百德國際有限公司

Pak Tak International Limited

Stock Code: 2668

Annual Report 2017

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jian
(Chairman of the Board and Chief Executive Officer)
Ms. Qian Pu

Non-Executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-Executive Directors

Mr. Liu Kam Lung
Mr. Xie Xiaobiao
Mr. Zheng Suijun

COMPANY SECRETARY

Mr. Sze Kat Man

FINANCIAL CONTROLLER

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Ms. Qian Pu
Mr. Sze Kat Man

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office Nos 2 and 3, 22nd Floor
Tower 2 Lippo Centre
No.89 Queensway
Hong Kong

AUDITORS

Baker Tilly Hong Kong Limited
Certified Public Accountants
2nd Floor, 625 King's Road
North Point
Hong Kong

INVESTMENT AND FUND RAISING COMMITTEE

Mr. Wang Jian *(Chairman)*
Ms. Qian Pu
Mr. Shin Yick Fabian

STRATEGIC COMMITTEE

Mr. Wang Jian (Chairman)
Ms. Qian Pu
Mr. Shin Yick Fabian

NOMINATION COMMITTEE

Mr. Liu Kam Lung (Chairman)
Ms. Qian Pu
Mr. Xie Xiaobiao
Mr. Zheng Suijun

REMUNERATION COMMITTEE

Mr. Liu Kam Lung *(Chairman)*
Ms. Qian Pu
Mr. Xie Xiaobiao
Mr. Zheng Suijun

AUDIT COMMITTEE

Mr. Liu Kam Lung *(Chairman)*
Mr. Xie Xiaobiao
Mr. Zheng Suijun

STOCK CODE

2668

PRINCIPAL BANKERS

Chong Hing Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

Conyer Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.paktakintl.com

DEAR SHAREHOLDERS

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Pak Tak International Limited (the "**Company**"), I present the annual results of the Company and its subsidiaries (together the "**Group**") for the financial year ended 31 March 2017.

The operating environment of manufacturing of and trading of garment industry remained full of uncertainties and challenges, especially in facing the shortage in domestic labour supply and ongoing increment of the minimum wages proposed by the PRC government. Besides the domestic surging labour costs, the economy in our major export market, the United States of America (the "**USA**") had been fragile and its consumers' sentiment remained fluctuated.

In order to diversify the business risk on the segment of manufacturing and trading of garments and our business scope and provide better returns to our shareholders, the Group was actively identifying and exploring potential business investment opportunities, to maximise shareholders' returns, expand income streams and enhance the Group's financial position.

During the period, the Group has commenced its money lending business, finance leasing business and general trading through the self-establishment of the companies in Hong Kong and PRC. The Group had completed several transactions of provision of financial assistance and finance lease arrangements in aggregate investment amount of approximately HKD145 million with the effective interest rate in around 8% to 12%. Looking ahead, the Group expects the revenue stream from these business segments to be linked to economic situation. The Group will continue to seek for the expansion and enhance for the customer base in these segments and adopt a prudent credit control policy and monitor each borrower/lessee/customer and review their credit risk from time to time.

Apart from the aforesaid business, and for the past few years, the PRC government had made effort in developing and promoting the use of new energy vehicles, which the Board considered as a good development potential to diversify the Group's business segments. Consequently, the Group has invested in the development of new energy business, included in the research and development of power electric battery, system of power electric battery and technologies related to range extended electric vehicles, by way of acquisition and capital injection of companies in PRC.

LOOKING FORWARD

Despite the challenges and difficulties exposed to the Group in the current year, I believe that the next financial year is a year full of opportunity. The Group has been diversified its business segments throughout the year by entering into different business fields.

We will continuously to consider any measurements in all aspects of the business operation to enhance the profitability and competitiveness of the Group and continue to develop the diversified business and make better use or consider any available resources of the Group. The Group will continue to explore new investment opportunities with the aim to provide a stable income and growth to the Group's long term performance and enhance the returns to the shareholders of the Company. We have full confidence in the future development prospects.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere thanks and appreciation to all our shareholders for their support, to our customers, suppliers, and business partners for their trust and confidence, and to the management and staff for their outstanding efforts and dedication.

