIOLOGICAL ASSETS (continued)

(b) Value of biological assets (continued)

Should the Group fail to obtain the Relevant Licenses and Approvals and the alternative estimates of fair value of the biological assets are either not available or determined to be clearly unreliable, the carrying amount of the biological assets may adversely affect. However, the directors consider that no impairment is necessary at the end of the reporting period as the Group considers that the Relevant Licenses and Approvals are not unobtainable.

In addition to the Special Assumption, principal assumptions adopted by LCH to value the fair values of the Relevant Biological Assets are as follows:

- the Group could be able to sell the Relevant Biological Assets in its highest and best form in the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the Relevant Biological Assets;

- the Group has free and uninterrupted rights to assign the interest (a part of or the whole of) for the whole of the unexpired terms as granted and any premiums payable have already been fully paid;

- all required licenses, certificates, consents, or other legislative or administrative authority to dispose the Relevant Biological Assets from any local, provincial, or national government or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimates determined by LCH are based;

- the Investigation Report applied to the Relevant Biological Assets as at 31 March 2015;

- the Relevant Biological Assets, as required under the relevant accounting standards, can be freely disposed, out planting and transferred free of all encumbrances for its existing or approved uses in the market to both local and overseas purchasers without payment of any premium to the government; and

- the Group has adopted reasonable and necessary security measures and has considered several contingency plans against any disruption (such as fire, insects and soil erosion) to sale of the Relevant Biological Assets and the proper usage of the Relevant Biological Assets.

19. BIOLOGICAL ASSETS (continued)

(c) Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's biological assets at as 31 March 2015:

Recurring fair value measurement:

		2015 Fair value measurement Categorized into		
	Fair value HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Biological assets	61,242	—	—	61,242

During the years ended 31 March 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The valuation technique applied by LCH is Comparable Sales Approach. The fair value less costs of disposal of the Relevant Biological Assets are determined with reference to the market-determined prices of tree species with similar heights, adjusted for the conditions of Relevant Biological Assets. The valuation method adopted by LCH is limited to the following assumptions:

- the end product or the market being assessed are for inventory of standing trees;
- number of each tree species considered in LCH's valuation is based on the Investigation Report;
- the prices for each tree species are homogenous and the average price for each species was used as valuation basis. LCH has also factored in the age and height of the various tree species as provided in the Investigation Report; and
- prices for each species were taken from LCH's on-site research and interview, official construction cost journals, local practitioners, and forestry products industry information in the PRC from various websites in the public domain. No allowances for transportation were considered as these costs are normally paid for by the buyer. However, the referenced prices adopted are after allowance for the uprooting and loading.

19. BIOLOGICAL ASSETS (continued)

(c) Fair value hierarchy (continued)

The following table presents the change in Level 3 fair value measurements for the year ended 31 March 2015:

	Biological assets
	2015
	HK$'000
Balance at beginning of year	70,737
Increases due to purchases	383
Loss arising from changes in fair value less costs of disposal recognised in consolidated income statement	(9,936)
Total gain recognised in other comprehensive income	58
Balance at end of year	61,242

The total gain recognised in other comprehensive income for the year is included in exchange differences arising on translation of financial statements of foreign operations as set out in consolidated statement of comprehensive income.

During the year ended 31 March 2016, the Group disposed all its biological assets through disposal of subsidiaries.

(d) Highest and best use

In estimating the fair value of the Relevant Biological Assets, the highest and best use of the Relevant Biological Assets is sale of Relevant Biological Assets to independent third parties. The Group's intended use of the Relevant Biological Assets are used in conjunction with the ecotourism. However, the Group has not yet commenced the business of ecotourism during the year ended 31 March 2015. Alternative estimates of fair value of the biological assets which concurred on the Group's intended current use, such as using Income Approach and/or Cost Approach as advised by LCH, could not determine a clearly reliable fair value of the biological assets. Accordingly, Comparable Sales Approach is adopted.

20. AVAILABLE-FOR-SALE INVESTMENTS

	2016 **HK$'000**	2015 HK$'000
Non-current assets		
Club membership debenture, at fair value (note a)	**4,600**	4,600
Current assets		
Unlisted equity investment at cost (note b)		
— In Hong Kong	**340,800**	—
	345,400	4,600

Note:

(a) Club membership debenture was designated as an available-for-sale financial asset at initial recognition and has no fixed maturity date or coupon rate. The fair value of club membership debenture is based on its quoted price in an open market taking into account the estimated transfer fee upon sale. The Group does not intend to dispose the investments in the near future.

During the year ended 31 March 2016, no fair value gain on available-for-sale investments was recognised in statement of other comprehensive income (2015: approximately HK$100,000).

(b) During the year ended 31 March 2016, the Group had subscribed 56,800,000 shares of Joint Global Limited, a company incorporated in the Republic of the Marshall Islands, at a consideration of approximately HK$340,800,000. The directors of the Company considered no impairment loss recognised as the recoverable amount is greater than its carrying amount.

21. FINANCE LEASE RECEIVABLES

	2016 **HK$'000**	2015 HK$'000
Present value of minimum lease payments receivables	**924,980**	—
Less:		
Current portion included under current assets	**(260,404)**	—
Amounts due after one year included under non-current assets	**664,576**	—

Financial lease receivables of approximately HK$668,467,000 were pledged to secure the bank borrowings obtained by the Group.

21. FINANCE LEASE RECEIVABLES (continued)

The directors of the Company are of the view that the credit risk inherent among the Group's outstanding finance lease receivables balances is low. The Group has not encountered any delay or default in the collection of the scheduled payments of finance lease receivables. No impairment allowance was made for the finance lease receivables as at 31 March 2016.

Reconciliation between the minimum lease payments receivables and the present value of minimum lease payments receivables under such leases is set out below:

	2016 **HK$'000**	2015 HK$'000
Minimum lease payments receivables	**1,093,980**	—
Less:		
Unearned finance income related to minimum lease payments receivables	**(169,000)**	—
Present value of minimum lease payments receivables	**924,980**	—

The table below analyses the Group's minimum lease payments receivables under finance leases by relevant maturity groupings:

	2016 **HK$'000**	2015 HK$'000
— Within one year	**337,485**	—
— In the second year	**282,439**	—
— In the third to fifth years	**474,056**	—
	1,093,980	—

The table below analyses the Group's present value of minimum lease payments receivables under finance leases by relevant maturity groupings:

	2016 **HK$'000**	2015 HK$'000
— Within one year	**260,404**	—
— In the second year	**226,532**	—
— In the third to fifth years	**438,044**	—
	924,980	—

The Group's finance lease receivables are denominated in RMB.

21. FINANCE LEASE RECEIVABLES (continued)

The following table sets forth the finance lease receivables attributable to individual customers:

	2016 HK$'000	%
Customer A	516,052	55.79
Customer B	84,008	9.08
Customer C	66,007	7.14
Customer D	60,006	6.49
Customer E	54,005	5.84
Customer F	48,005	5.19
Customer G	38,404	4.15
Customer H	30,003	3.24
Customer I	12,889	1.39
Customer J	12,001	1.30
Customer K	3,600	0.39
	924,980	100.00

Concentration of risks of financial assets with credit exposure

During the year ended 31 March 2016, all the lessees of the Group are located in China. If any of them experiences financial difficulties, the recovery of the Group's finance lease receivables through regular lease payments might be adversely affected and the Group may have to resort to recovery through repossession of the leased assets.

For the year ended 31 March 2016, the Group's finance lease receivables were secured by colleratal and deposit of approximately HK$91,509,000 (note 27).

To manage this risk, the Group assesses the business performance of the lessee on a regular basis. In view of the fact that the lessee are operating smoothly and the sound collection history of the receivable due from them, management believes that the credit risk inherent in the Group's outstanding finance lease receivable balances from lessee is low.

22. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK$'000	2015 HK$'000
Non-current assets		
Unlisted equity investment, designated as at fair value through profit or loss upon initial recognition (note a)		
In Hong Kong	–	340,800
In PRC	**96,010**	–
	96,010	340,800
Current assets		
Held-for-trading listed equity investments, at fair value (note b and d):		
Hong Kong	**1,119,830**	337,067
Elsewhere	**4,933**	–
	1,124,763	337,067
Derivative financial instruments, at fair value (note e):		
Call options (note f)	**497,000**	–
Futures contracts (note g)	**562,678**	–
Warrants	**638**	–
	1,060,316	–
	2,185,079	337,067

Note:

(a) The unlisted equity investment at 31 March 2016 and 2015 was, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss. The unlisted equity investment and the listed equity investments form a group of financial assets which are managed and their performances are evaluated on a fair value basis, in accordance with the Group's investment strategy. Their performances are regularly reviewed by the key management personnel of the Group.

For the year ended 31 March 2016

The Company subscribed 30,000,000 shares of Yunnan Highway Construction Group, representing 8.33% of its issued share capital, at a consideration of approximately HK$39,604,000. As at 31 March 2016, the fair value of this unlisted equity investment was approximately HK$96,010,000 and an unrealised gain of approximately HK$56,406,000 was recognised in the consolidated income statement during the year. The fair value was determined with reference to the valuation report issued by a firm of independent qualified professional valuers, using the income approach. This is classified as Level 2 fair value measurement under HKFRS 13.

22. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note: (continued)

(a) (continued)

For the year ended 31 March 2015

The fair value of unlisted equity investments was estimated by independent professionally qualified valuers with reference to the subscription prices of other recent share allotments of those investees with other independent third parties.

HEC Capital Limited is a company incorporated in Cayman Islands. Its principal activities are investment holdings, property investment, investment advisory and financial services, investment in securities trading and money lending. During the year ended 31 March 2016, the Group disposed all its investment in HEC Capital Limited at its carrying amount.

On 12 June 2014, the Group through its indirectly wholly-owned subsidiary and HEC Capital Limited entered into a subscription agreement ("Subscription Agreement") pursuant to which the Group agreed to subscribe 38,000,000 subscription shares at a subscription price of HK$228,000,000 (the "Subscription"). Details of the Subscription Agreement are set out in the Company's announcement dated on 12 June 2014. After the Subscription, the amount of the investments at fair value through profit of loss was HK$340,800,000 as at 31 March 2015. Under the Subscription Agreement, the Issuer guarantees and warrants to the Group that the audited consolidated net profit after tax of HEC Capital Limited for the accounting period ended 31 March 2014 shall be not less than HK$250,000,000 (the "Guaranteed Profit"). The audited consolidated net profit after tax of the HEC Capital Limited for the accounting period ended 31 March 2014 was HK$394,000,000, which is higher than the Guaranteed Profit. Thus, no adjustment was made regarding the consideration of the Subscription.

(b) At 31 March 2016 and 2015, the listed equity investments were held for trading and were classified as financial assets at fair value through profit or loss. The fair values of the listed equity investments were determined by quoted bid prices in active markets.

22. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note: (continued)

(c) (i)

Nature of investments	Number of shares held as at 31 March 2016	Percentage of shareholding as at 31 March 2016	Net gain/ (loss) for year ended 31 March 2016	Dividends received for year ended 31 March 2016	Fair value/carrying amount as at 31 March 2016	Fair value/carrying amount as at 31 March 2015	Percentage to the Group's net assets as at 31 March 2016	Investment cost
		%	HK$'000	HK$'000	HK$'000	HK$'000	%	HK$'000
Non-current assets								
Investments at fair value through profit or loss								
Unlisted shares outside Hong Kong								
Yunnan Highway Construction Group	30,000,000	8.33	56,406	–	96,010	–	3.04	39,604
			56,406	–	96,010	–	3.04	39,604
Current assets								
Investments at fair value through profit or loss								
Listed shares outside Hong Kong								
Western Securities (stock code: 2673)	10,000	0.00	49	–	324	–	0.01	275
Guidong Electric Power (stock code: 600310)	480,000	0.06	2,801	–	4,608	–	0.15	1,807
Huaxia Bank (stock code: 600015)	100	0.00	0	–	1	–	0.00	1
			2,850	–	4,933	–	0.16	2,083
Financial assets at fair value through profit or loss								
Listed shares in Hong Kong								
Carnival Group International Holdings Limited (stock code: 996)	200,000,000	1.34	116,000	–	216,000	–	6.84	100,000
China Smarter Energy Group Holdings Limited (stock code: 1004)	777,736,000	9.95	7,567	–	559,970	322,400	17.70	511,153
Far East Holdings International Limited (stock code: 36)	11,814,000	1.08	(16,566)	–	7,442	–	0.24	24,009
Huatai Securities Co., Ltd. (stock code: 6886)	2,600	0.00	(16)	–	48	–	0.00	64
Skyway Securities Group Limited (stock code: 1141)	32,500,000	0.26	(8,973)	–	6,370	–	0.20	15,343
Huarong International Financial Holdings Limited (stock code: 993)	150,000,000	4.49	(420,000)	–	330,000	–	10.45	750,000
Disposed securities						14,667		
			(321,988)	–	1,119,830	337,067	35.43	1,400,569
			(319,138)	–	1,124,763	337,067	35.59	1,402,652
Unrealised loss from investments at fair value through profit or loss — trading securities			262,732					

Realized gain of the Group for the year ended 31 March 2016 amounted to approximately HK$13,584,000 (Note 1).

22. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note: (continued)

(c) (i) (continued)

Derivative financial instruments

Futures	**Number of contract**		**Valuation as at 31.3.2016**	**Valuation as at 31.3.2016**		
	Short	**Long**	**Short** HK$'000	**Long** HK$'000	**Long-short** HK$'000	**Unrealized gain/(loss)** HK$'000
10-Year U.S. Treasury Bond	0	41	—	20,705	20,705	(20)
2-Year U.S. Treasury Bond	0	109	—	46,237	46,237	53
30-Year U.S. Treasury Bond	0	15	—	19,116	19,116	(89)
5-Year U.S. Treasury Bond	0	60	—	14,181	14,181	128
3-Month Eurodollar Rate	0	182	—	349,716	349,716	533
Wheat	37	0	6,789	—	(6,789)	(133)
Natural Gas	14	0	2,126	—	(2,126)	157
Japanese Yen	0	20	—	17,251	17,251	(4)
Canadian Dollar	29	0	17,321	—	(17,321)	(542)
Corn	43	0	5,857	—	(5,857)	340
Platinum	21	0	7,955	—	(7,955)	44
Silver	0	12	—	7,191	7,191	(189)
Low Sulphur Diesel	13	0	3,660	—	(3,660)	(333)
Gasoline	8	0	3,805	—	(3,805)	54
Heating Oil	8	0	3,129	—	(3,129)	184
Coffee	12	0	4,445	—	(4,445)	(377)
Live Cattle	20	0	7,690	—	(7,690)	264
British Pound	28	0	19,493	—	(19,493)	(142)
Crude Oil	9	0	2,773	—	(2,773)	(253)
Copper	14	0	5,921	—	(5,921)	(172)
Cotton	45	0	10,190	—	(10,190)	266
Soybean	19	0	6,705	—	(6,705)	(193)
Soybean Meal	46	0	9,636	—	(9,636)	(150)
Gold	0	10	—	9,576	9,576	(113)
Swiss Franc	17	0	17,200	—	(17,200)	(368)
Lead	0	27	12,865	21,772	8,907	(1,236)
Mexican Peso	55	0	12,253	—	(12,253)	(333)
Euro	0	21	—	23,216	23,216	269
Lean Hog	0	40	—	10,025	10,025	(158)
Aluminium	30	0	8,783	—	(8,783)	34
Zinc	15	0	8,774	3,509	(5,265)	(45)
Australian Dollar	0	26	—	15,415	15,415	470
Sugar	0	47	—	6,262	6,262	216
Nickel	9	0	3,542	—	(3,542)	185
			180,912	564,172	383,260	(1,653)
Short contract receivable					179,418	
Fair value as at 31 March 2016					562,678	
Unrealized loss for the year ended 31 March 2016						(1,653)
Realized loss for the year ended 31 March 2016 — trading of futures contracts (include: bond, foreign exchange and commodity)						(4,587)

22. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note: (continued)

(c) (i) (continued)

Derivative financial instruments (continued)

	Fair value as at 31 March 2016 HK$'000	Investment cost HK$'000	Net gain for the year ended 31 March 2016 HK$'000
Call options			
China New City Commercial Development Limited (stock code: 1321)	497,000	1,400	495,600
Warrants			
Mission Capital Holdings Limited (stock code: 1153)	638	8	630
	497,638		496,230
	1,060,316		494,577

Note 1:

Name of investment	Stock code	Quantity	Disposal amount HK$'000	Cost HK$'000	Realised gain/(loss) HK$'000
Haitong Securities Co., Ltd.	#6837	200,000	3,979	3,776	203
Brightoil Petroleum (Holdings) Ltd	#933	2,140,000	7,174	5,628	1,546
Brightoil Petroleum (Holdings) Ltd	#933	2,001,000	6,759	5,263	1,496
China Jinhai International Group Ltd.	#139	16,716,000	23,331	7,927	15,404
GF Securities Co., Ltd.	#1776	7,400	185	139	46
China Smarter Energy Group Holdings Ltd.	#1004	5,000,000	5,100	6,200	(1,100)
China Smarter Energy Group Holdings Ltd.	#1004	5,000,000	4,600	6,200	(1,600)
Tencent Holdings Ltd.	#700	50,000	7,950	7,925	25
Hong Kong Exchanges and Clearing Limited	#388	50,000	9,220	9,110	110
Realised gain of HK securities for the year			68,298	52,168	16,130
Realised loss of PRC securities for the year					(2,546)
Total					13,584

The above table sets out those investments which constitutes a significant portion of the net asset value of the Group.

22. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note: (continued)

(c) (ii) At 31 March 2015, the Group has an unlisted equity investment with carrying amount of approximately HK$340,800,000 and a listed equity investment with carrying amount of approximately HK$322,400,000, each of which exceed 10% of the Group's total assets. Particulars of these investments are as follows:

Company name	Place of incorporation	Principal activities	Particulars of issued share capital	Proportion nominal value of issued capital held by the Group as at the end of reporting period
At 31 March 2015				
HEC Capital Limited	Cayman Islands	Investment holdings, property investment, investment advisory and financial services, investment in securities trading and money lending	Ordinary shares of HK$0.1 each	6.18%
China Smarter Energy Group Holdings Limited (formerly known as Rising Development Holdings Limited)	Bermuda	Investment holding, trading of securities, trading of fur garment and skins, and business of mining natural resources and clean energy operation	Ordinary shares of HK$0.01 each	3.72%

(d) At 31 March 2016

The Group's investments in listed equity securities with carrying value of approximately HK$835,644,000 were pledged to certain financial institutions to secure certain margin financing facilities granted to the Group for the investments (note 28(b)).

The Group's investments in listed equity securities with carrying value of approximately HK$275,000,000 were pledged to a bank to secure a term loan granted to the Group (note 28(a)).

At 31 March 2015

The Group's investments in listed equity securities with carrying value of approximately HK$3,776,000 was pledged as a security for margin and other loans advanced by a financial institution (note 28(b)).

The Group's investment in listed equity securities with carrying value of approximately HK$10,891,000 were pledged to certain financial institutions to secure certain margin financing facilities granted to the Group which has not been utilized as at the end of the reporting period (note 34).

(e) Derivative financial assets are categorized as financial assets at fair value through profit or loss unless they are designated as hedges.

(f) During the year ended 31 March 2016, the Group entered into legally binding options agreements (the "Options Agreements") with a number of independent third parties (the "Put Option Holders") whereby the Group had been granted by the Put Option Holders options to be purchased (the "Call Options") by the Group, for a period of one year, 70,000,000 ordinary shares of China New City Commercial Development Limited (Stock Code: 1321), a company listed in Hong Kong.

The fair value of the Call Options was approximately HK$497,000,000 for the year ended 31 March 2016 and thus an unrealised gain of approximately HK$495,600,000 was recognised in the consolidated income statement during the year. The fair value was determined with reference to the valuation report issued by a firm of independent qualified professional valuers, using the market approach (quoted bid prices in active markets). This is classified as Level 1 fair value measurement under HKFRS 13.

(g) Futures contracts are financial instruments for trading of commodities with a financial institution. Futures contracts are measured at the quoted bid price in active markets. They were financed by the margin facilities granted by the financial institution. Accordingly, futures contracts with carrying value of approximately HK$562,678,000 were pledged to the financial institution to secure the margin facilities.

23. LOANS RECEIVABLES

	2016 HK$'000	2015 HK$'000
Loans receivables	**220,500**	45,000
Less: allowance for impairment loss	**(45,000)**	—
	175,500	45,000
Less: amount classified as current assets	**(20,000)**	(45,000)
Non-current portion	**155,500**	—

Loans receivables represent receivables arising from the money lending business of the Group, and bear interest at rates ranging from 4% (plus investment income of 40%) to 10% per annum (2015: 9.8% per annum). The grants of these loans were approved and monitored by the Group's management.

Except for a loan receivable with a carrying amount of HK$155,500,000 (2015: Nil) as at 31 March 2016, which was secured by the pledge of collateral, all of the loans receivables as at 31 March 2016 and 2015 were unsecured.

An aged analysis of loans receivables (net of impairment), determined based on the age of the loans receivables since the effective drawn down date of the loans, as at the end of the reporting period is as follows:

	2016 HK$'000	2015 HK$'000
Loans receivables:		
Within 90 days	**175,500**	—
180 days to one year	**—**	45,000
	175,500	45,000

The movements in the allowance for impairment loss of loans receivables are as follows:

	2016 HK$'000	2015 HK$'000
At beginning of year	**—**	2,489
Impairment loss for the year	**45,000**	—
Written off as uncollectible	**—**	(2,489)
At end of year	**45,000**	—

The allowance for impairment loss of loans receivables as at 31 March 2016 was an individually impaired loans receivable amount of HK$45,000,000 with an original carrying amount of HK$45,000,000. As at 31 March 2015, there was no allowance for impairment loss of loans receivable.

The individually impaired loans receivable relates to a borrower that was in financial difficulties and had defaulted in the payments of both interest and principal.

23. LOANS RECEIVABLES (continued)

An aged analysis of the loans receivable (that are not considered to be impaired) as at the end of the reporting period, based on the payment due date, is as follows:

	2016 HK$'000	2015 HK$'000
Past due but not impaired	—	—
Neither past due nor impaired	175,500	45,000
	175,500	45,000

24. RESTRICTED CASH

	2016 HK$'000	2015 HK$'000
Pledged for factoring loans (note 28)	72,127	—
Pledged for term loans (note 28)	21,602	—
Pledged for banking facilities (note)	15,602	—
	109,331	—
Less: amounts included under current assets	(37,204)	—
Non-current portion	72,127	—

Note: The amount of approximately HK$15,602,000 were restricted as at 31 March 2016 (released in April 2016). However, the related banking facilities had been settled during the year ended 31 March 2016.

The effective interest rates on restricted cash were ranged from 2.80% p.a. to 4.75% p.a. and original maturity ranged from 2 to 5 years.

Restricted cash is denominated in RMB.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Prepaid lease payments (note 17)	—	1,068
Prepayments	14,557	1,093
Deposits	7,357	4
Deposit paid for subscription of trading securities (note a)	—	9,425
Deposit paid for trading of derivative financial instruments	35,061	—
Interest receivables	12,244	1,025
Other receivables (note b)	252,313	2,654
	321,532	15,269

Note: (a) As at 31 March 2015, the deposit paid for subscription of trading securities is financed by margin and other loans advanced by a financial institution with aggregate carrying amount of HK$9,425,000.

(b) As at 31 March 2016, other receivables mainly represents (i) an amount due from China Hover Dragon Group Limited of approximately HK$130,630,000 (note 36(a)) which is unsecured, non interest-bearing and repayable on demand and (ii) a consideration receivables of approximately HK$81,606,000 in respect of the acquisition of Hong Kong Leasing Group. Included in the consideration receivables are HK$78,973,000 and 2,633,000 due from China Hover Dragon Group Limited (note 36(b)) and Mr. Gao Chuanyi respectively (note 40(c)).

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were denominated in the following currencies:

	2016 HK$000	2015 HK$000
HK$	265,020	4,258
RMB	62,187	73
US Dollar ("USD")	414	—
Cash and cash equivalents	327,621	4,331

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 March 2016, the Group maintained cash and cash equivalents amounting to approximately HK$171,501,000 (2015: HK$1,201,000) in the PRC, the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

27. OTHER PAYABLES AND ACCRUALS

	2016 HK$'000	2015 HK$'000
Accrued expenses	**13,995**	1,167
Other payables		
— Amount received from lessee regarding leasing of property, plant and equipment (note 21)	**91,509**	—
— Interest payable (note a)	**3,460**	—
— Margin (note b)	**19,181**	—
— Others (note c)	**79,038**	1,546
	207,183	2,713

Note: (a) It represents the provision of interest expenses on borrowings.

(b) The whole amount represents an amount payable to the financial institution due to the transactions of futures contracts.

(c) It mainly represents the remaining payment of HK$76,000,000 for the acquisition of Park Rise Investments Limited (note 33 (b))

28. BORROWINGS

	2016 HK$'000	2015 HK$'000
Interest-bearing bank borrowings (note a):		
— portion of bank borrowings due for repayment within one year or which contain a repayment on demand clause	**307,861**	—
— portion of bank borrowings due for repayment after one year but within two years	**222,022**	—
— portion of bank borrowings due for repayment after two years but within five years	**258,026**	—
Margin and other loans (note b)	**613,538**	9,520
Bonds due for repayment (note c):		
— within one year	**983**	983
— after one year	**18,951**	18,813
	1,421,381	29,316
Less: amount classified as current liabilities	**(922,381)**	(10,503)
Amount classified as non-current liabilities	**499,000**	18,813
Analysed as:		
Secured	**1,401,447**	9,520
Unsecured	**19,934**	19,796
	1,421,381	29,316

28. BORROWINGS (continued)

Note:

(a) Interest-bearing bank borrowings

As at 31 March 2016, the Group has term loans with an aggregate carrying amount of approximately HK$119,442,000 and factoring loans with aggregate carrying amount of approximately HK$668,467,000. As of 31 March 2016, a portion of the term loans after one year with an aggregate carrying amount of HK$100,000,000 had been reclassified under current liabilities. For the purpose of the above analysis, the borrowings were included within current interest-bearing bank borrowings and analysed into bank borrowings repayable within one year or on demand.

Ignoring the effect of any repayment on demand clause and based on the maturity terms of the loans, the loans were repayable:

	2016 HK$'000	2015 HK$'000
Within one year	**207,861**	—
In the second year	**322,022**	—
In the third to fifth years, inclusive	**258,026**	—
	787,909	—

As at 31 March 2016, approximately HK$19,442,000 of the Group's term loans were variable-rate borrowings which carried effective interest at 4.57% per annum and approximately HK$100,000,000 of the Group's term loans were fixed-rate borrowings which carried effective interest rate of 6% per annum.

At 31 March 2016, the Group's factoring loans were fixed-rate borrowings which carried effective interest ranging from 5.10% to 8.00% per annum.

At 31 March 2016, a portion of the term loans with aggregate carrying amount of approximately HK$19,442,000 was secured by bank deposit of approximately HK$21,602,000. The other portion of the terms loans with aggregate carrying amount of HK$100,000,000 was secured by the group's investment in listed equity securities with carrying value of approximately HK$275,000,000 (note 22(d)). At 31 March 2016, the factoring loans with aggregate carrying amount of approximately HK$668,467,000 were secured by finance lease receivables with aggregate carrying amount of approximately HK$668,467,000 and restricted bank deposit of approximately HK$72,127,000.

As at 31 March 2015, the Group has no interest-bearing bank borrowings.

28. BORROWINGS (continued)

Note: (continued)

(b) Margin and other loans

As at 31 March 2016, the Group has margin and other loans advanced by a financial institution for the purchase of futures contracts and trading securities which have no fixed terms of repayment and bear interest ranging from 5% to 10.25% per annum. The whole amount of approximately HK$613,538,000 were secured by futures contracts of approximately HK$562,678,000 (note 22(g)) and trading securities of approximately HK$835,644,000 (note 22(d)).

As at 31 March 2015, the Group has margin and other loans advanced by financial institutions for the subscription of trading securities. The subscription was not complete as at 31 March 2015 and accordingly deposits for the subscription of trading securities of approximately HK$9,425,000 has been included in prepayments, deposits and other receivables as set out in note 25 above. The margin and other loans at 31 March 2015 have no fixed terms of repayment and carry contractual and effective interest of 8% and 1.3% per annum, respectively.

(c) Bonds

	2016	2015
	HK$'000	HK$'000
At beginning of year	**19,796**	9,788
Gross proceeds from issue of bonds during the year	**—**	10,000
Less: transaction costs arising from issue of bonds	**—**	(500)
	19,796	19,288
Interest charged calculated at an effective interest rate (note 8)	**1,138**	1,008
Less: bond interest paid during the year	**(1,000)**	(500)
At end of year	**19,934**	19,796
Less: Amount classified under current liabilities	**(983)**	(983)
Non-current portion	**18,951**	18,813

As at 31 March 2016, the Company has two outstanding bonds, (i) a 5% unsecured seven-year straight bonds with principal amount of HK$10,000,000 to an independent third party. The final maturity of the bond issued is in the year 2021 and (ii) a 5% unsecured seven-year straight bonds with principal amount of HK$10,000,000 to an independent third party. The final maturity of the bond issued is in the year 2020.

28. BORROWINGS (continued)

Note: (continued)

(d) Offsetting arrangement

The following table presents the recognised borrowings that are subject to netting arrangement but not offset as at 31 March 2016 and 2015, and shows the net impact would be on the consolidated statement of financial position if all offsetting rights were exercised.

Borrowing

	Amounts offset			Amounts not offset			
	Gross liabilities HK$'000	Gross assets offset HK$'000	Net amounts presented HK$'000	Investments at fair value through profit or loss pledged (note 22) HK$'000	Deposit paid for subscription of trading securities (note 25) HK$'000	Deposit paid for trading of derivative financial instruments (note 25) HK$'000	Net HK$'000
At 31 March 2016							
Margin and other loans	613,538	–	613,538	1,398,322	–	35,061	(819,845)
At 31 March 2015							
Margin and other loans	9,520	–	9,520	3,776	9,425	–	(3,681)

29. CONVERTIBLE BONDS

The Company had issued three convertible bonds during the year ended 31 March 2016 (2015: Nil).

Convertible bond 1 ("the CB 1")

On 28 October 2015, the Company issued 8% denominated convertible bonds with the aggregate principal amount of US$50,000,000 (approximately HK$387,500,000). Each bond entitles the holder to convert to Company's ordinary share at a conversion price of HK$ 0.68 and maturity on 28 October 2018. Details of the CB 1 are set out in the Company's circular dated 13 October 2015.

The CB 1 bears interest from the date of issue at 8% per annum on the principal amount of the convertible bonds and payment to be made on the maturity date.

The CB 1 contains two components: liability and equity elements. The equity element is presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component on initial recognition is 12.91% per annum.

29. CONVERTIBLE BONDS (continued)

Convertible bond 2 ("the CB 2")

On 24 December 2015, the Company issued 8% denominated convertible bonds with the aggregate principal amount of US$40,000,000 (approximately HK$310,000,000). Each bond entitles the holder to convert to Company's ordinary share at a conversion price of HK$0.72 and maturity on 24 December 2018. Details of the CB 2 are set out in the Company's circular dated 15 December 2015.

The CB 2 bears interest from and including the issue date at 8% per annum payable every six months in arrears on 22 June and 22 December in each commencing from 22 June 2016.

The CB 2 contains two components: liability and equity elements. The equity element is presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component on initial recognition is 10.60% per annum.

Convertible bond 3 ("the CB 3")

On 31 December 2015, the Company issued 7% denominated convertible bonds with the aggregate principal amount of US$40,000,000 (approximately HK$310,000,000). Each bond entitles the holder to convert to Company's ordinary share at a conversion price of HK$ 0.72 and maturity on 31 December 2017. Details of the CB 3 are set out in the Company's circular dated 24 December 2015.

The CB 3 bears interest at 3% per annum payable in arrears every six months after the date of issue.

The CB 3 contains two components: liability and equity elements. The equity element is presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component on initial recognition is 12.08% per annum.

29. CONVERTIBLE BONDS (continued)

CB 1, CB2 and CB3 ("All CBs")

All CBs may be converted into shares of the Company at any time on or after issue date up to the close of business on the maturity date.

Unless previously redeemed, converted, purchased and cancelled, the Company will redeem each CB at its principal amount with accrued and unpaid interest thereon on the maturity date.

The convertible bonds information are presented as follows:

	CB1 HK$'000	CB2 HK$'000	CB3 HK$'000	Total HK$'000
Principal amounts:				
— as at issue date	387,500	310,000	310,000	1,007,500
Interest:	in HK$ settlement 8% p.a. payable semi-annual	in HK$ settlement 8% p.a. payable semi-annual	in HK$ settlement 7% p.a. payable semi-annual	
Issue date:	28 October 2015	24 December 2015	31 December 2015	
Maturity date:	28 October 2018	24 December 2018	31 December 2017	
Conversion price per share:	HK$ 0.68	HK$ 0.72	HK$ 0.72	

The convertible bonds recognised in the statement of financial position were calculated as follows:

	CB1 HK$'000	CB2 HK$'000	CB3 HK$'000	Total HK$'000
Principal amounts:				
Liability component	345,789	287,564	276,404	909,757
Equity component	41,711	22,436	33,596	97,743
Nominal value of CB				
— as at issue date	387,500	310,000	310,000	1,007,500
Liability component at issue date	345,789	287,564	276,404	909,757
Imputed interest charge (note 8)	18,105	8,381	9,117	35,603
Less: transaction cost#	—	(4,798)	(2,857)	(7,655)
As at 31 March 2016	363,894	291,147	282,664	937,705

\# Transaction cost included legal fee and arrangement fee.

The fair value of the CB1 approximately HK$347,898,000, CB2 approximately HK$282,085,000 and CB3 approximately HK$280,938,000 as at 31 March 2016.

30. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities and assets recognised in the consolidated statement of financial position and the movements during the years ended 31 March 2016 and 2015 are as follows:

	Depreciation allowances in excess of related depreciation	Loss available for offsetting against future taxable profits	Convertible bond	Changes in fair values of investments at fair value through profit or loss	Fair value adjustments arising from business combination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2014	748	(150)	—	—	192,290	192,888
Disposal of subsidiaries (note 33(a))	(748)	150	—	—	—	(598)
Charge/(credited) to profit or loss for the year	—	—	—	4,848	(6,578)	(1,730)
Exchange realignment	—	—	—	—	155	155
At 31 March 2015 and 1 April 2015	—	—	—	4,848	185,867	190,715
Disposal of subsidiaries (note 33(a))	—	—	—	—	(184,446)	(184,446)
Acquisition of subsidiaries (note 33(b))	—	—	—	—	111,750	111,750
Issuance of convertible bond	—	—	16,128	—	—	16,128
(Credited)/charge to profit or loss for the year	—	—	(5,874)	43,449	(1,421)	36,154
At 31 March 2016	—	—	10,254	48,297	111,750	170,301

30. DEFERRED TAX LIABILITIES (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

	2016 **HK$'000**	2015 HK$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**170,301**	190,715

At 31 March 2016, the Group had tax losses arising in Hong Kong of approximately HK$93,216,000 (2015: HK$88,939,000) that are subject to the agreement by the Hong Kong Inland Revenue Department and are available indefinitely for offsetting against future taxable profits arising in Hong Kong of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of those losses due to the unpredictability of future taxable profit streams of those companies and, accordingly, in the opinion of the directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

31. ISSUED CAPITAL

Authorised and issued capital

	2016 **HK$'000**	2015 HK$'000
Authorised capital:		
2,000,000,000,000 (2015: 2,000,000,000,000) ordinary shares of HK$0.00025 (2015: HK$0.00025) each	**500,000**	500,000
Issued and fully paid:		
19,310,448,342 (2015: 16,943,718,244) ordinary shares of HK$0.00025 (2015: HK$0.00025) each	**4,828**	4,236

31. ISSUED CAPITAL (continued)

Authorised and issued capital (continued)

A summary of the movements in the Company's issued ordinary share capital and share premium account is as follows:

	Note	Number of shares in issue	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 April 2014		2,823,953,041	2,824	1,651,176	1,654,000
Bonus issue	(a)	1,411,976,520	1,412	(1,412)	—
Shares subdivision	(b)	12,707,788,683	—	—	—
At 31 March 2015 and 1 April 2015		16,943,718,244	4,236	1,649,764	1,654,000
Share issue	(c)	2,361,112,121	590	1,581,355	1,581,945
Emolument shares issued to a director	(d)	5,617,977	2	4,998	5,000
At 31 March 2016		19,310,448,342	4,828	3,236,117	3,240,945

Note:

(a) On 18 July 2014, the Company announced that the Board proposed a bonus issue on the basis of one bonus issue for every two existing shares held by members of the Company on the register of members on 26 August 2014. Further details of the bonus issue are set out in the Company's circular dated 1 August 2014 and the Company's announcement dated 18 July 2014.

(b) On 16 December 2014, the Company announced that the Board proposed to implement a share subdivision on the basis that each issued and unissued share of par value HK$0.001 each in the share capital of the Company was subdivided into four subdivided shares of par value HK$0.00025 each. Further details of the share subdivision are set out in the Company's circular dated 6 January 2015 and the Company's announcement dated 16 December 2014.

(c) On 8 April 2015, the Board announced that the Group entered into a sales and purchase agreement with China Hover Dragon Group Limited and Mr. Gao Chuanyi to acquire the entire issued share capital of Hong Kong Leasing Limited. The consideration was settled by way of allotment and issue of 2,361,112,121 shares (equivalent to an aggregate amount of approximately HK$1,581,945,000 based on the closing price on 31 August 2015 of HK$0.67 per share as quoted on the Stock Exchange) by the Company. Further details are set out in the Company's next day disclosure return dated 4 September 2015, the Company's circular dated 30 July 2015 and the Company's announcement dated 10 April 2015.

(d) On 11 September 2015, the Company announced that it has, on the appointment date, conditionally allotted and issue 5,617,977 shares (equivalent to an aggregate amount of approximately HK$5,000,000 based on the closing price of HK$0.89 per share as quoted on the Stock Exchange on the appointment date) to Mr. Ji Kewei pursuant to the service contract dated 11 September 2015. Further details are set out in the Company's next day disclosure return dated 6 January 2016, the Company's circular dated 18 November 2015 and the Company's announcement dated 11 September 2015.

31. ISSUED CAPITAL (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business operations and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2016 and 2015.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total assets. Total borrowings represent borrowings and convertible bonds. The Group's policy is to maintain the gearing ratio at a reasonable level. The gearing ratios at the end of the reporting periods were as follows:

	2016 **HK$'000**	2015 HK$'000
Total borrowings	**2,359,086**	29,316
Total assets	**5,897,307**	1,644,249
Gearing ratio	**40%**	2%

32. SHARE OPTION SCHEME

The Company's share option scheme ("Old Share Option Scheme") was adopted pursuant to an ordinary resolution passed at a special general meeting of the Company held on 28 September 2004 for the primary purpose providing incentives to selected participants for their contribution to the Group, and has expired on 27 September 2014. On 18 August 2014, the Company adopted a new share option scheme ("New Share Option Scheme") pursuant to an ordinary resolution passed at the annual general meeting of the Company and New Share Option Scheme has been effective immediately after Old Share Option Scheme expired. The New Share Option Scheme will remain in force for a period of 10 years until 27 September 2024. Under New Share Option Scheme, the board of directors of the Company may grant options to the Company's directors, including the independent non-executive directors, and other employees of the Group and of the Group's investee entities, and any advisor or agent engaged by any member of the Group or any investee entity.

The maximum number of unexercised share options permitted to be granted under New Share Option Scheme was an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 25 September 2014 on which refreshment of the scheme mandate limit was approved at the special general meeting. As at the date of this annual report, the total number of shares available for issue under the New Share Option Scheme is 1,694,371,824 shares of the Company, representing 8.77% of the issued share capital of the Company. The maximum number of shares issuable under share options to each eligible participant in New Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Under New Share Option Scheme, the offer of a grant of share options may be accepted within 15 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. There is no provision as to the minimum period for which the share options must be held or the performance targets which must be achieved before the share options can be exercised. The exercise period of the share options granted is determinable by the directors and commences on the date of grant and ends on a date which is not later than 10 years from the date of offer of the share options or the expiry date of New Share Option Scheme, if earlier.

32. SHARE OPTION SCHEME (continued)

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Details of the share options granted under New Share Option Scheme during the year and outstanding as at 31 March 2016 are as follows:

	Number of share option*						Adjusted price of the Company's shares**			
Name of participant	At 1 April 2015 '000	Granted during the year '000	Adjustment due to subdivision '000	At 31 March 2016 '000	Date of grant of share options	Exercise period of share options	Adjusted exercise price of share options* HK$ per share	At grant date of share options HK$ per share	Immediately before the exercise date HK$ per share	At exercise date of share options HK$ per share
Mr. Yau Wai Lung	169,400	—	—	169,400	5-12-2014	5-12-2014 to 4-12-2024	0.42	0.405	N/A	N/A

* The exercise price and the number of share options are subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital. During the year ended 31 March 2015, the Company implemented a share subdivision, details of which are set out in note 31(b) above. Accordingly, the exercise price and the number of share options disclosed above have been adjusted to reflect this change.

** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options after the adjustment due to share subdivision.

32. SHARE OPTION SCHEME (continued)

The estimated fair value of the share options granted on 5 December 2014 was HK$0.948 per share option before adjustment due to share subdivision. The fair value was calculated using the Binomial Model. The inputs into the model were as follows:

	5 December 2014
Expected volatility (%) — note (a)	104.81
Risk-free interest rate (%)	1.73
Option life (year)	10
Dividend yield (%)	0
Weighted average share price before adjustment due to share subdivision (HK$ per share)	1.62
Exercise multiple — note (b)	2.47

Note:

(a) The expected volatility is determined based on the historical volatility of the share prices of the Company.

(b) The exercise multiple defines the early exercise strategy.

No vesting conditions are set for the share options granted on 5 December 2014.

Because the Binomial Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

For the year ended 31 March 2016, there is no share-based payment expenses as the Company did not grant any share options in that year. Share-based payment expenses of approximately HK$40,150,000, which was determined with reference to the fair value of share options granted at the grant date, has been recognised in the consolidated income statement during the year ended 31 March 2015 with a corresponding increase in share options reserve within equity during the year ended 31 March 2015.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of subsidiaries

For the year ended 31 March 2016

Disposal of Gold Mountain

During the year ended 31 March 2016, the Group had entered into an agreement with an independent third party for the disposal of subsidiaries. The aggregate net assets of these subsidiaries at their respective dates of disposal were as follows:

	2016 **HK$'000**
Net assets disposed of:	
Property, plant and equipment	**846**
Biological assets	**61,310**
Goodwill	**101,883**
Prepaid lease payment	**44,473**
Intangible assets	**682,147**
Cash and cash equivalents	**2,149**
Prepayments, deposits and other receivables	**1,733**
Other payables and accruals	**(76)**
Deferred tax liabilities	**(184,446)**
Translation reserve	**2,698**
	712,717
Gain on disposal of subsidiaries	**7,283**
Consideration satisfied by cash and net inflow of cash and cash equivalents in respect of disposal of subsidiaries	**720,000**
Net cash inflow arising on disposal:	
Cash consideration received	**720,000**
Less: cash and cash equivalents disposal of	**(2,149)**
	717,851

Gain on disposal of approximately HK$7,283,000 has been included in profit for the year from discontinued operation for the year ended 31 March 2016.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 31 March 2015

(i) Disposal of entire interest in Dollar Group Limited ("Dollar Group")

On 1 August 2014, the Group entered into an agreement with an independent third party to dispose the entire interest in Dollar Group for a cash consideration of approximately HK$100,000. Dollar Group was principally engaged in investment in securities and did not hold any securities at the date of disposal. The transaction was completed on the same day and has resulted in the recognition of a gain of approximately HK$88,000 in the consolidated income statement for the year ended 31 March 2015.

(ii) Disposal of entire interest in Golden Victory Holdings Limited ("Golden Victory", together with its subsidiary, collectively referred to as "Golden Victory Group")

On 11 August 2014, Coupeville Limited ("Coupeville"), a wholly-owned subsidiary of the Company, entered into an agreement with Sun Metro Global Limited ("Sun Metro"), a company wholly-owned by Dr. Kwong Kai Sing, Benny ("Dr. Kwong"), a former chairman and executive director of the Company, pursuant to which Coupeville agreed to sell and Sun Metro agreed to purchase the entire interest in Golden Victory for a cash consideration of approximately HK$41,000,000. Golden Victory Group principally held a property used by Dr. Kwong. The transaction was completed on 19 September 2014 and has resulted in the recognition of a gain of approximately HK$3,627,000 in the consolidated income statement for the year ended 31 March 2015.

(iii) Disposal of entire interest in Alpha Ease International Limited ("Alpha Ease")

On 20 August 2014, Coupeville entered into an agreement with an independent third party to dispose the entire interest in Alpha Ease, which principally held a convertible bond, for a cash consideration of approximately HK$10,000,000. The transaction was completed on the same day and has resulted in the recognition of a loss of approximately HK$5,720,000 in the consolidated income statement for the year ended 31 March 2015.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 31 March 2015 (continued)

(iv) Disposal of entire interest in Mild City Limited ("Mild City") and Rainbow Fair Development Limited ("Rainbow Fair")

On 25 August 2014, the Group entered into two agreements with an independent third party to dispose the entire interest in Mild City and Rainbow Fair, for an aggregate cash consideration of approximately HK$500,000. Mild City and Rainbow Fair principally held motor vehicles. The transactions were completed on the same day and have resulted in recognition of an aggregate gain of approximately HK$460,000 in the consolidated income statement for the year ended 31 March 2015.

(v) Disposal of entire interest in Heritage International Finance Limited ("Heritage Finance")

On 28 August 2014, Coupeville entered into an agreement with Sun Metro to dispose the entire interest in Heritage Finance, which was principally engaged in money lending business, for a cash consideration of approximately HK$100,000. The transaction was completed on 29 August 2014 and has resulted in the recognition of a gain of approximately HK$90,000 in the consolidated income statement for the year ended 31 March 2015.

(vi) Disposal of entire interest in Apex

On 5 November 2014, Power Global entered into an agreement with High Rhine to dispose the entire interest in Apex, together with assignment of outstanding shareholder loan advanced by the Company to Apex Group, for a cash consideration of approximately HK$500,000. Apex Group was principally involved in Chinese medicine clinic operation. The transaction was completed on 20 November 2014 and has resulted in the recognition of a loss of approximately HK$398,000 included in loss for the year from discontinued operation for the year ended 31 March 2015. Details are set out in note 13 to the consolidated financial statements above.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 31 March 2015 (continued)

The net assets of the subsidiaries at the respective dates of disposal were as follows:

	Golden Victory Group at 19 September 2014 HK$'000	Alpha Ease at 20 August 2014 HK$'000	Heritage Finance at 29 August 2014 HK$'000	Dollar Group at 1 August 2014 HK$'000	Mild City at 25 August 2014 HK$'000	Rainbow Fair at 25 August 2014 HK$'000	Apex Group at 20 November 2014 HK$'000	Total HK$'000
Analysis of assets and liabilities over which control was lost:								
Property, plant and equipment	62,420	–	–	–	29	–	580	63,029
Available-for-sale investments	–	13,106	–	–	–	–	–	13,106
Conversion options embedded in a convertible bond	–	2,379	–	–	–	–	–	2,379
Inventories	–	–	–	–	–	–	114	114
Prepayments, deposits and other receivables	32	389	9	3	11	–	92	536
Cash and cash equivalents	5	–	1	9	–	–	300	315
Other payables and accruals	–	–	–	–	–	–	(188)	(188)
Borrowings	(24,486)	–	–	–	–	–	–	(24,486)
Deferred tax liabilities	(598)	–	–	–	–	–	–	(598)
Net assets disposed of	37,373	15,874	10	12	40	–	898	54,207
(Loss)/gain on disposal of subsidiaries								
Consideration received	41,000	10,000	100	100	400	100	500	52,200
Net assets disposed of	(37,373)	(15,874)	(10)	(12)	(40)	–	(898)	(54,207)
(Loss)/gain on disposal before release of available-for-sale investments revaluation reserve	3,627	(5,874)	90	88	360	100	(398)	(2,007)
Cumulative fair value changes of an available-for-sale investment reclassified to profit or loss	–	154	–	–	–	–	–	154
(Loss)/gain on disposal after release of available-for-sale investments revaluation reserve	3,627	(5,720)	90	88	360	100	(398)	(1,853)
Net cash inflow arising on disposal:								
Cash consideration received	41,000	10,000	100	100	400	100	500	52,200
Less: cash and cash equivalents disposed of	(5)	–	(1)	(9)	–	–	(300)	(315)
	40,995	10,000	99	91	400	100	200	51,885

Loss on disposal of approximately HK$398,000 has been included in loss for the year from discontinued operation for the year ended 31 March 2015 and net loss on disposal approximately HK$1,455,000 has been included in the consolidated income statement for the year ended 31 March 2015.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Acquisition of subsidiaries

For the year ended 31 March 2016

Acquisition of Hong Kong Leasing Group

On 1 September 2015, the Group acquired the entire share capital of Hong Kong Leasing pursuant to a sales and purchase agreement dated 8 April 2015 at a total consideration of approximately HK$1,581,945,000. The consideration was settled by way of allotment and issue of 2,361,112,121 shares (equivalent to an aggregate amount of approximately HK$1,581,945,000 based on the closing price on 31 August 2015 of HK$0.67 per share as quoted on the Stock Exchange) by the Company (note 31(c)).

As a result of the acquisition, the Group expects to diversify its business to capture the benefits from the trend of financial leasing in the PRC. Goodwill of approximately HK$796,156,000 arising from the acquisition is attributable to the financial leasing segment of the Group.

The following table summarises the consideration paid for the acquisition and the amounts of assets acquired and liabilities assumed recognized at the date of acquisition.

	HK$'000
Recognised amounts of identifiable assets acquired and liabilities assumed at fair value:	
Property, plant and equipment	14,001
Intangible assets	447,000
Finance lease receivables	834,494
Investment at fair value through profit or loss	17,717
Prepayments and other receivables	201,432
Cash and cash equivalents	172,114
Other payables and accruals	(91,615)
Bank borrowings	(779,210)
Deferred tax liabilities	(111,750)
Total identifiable net assets of subsidiaries	704,183
Consideration receivables (note)	81,606
Goodwill (note 18)	796,156
	1,581,945
Total consideration satisfied by:	
Allot and issue of 2,361,112,121 new shares of the Company	1,581,945

Note:

Pursuant to the amended sales and purchase agreement, the base consideration shall be adjusted if the net asset value as stated in the completion audit accounts is less than HK$389,000,000 on completion. Accordingly, 121,799,905 shares (equivalent to an aggregate amount of approximately HK$81,606,000 based on the closing price on 31 August 2015 of HK$0.67 per share as quoted on the Stock Exchange) are to be repurchased by the Company from the Vendors at no consideration. Details were set out in the Company's announcements dated 15 April 2016 and 21 April 2016.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Acquisition of subsidiaries (continued)

For the year ended 31 March 2016 (continued)

Acquisition of Hong Kong Leasing Group (continued)

	HK$'000
Net cash inflow arising on the Acquisition during the year:	
Cash and cash equivalents acquired	172,114

Acquisition-related costs of approximately HK$3,633,000 were charged to administrative expenses in the consolidated income statement for the year ended 31 March 2016.

During the year ended 31 March 2016, Hong Kong Leasing Group contributed approximately HK$88,777,000 to the Group's revenue since acquisition. The profit per the consolidated income statement for the year ended 31 March 2016 included a profit of approximately HK$69,655,000 contributed by Hong Kong Leasing Group over the same year. Had the acquisition been completed on 1 April 2015, the consolidated income statement would have included revenue of approximately HK$124,483,553 and profit of approximately HK$74,182,766.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Acquisition of subsidiaries (continued)

For the year ended 31 March 2016 (continued)

Acquisition of Park Rise Investments Limited

On 19 January 2016, the Group acquired the entire share capital of Park Rise Investments Limited pursuant to a sales and purchase agreement dated 13 January 2016 at a total consideration of approximately HK$157,988,000. Park Rise Investments Limited is an investment holding company and its major asset is an aircraft. The consideration was settled by cash.

The acquisition has been accounted for as an acquisition of asset through subsidiary. The effect of the acquisition is summarised as follows:

	HK$'000
Recognised amounts of assets and liabilities:	
Property, plant and equipment	156,574
Cash and cash equivalents	556
Deposits and prepayments	2,637
Accruals	(1,779)
Total net assets	157,988
Total consideration satisfied by:	
Cash consideration paid and payable during the year ended 31 March 2016	157,988

	HK$'000
Net cash outflow arising on the acquisition during the year:	
Cash consideration paid during the current year	81,988
Cash and cash equivalents acquired	(556)
	81,432

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Acquisition of subsidiaries (continued)

For the year ended 31 March 2015

During the year ended 31 March 2015, the Group had not acquired any subsidiaries.

(c) Major non-cash transaction

During the year ended 31 March 2016 and 2015, the Group had entered into the following non-cash investing and financing activities:

On 1 September 2015, the Group acquired the entire share capital of Hong Kong Leasing pursuant to a sales and purchase agreement dated 8 April 2015 at a total consideration of approximately HK$1,581,945,000. The consideration was settled by way of allotment and issue of 2,361,112,121 shares by the Company (note 33(b)).

During the year ended 31 March 2015, the Group has placed deposit for the subscription of trading securities of approximately HK$9,425,000 which are financed by margin and other loans advanced by a financial institution. The subscription was not completed as at 31 March 2015 and the deposit for the subscription of trading securities has been included in prepayments, deposits and other receivables. The above non-cash financing activity has not been reflected in the consolidated statement of cash flows. Details are set out in note 28(b) above.

34. PLEDGE OF ASSETS

At 31 March 2016

The Group's investment in listed equity securities with carrying value of approximately HK$1,110,644,000 were pledged (note 22 and 28(a)&(b)).

The Group's investment in futures contracts with carrying amount of approximately HK$562,678,000 were pledged (note 22(g) and 28(b)).

A portion of the finance lease receivables with aggregate carrying amount of approximately HK$668,467,000 were pledged to the banks in PRC (note 21).

The Group has pledged restricted cash with aggregate carrying amount of approximately HK$93,729,000 for bank loans and bank facilities (note 24).

At 31 March 2015

The entire share capital of Shengyuan Investments Management Services (Tianjin) Co. Limited, a wholly-owned subsidiary of the Company, amounting to approximately HK$9,001,000 has been pledged to a bank in Hong Kong to secure a proposed facility granted to the Group. Such banking facility had been authorised but unissued at 31 March 2015.

The Group's investments in listed equity securities with carrying value of approximately HK$3,776,000 was pledged as a security for margin and other loans advanced by a financial institution (note 28(b)). The Group's investment in listed equity securities with carrying value of approximately HK$10,891,000 were pledged to certain financial institutions to secure certain margin financing facilities granted to the Group which had not been utilised as at the end of the reporting period.

35. COMMITMENTS

Operating lease arrangements

(a) As lessee

The Group leases certain office premises under operating lease arrangements, with leases negotiated for initial terms ranging from one to five years (2015: two to three years).

35. COMMITMENTS (continued)

Operating lease arrangements (continued)

(a) As lessee (continued)

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 HK$'000	2015 HK$'000
Within one year	7,365	1,562
In the second to fifth years, inclusive	13,855	1,122
	21,220	2,684

Capital commitments

In addition to the operating lease commitments detailed above, the Group had the following capital commitments at the end of the reporting period:

	2016 HK$'000	2015 HK$'000
Capital contribution to a subsidiary (note)	–	2,000

Note: Pursuant to an approval from relevant government authority in the PRC on 13 February 2015, the registered capital of a subsidiary in the PRC is authorised to increase by approximately HK$2,000,000. The Group has fully injected the additional capital contribution on 29 May 2015.

36. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties:

(a) During the year ended 31 March 2016, the Group has an amount due from China Hover Dragon Group Limited, in which the director, Mr. Ji Kewei, of the Company has interest in it, of approximately HK$130,630,000. Therefore China Hover Dragon Group Limited is related to the Group. Details are set out in note 25.

(b) Consideration receivables of approximately HK$78,973,000 (note 25) is related to China Hover Dragon Group Limited. Details are set out in note 25.

(c) During the year ended 31 March 2015, the Group entered into agreements with Sun Metro, which is wholly-owned by Dr. Kwong, to dispose the entire interest in Golden Victory Group and Heritage Finance for considerations of HK$41,000,000 and HK$100,000, respectively. Details of the disposal are set out in note 33(a) above.

36. RELATED PARTY TRANSACTIONS (continued)

(d) Compensation of key management personnel of the Group:

	2016	2015
	HK$'000	HK$'000
Short term employee benefits	**14,359**	6,312
Post-employment benefits	**32**	60
Emolument shares	**2,781**	—
Equity-settled share-based payments	**—**	40,150
	17,172	46,522

Further details of directors' emoluments and the five highest paid employees are included in notes 10 and 11, respectively, to the consolidated financial statements.

(e) Applicability of the Listing Rules relating to connected transactions

Transactions with Sun Metro as set out in (b) above constitute connected transactions of the Company but were exempted from independent shareholders' approval requirements. However, transaction in connection with disposal of entire interest in Golden Victory Group is subject to reporting and announcement requirements, details of which are set out in the Company's announcement dated 11 August 2014. Transaction in connection with disposal of entire interest in Heritage Finance is not subject to reporting and announcement requirements.

Other than above mentioned transactions, none of the above related party transactions fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

Financial assets

	Financial assets at fair value through profit or loss			Available-for-sale financial assets		
	— held for trading HK$'000	— designated as such upon initial recognition HK$'000	Loans and receivable HK$'000	— at cost HK$'000	— at fair value HK$'000	Total HK$'000
2016						
Available-for-sale investments	—	—	—	**340,800**	**4,600**	**345,400**
Loans receivables	—	—	**175,500**	—	—	**175,500**
Finance lease receivable	—	—	**924,980**	—	—	**924,980**
Investments at fair value through profit or loss	**2,185,079**	**96,010**	—	—	—	**2,281,089**
Financial assets included in prepayments, deposits and other receivables (note 25)	—	—	**306,975**	—	—	**306,975**
Restricted cash	—	—	**109,331**	—	—	**109,331**
Cash and cash equivalents	—	—	**327,621**	—	—	**327,621**
	2,185,079	**96,010**	**1,844,407**	**340,800**	**4,600**	**4,470,896**
2015						
Available-for-sale investments	—	—	—	—	4,600	4,600
Loans receivables	—	—	45,000	—	—	45,000
Investments at fair value through profit or loss — trading securities	337,067	340,800	—	—	—	677,867
Financial assets included in prepayments, deposits and other receivables (note 25)	—	—	13,108	—	—	13,108
Cash and cash equivalents	—	—	4,331	—	—	4,331
	337,067	340,800	62,439	—	4,600	744,906

Financial liabilities

	Financial liabilities at amortised cost	
	2016 HK$'000	2015 HK$'000
Financial liabilities included in other payables and accruals	**207,183**	2,713
Interest-bearing borrowings	**1,421,381**	29,316
Convertible bonds	**937,705**	—
	2,566,269	32,029

38. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS

(a) Fair value of financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Items	2016 HK$'000	2015 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Club membership debenture	4,600	4,600	Level 2	Quoted price in an open market taken into account the estimated transfer fee of the club membership upon sale
Investments in listed equity securities	1,124,763	377,067	Level 1	Quoted bid price in an active market
Investment in unlisted equity securities	96,010	340,800	Level 2	2016: income approach (2015: Subscription prices of other recent share allotments of those investee with other independent third parties)
Call Options	497,000	—	Level 1	Quoted bid price in an active market
Warrant	638	—	Level 1	Quoted bid price in an active market
Futures	562,678	—	Level 1	Quoted bid price in an active market

During the year ended 31 March 2016 and 2015, the Group does not have any financial assets transferred between Level 1 and Level 2 fair value hierarchy and no transfer into or out of Level 3 fair value hierarchy.

38. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS

(a) Fair value of financial assets that are measured at fair value on a recurring basis (continued)

Financial assets measured at fair value:

	Level 1 HK$'000	level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2016				
Available-for-sale investments	**—**	**4,600**	**—**	**4,600**
Investments at fair value through profit or loss	**2,185,079**	**96,010**	**—**	**2,281,089**
	2,185,079	**100,610**	**—**	**2,285,689**
As at 31 March 2015				
Available-for-sale investments	—	4,600	—	4,600
Investments at fair value through profit or loss	337,067	340,800	—	677,867
	337,067	345,400	—	682,467

(b) Reconciliation of Level 3 fair value measurements

	Call Option and Put Option	
	2016 HK$'000	2015 HK$'000
At beginning of year	**—**	19,763
Total unrealised loss included in loss for year from discontinued operation	**—**	(19,763)
At end of year	**—**	—

38. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS (continued)

(b) Reconciliation of Level 3 fair value measurements (continued)

	Conversion options embedded in a convertible bond	
	2016	2015
	HK$'000	HK$'000
At beginning of year	**–**	2,379
Disposal of a subsidiary	**–**	(2,379)
At end of year	**–**	–

(c) Fair value measurement and valuation process

The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of a financial asset or a financial liability, the Group uses market-observable data to the extent it is available. When Level 1 inputs are not available, the Group engaged independent qualified external valuers to perform the valuation. The management of the Group works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the financial assets and financial liabilities.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments comprise loans receivables, finance lease receivables, deposits and other receivables, available-for-sale investments, investments at fair value through profit or loss (including trading securities and derivative financial instruments), restricted cash, cash and cash equivalents, other payables and accruals, convertible bonds and borrowings. Details of these financial instruments are disclosed in respective notes. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, foreign currency risk and equity price risk as further detailed below. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing financial assets and liabilities. As at 31 March 2016, certain of the Group's financial lease receivables, loans receivables, convertible bond and bank borrowings are fixed rate. Although subject to interest rate risk, they are not remeasured in the consolidated financial statements in response to changes in interest rates and therefore change in interest rate risk variables would not affect reported profit or loss in the short term. Variable-rate borrowings amounted to approximately HK$19,442,000 out of the total borrowing of approximately HK$2,359,086,000. The directors of the Company consider the effect of the interest expenses increase/decrease as a result of the interest rate increase/decrease is insignificant. Therefore, no sensitivity analysis was presented. As at 31 March 2015, the Group has no significant interest rate risk as the loans receivable and borrowings carry at fixed rate of interest. The Group's policy is to obtain the most favorable interest rate available.

Credit risk

As at 31 March 2016 and 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets including loans receivables, finance lease receivables, available-for-sale investments, deposits and other receivables and bank balances as stated in the consolidated statement of financial position.

The Group's loans receivable arise from the ordinary course of business of the Group and are closely monitored by the executive directors in charge of the Group's money lending operations on an ongoing basis. In order to minimise the credit risk, the Group has established policies and systems for the monitoring and control of credit risk. The management has delegated different divisions responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that followup action is taken to recover overdue debts. The Board has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's advance portfolio. In addition, management reviews the recoverable amount of loans and receivables individually or collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. Further quantitative data in respect of the Group's exposure to credit risk arising from loans receivables are disclosed in note 23 to the consolidated financial statements.

The Group's finance lease receivables arise from the ordinary course of business of the Group and are closely monitored by the executive directors in charge of the Group's financial leasing operations on an ongoing basis. Further quantitative data in respect of the Group's exposure to credit risk arising from finance lease receivables are disclosed in note 21 to the consolidated financial statements.

The management considers that the credit risk of club membership debenture recognised as available-for-sale investments in the consolidated statement of financial position is low as the club has good reputation.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The credit risks of deposits and other receivables are low as the Group has not had any significant loss arising from non-performance by the counterparties in the past and management does not expect so in the future. The Group's liquid funds (mainly bank balances) are placed in various banks. The credit risk on liquid fund is limited because the counterparties are banks with good reputation.

Liquidity risk

The Group's liquidity risk is managed by management on an ongoing basis by the raising of loans and/or equity fundings to meet expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and bank balances to meet its liquidity requirements in the short and long terms.

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

	2016				
	On demand/ Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000
Financial liabilities included in other payables and accruals	207,183	—	—	—	207,183
Borrowings:					
— bonds	500	500	14,000	10,500	25,500
— margin and other loans	613,537	—	—	—	613,537
— interest-bearing bank borrowings	161,049	220,012	980,048	—	1,361,109
Convertible bonds	28,486	85,780	1,070,282	—	1,184,548
	1,010,755	306,292	2,064,330	10,500	3,391,877

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	2015				
	On demand/ less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000
Financial liabilities included in other payables and accruals	2,543	170	—	—	2,713
Borrowings:					
— bonds	500	500	4,000	21,500	26,500
— interest-bearing bank borrowings	9,520	—	—	—	9,520
	12,563	670	4,000	21,500	38,733

Foreign currency risk

Certain bank balances and investments at fair value through profit or loss are denominated in Hong Kong Dollars ("HKD") and Renminbi ("RMB"), currencies other than functional currencies of respective group entities. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

With transaction in the USD, the impact of it is insignificant as the HK$ is pegged to USD at a fixed rate of approximate HK$7.75 = USD1. Therefore, no sensitivity analysis was presented.

The carrying amounts of the Group's foreign currency denominated monetary assets at end of the reporting period are approximately as follows:

	2016		2015	
	RMB against HKD HK$'000	**HKD against RMB HK$'000**	RMB against HKD HK$'000	HKD against RMB HK$'000
Bank balances and cash	**—**	**14**	1,137	—

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table details the Group's sensitivity analysis for increase and decrease in the functional currencies of the respective group entities against relevant foreign currencies and all other variables were held constant.

	Strengthen/ (weaken by) %	**Increase/ (decrease) in equity HK$'000**	**Increase/ (decrease) in profit after tax HK$'000**
2016			
HKD strengthen against RMB by	**5**	**1**	**1**
HKD weaken against RMB by	**(5)**	**(1)**	**(1)**

	Strengthen/ (weaken by) %	Increase/ (decrease) in equity HK$'000	Decrease/ (increase) in loss after tax HK$'000
2015			
RMB strengthen against HKD by	5	57	57
RMB weaken against HKD by	(5)	(57)	(57)

The sensitivity rate used above represents management's assessment of the reasonably possible change in foreign exchange rates. The analysis is performed on the same basis for 2015.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as held for trading equity investments and futures contracts (note 22) as at 31 March 2016 and 2015. The Group's listed investments are listed on the Hong Kong Stock Exchange and Shenzhen Stock Exchange (2015: Hong Kong Stock Exchange) and are valued at quoted market prices at the end of the reporting period. The management managed this exposure by maintaining a portfolio of investments with different risks. The management considers that there is no significant equity price risk for investments in unlisted equity securities classified as financial assets designated as at fair value through profit or loss and the investments in unlisted equity securities were excluded for sensitivity analysis.

The following table demonstrates the sensitivity to every 15% (2015: 15%) change in equity prices of the listed equity investments and futures contracts, with all other variables held constant, based on their carrying amounts at the end of the reporting period.

	Increase/ (decrease) in equity prices %	**Carrying amount of equity investments HK$'000**	**Increase/ (decrease) in equity HK$'000**	**Increase/ (decrease) in profit after tax HK$'000**
2016				
Investments listed in:				
— Hong Kong	**15**	**1,119,830**	**140,259**	**140,259**
	(15)	**1,119,830**	**(140,259)**	**(140,259)**
— PRC	**15**	**4,933**	**555**	**555**
	(15)	**4,933**	**(555)**	**(555)**
Futures contracts	**15**	**562,678**	**70,475**	**70,475**
	(15)	**562,678**	**(70,475)**	**(70,475)**

	Increase/ (decrease) in equity prices %	Carrying amount of equity investments HK$'000	Increase/ (decrease) in equity HK$'000	Decrease/ (increase) in loss after tax HK$'000
2015				
Investments listed in:				
— Hong Kong	15	337,067	42,218	42,218
	(15)	337,067	(42,218)	(42,218)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

The sensitivity analysis above had been determined based on the exposure to equity price risks as at 31 March 2016 and 2015. For sensitivity analysis purpose, 15% (2015: 15%) was used as the sensitivity rate for the year ended 31 March 2016 as a result of the volatile financial markets. In management's opinion, the sensitivity analysis was unrepresentative of the inherent equity price risk as it only reflects the impact of equity price changes to equity securities held as at the end of the reporting period.

40. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 12 April 2016, the Company announced that the Company and Taiping Petrochemical Financial Leasing Co., Ltd. entered into a non-legally binding strategic cooperation agreement, pursuant to the agreement, the parties will cooperate, but not limited to, in general credit facilities, leasing projects and general financial services. For further details of the cooperation, please refer to the announcements of the Company dated 12 April 2016.

(b) On 13 April 2016, the board of directors of the Company announced that on 11 April 2016, the Company has received from the China Construction Bank Corporation Limited Shenzhen Branch an approval of a comprehensive credit facilities of an amount up to RMB1,100,000,000 to the Company and its related companies, the actual terms of the credit facilities will be further negotiated upon individual loan application. For more detailed information, see the announcement of the Company dated 13 April 2016.

(c) On 15 April 2016 and 21 April 2016, the Company announced that a repurchase adjustment event has arisen, which pursuant to the amended S&P agreement, regarding the base consideration of acquisition shall be subject to adjustment by way of repurchase the Company shares at nil consideration.

On 14 June 2016, the Company held a Special General Meeting and approved the off-market buy-back of 117,870,706 ordinary Shares in the Company from China Hover Dragon Group Limited and 3,929,029 ordinary Shares in the Company from Mr. Gao Chuanyi at nil consideration. The share repurchase relates to the acquisition of Hong Kong Leasing Group. Further details are contained in the Company's announcements dated 15 April 2016 and 21 April 2016.

(d) On 18 May 2016, the Company announced that the parties to the sale & purchase agreement entered into a termination agreement in relation to the acquisition (the "Termination Agreement"), pursuant to which the parties thereto have agreed to terminate the sale & purchase agreement with effect from the date thereof and each party shall be released and discharged from all their obligations under the sale & purchase agreement.

(e) As at 27 June 2015, the Company has incurred a substantial unrealized losses from investments at fair value through profit or loss — derivative financial instruments due to the decrease in share price of the underlying security.

41. COMPARATIVE FIGURES

As explained in note 13 to the consolidated financial statements, due to the classification of discontinued operation, the (profit)/loss from continuing operations and the (profit)/loss from discontinued operation in the consolidated income statement have been revised. Accordingly, certain prior year comparative amounts have been reclassified and represented to conform to the current year's presentation.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 31 March 2016 and 2015 are as follows:

Name	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Percentage of ownership interest Held by the Company %	Percentage of ownership interest Held by subsidiaries of the Company %	Principal activities
Billion Vision Investments Limited	Hong Kong	HK$1	–	–# (2015: 100)	Investment holding
C.I.F. Financial Limited (formerly known as HI Finance Limited)	Hong Kong	HK$530,000,001 and US$50,000,000 (2015: HK$1)	–	100	Money lending
Coastal Silk Limited	British Virgin Islands	US$1	–	100	Inactive
Coupeville Limited	British Virgin Islands	US$1	100	–	Investment holding
Global Castle Investments Limited	British Virgin Islands	US$1	–	100	Investment holding
Gold Mountain Limited	Marshall Islands	US$100	–# (2015: 100)	–	Investment holding
Heritage (JeJu) Investments Limited	British Virgin Islands	US$1	–	100	Money lending
Hong Kong Leasing Limited	Hong Kong	HK$310,000,000	–	100 (2015: N/A)	Investment holding
Mass Nation Investments Limited	British Virgin Islands	US$1	–	100	Investment holding
Heritage Management (Hong Kong) Limited (formerly known as Planner Ford Limited)	Hong Kong	HK$2	–	100	Provision of corporate services
Park Rise Investments Limited	British Virgin Islands	US$3	–	100 (2015: N/A)	Investment holding

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the principal subsidiaries of the Company at 31 March 2016 and 2015 are as follows:

Name	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Percentage of ownership interest Held by the Company %	Held by subsidiaries of the Company %	Principal activities
Prostar Hong Kong Limited	Hong Kong	HK$2	100	–	Provision of corporate services
Power Global Limited	British Virgin Islands	US$1	100	–	Investment holding
Safe Castle Limited	British Virgin Islands	US$1	–	100	Investments in securities
Sheng Yuan Investments Management Services (Tian Jin) Co. Ltd.*	PRC	HK$9,000,500	–	–# (2015: 100)	Management of the Forestlands
Shinning Seas Limited	British Virgin Islands	US$1	–	100	Inactive
秦皇島漢基生態農林有限公司*	PRC	HK$7,000,000^	–	–# (2015: 100)	Plantation of fruit trees
北京傳龍投資諮詢有限公司	PRC	RMB3,000,000	–	100 (2015: N/A)	Provision of consultancy services
翔龍融資租賃（上海）有限公司	PRC	RMB500,000,000	–	100 (2015: N/A)	Provision of financial leasing
深圳傳龍投資諮詢有限公司*	PRC	HK$3,000,000	–	100 (2015: N/A)	Provision of consultancy services
翔龍融資租賃（深圳）有限公司 (formerly known as 深圳翔龍融資租賃有限公司)	PRC	US$48,000,000	–	100 (2015: N/A)	Provision of financial leasing
深圳亞太租賃資產交易中心有限公司 Shenzhen Asia-Pacific Leasing Assets Exchange Center Co., Ltd.	PRC	RMB100,000,000	–	100 (2015: N/A)	Provision of financial leasing
翔龍融資租賃（北京）有限公司 (formerly known as 翔龍融資租賃有限公司 and 北京飛龍融資租賃有限公司)	PRC	RMB500,000,000	–	100 (2015: N/A)	Provision of financial leasing

* These companies are as a wholly foreign-owned companies established in the PRC.

\# These companies have been disposed of during the year ended 31 March 2016.

^ Pursuant to an approval from relevant government authority in the PRC on 13 February 2015, the registered capital is authorised to increase by approximately HK$2,000,000. The Group has fully injected the additional capital contribution on 29 May 2015. The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

43. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance Sheet of the Company

	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**1**	1
Amounts due from subsidiaries	**3,937,069**	1,419,000
Available-for-sale investments	**4,600**	4,600
Total non-current assets	**3,941,670**	1,423,601
CURRENT ASSETS		
Prepayments and other receivables	**40,444**	1,561
Investments at fair value through profit or loss	**562,678**	—
Cash and cash equivalents	**105,376**	3,118
Total current assets	**708,498**	4,679
CURRENT LIABILITIES		
Other payables and accruals	**24,527**	2,322
Borrowings	**546,135**	983
Total current liabilities	**570,662**	3,305
NET CURRENT ASSETS	**137,836**	1,374
Total assets less current liabilities	**4,079,506**	1,424,975
NON-CURRENT LIABILITIES		
Borrowings	**118,951**	18,813
Convertible bonds	**937,705**	—
Deferred tax liabilities	**10,253**	—
Total non-current liabilities	**1,066,909**	18,813
Net assets	**3,012,597**	1,406,162
CAPITAL AND RESERVES		
Issued capital	**4,828**	4,236
Reserves	**3,007,769**	1,401,926
Total equity	**3,012,597**	1,406,162

Approved and authorised for issue by the board of directors on 27 June 2016 and are signed on its behalf by:

Yau Wai Lung	**Je Kiwei**
Director	*Director*

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

(b) Reserve movement of the Company

	Attributable to owners of the Company								
	Issued capital HK$'000	Share premium account HK$'000 (note i)	Share options reserve HK$'000 (note ii)	Capital redemption reserve HK$'000 (note iii)	Contributed surplus HK$'000 (note iv)	Available-for-sale investments revaluation reserve HK$'000 (note v)	Convertible bond reserve HK$'000 (note vi)	Accumulated losses HK$'000	Total equity HK$'000
At 1 April 2014	2,824	1,651,176	–	1,177	1,524,577	20	–	(2,065,735)	1,114,039
Profit for the year	–	–	–	–	–	–	–	251,873	251,873
Other comprehensive income for the year:									
Charges in fair value of available-for-sale investments	–	–	–	–	–	100	–	–	100
Total comprehensive income/(loss) for the year	–	–	–	–	–	100	–	251,873	251,973
Recognition of equity-settled share-based payments	–	–	40,150	–	–	–	–	–	40,150
Bonus issues	1,412	(1,412)	–	–	–	–	–	–	–
At 31 March 2015	4,236	1,649,764	40,150	1,177	1,524,577	120	–	(1,813,862)	1,406,162
At 1 April 2015	**4,236**	**1,649,764**	**40,150**	**1,177**	**1,524,577**	**120**	**–**	**(1,813,862)**	**1,406,162**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(62,125)**	**(62,125)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(62,125)**	**(62,125)**
Issuance of new shares	**590**	**1,581,355**	**–**	**–**	**–**	**–**	**–**	**–**	**1,581,945**
Issuance of emolument shares to a director	**2**	**4,998**	**–**	**–**	**–**	**–**	**–**	**–**	**5,000**
Equity component of convertible bonds	**–**	**–**	**–**	**–**	**–**	**–**	**97,743**	**–**	**97,743**
Deferred tax arising on issue of convertible bonds	**–**	**–**	**–**	**–**	**–**	**–**	**(16,128)**	**–**	**(16,128)**
At 31 March 2016	**4,828**	**3,236,117**	**40,150**	**1,177**	**1,524,577**	**120**	**81,615**	**(1,875,987)**	**3,012,597**

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

(b) Reserve movement of the Company (continued)

(i) Share premium account

Share premium account represents the excess of proceeds received over the nominal value of the Company's shares issued, less share issue expenses. Pursuant to the Companies Act of Bermuda, the Company's share premium account may be distributed in the form of fully paid bonus shares.

(ii) Share options reserve

Share options reserve relates to share options granted to employees under New Share Option Scheme. Further information about share-based payments to employees is set out in note 32 above.

(iii) Capital redemption reserve

Capital redemption reserve arose from the reduction of the nominal value of the issued capital of the Company upon the cancellation of the repurchased shares.

(iv) Contributed surplus

Contributed surplus arose from capital reorganisation in previous years. Under the Companies Act of Bermuda, the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities.

(v) Available-for-sale investments revaluation reserve

The reserve comprises the cumulative net changes in fair value of available-for-sale investments held at the end of the reporting period.

(vi) Convertible bond reserve

Convertible bond reserve relates to convertible bonds issued during the year.

44. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2016.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below. The amounts for each year in the five year financial summary have been adjusted for the effects of the classification of discontinued operation as detailed in note 13 to the consolidated financial statements. Accordingly, certain prior year comparative amounts have been reclassified and restated to confirm to the current year's presentation.

RESULTS

	Year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations					
REVENUE	**96,992**	3,797	12,004	17,365	9,772
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**111,939**	(27,653)	283,547	(64,220)	(360,870)
Income tax (expense)/credit	**(41,459)**	(5,280)	4,091	(598)	—
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**70,480**	(32,933)	287,638	(64,818)	(360,870)
Discontinued operations					
Profit/(loss) for the year from discontinued operations	**1,216**	(95,794)	(6,613)	(6,776)	(8,252)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**71,696**	(128,727)	281,025	(71,594)	(369,122)

ASSETS AND LIABILITIES

	As at 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**5,897,307**	1,644,249	1,741,526	1,071,901	1,057,161
TOTAL LIABILITIES	**(2,737,952)**	(223,176)	(232,452)	(38,335)	(40,587)
NET ASSETS	**3,159,355**	1,421,073	1,509,074	1,033,566	1,016,574