Wang Jian
Chairman

Hong Kong, 24 May 2017

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2017, the principal activities of the Group are: (i) manufacturing, on an OEM basis, and trading of men's, ladies' and children's knit-to-shape garments for export (the "**Garments Business**"), (ii) the development of new energy business, including the research and development of power electric battery, system of power electric battery and technologies related to range extended electric vehicles (the "**New Energy Business**"), (iii) money lending business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the "**Money Lending Business**"), (iv) the finance leasing business (the "**Finance Leasing Business**"), and (v) the trading of goods included marine products and building materials etc. (the "**General Trading**").

BUSINESS REVIEW

Garment Business

For the year ended 31 March 2017, the USA, being the Group's Garment Business major end market, the consumer confidence remained fragile and unstable. The Group recorded the revenue of Garment Business of HKD218.7 million which represented a decrease of 29.1% over the previous year. The decrease was mainly due to the decline in the sales orders and results in the decrease in sales turnover of garments products, especially in the USA market, decreased by HKD62.1 million to HKD178.6 million in year 2017 from HKD240.7 million in year 2016.

New Energy Business

By the acquisition of the entire equity interest of a company incorporated in PRC at a consideration of RMB36 million which completed in November 2016, and the capital injection of approximately 45% equity interest of a company incorporated in PRC at a consideration of RMB82 million which completed in February 2017, the Group expands its business to the New Energy Business.

During the current year, the Group had obtained all the necessary licenses and permits to operate the New Energy Business for the research and development, and the production and sales of batteries or other components for electric vehicles. In order to obtain the benefit from the favorable policies implemented by the PRC government, such as tax incentive and subsidy, the Group had applied to the Ministry of Industry and Information Technology (the "**MIIT**") for including under the catalogue of enterprises for the automobile power storage battery for such benefit. Due to the unexpected and complicated application procedures on its strict policy and regulations, the application on the final approval from MIIT will be delayed. For the year ended 31 March 2017, there is no revenue recorded in the New Energy Business.

Money Lending Business

In order to maximise the return from cash management, the Group had expanded its business into the Money Lending Business by established a company in Hong Kong, which owned a money lender license. The Group granted certain loans in aggregate of HKD60 million to certain borrowers during the year, and recognised an aggregate interest income of HKD2.4 million during the year ended 31 March 2017. The Group's loans receivables, which are repayable according to repayment schedules with contractual maturity ranging within a year. The Group adopted a prudent risk management policy to ensure a healthy development in its money lending business, with the money lending business continuously carrying out regular review of credit risk over the existing borrowers.

Finance Leasing Business

The Group had expanded its business into the finance lease industry by established the companies in Hong Kong and PRC at the second-half year. It is expected that the business will generate a positive contribution to the Group's overall performance and will present new opportunities to the expansion of its business. The total registered capital of the finance leasing companies in Hong Kong and PRC was HKD100 million, of which of HKD15 million has been paid up by the Group as at 31 March 2017. The Group granted the finance lease arrangement with a total principal amount of HKD84.6 million and the finance leasing business has attributed the revenue of HKD0.7 million during the year ended 31 March 2017. The Group adopted a prudent approach in the Finance Leasing Business to minimise its credit and business risks. The Board believes that the finance leasing business will produce a steady growth in the Group's long term performance and will maximise the future contribution to the Group.

General Trading

The General Trading was put into operation in the fourth quarter for the current financial year. For the year ended 31 March 2017, the trading goods of HKD13.9 million had been purchased. The sales was completed and the profit will be recorded in the next financial year. The Board believes that commencing the operation of General Trading is able to expand the business network of the Group in different fields, which is benefit for the long-term growth of the Group. The Directors will put more effort on negotiation with potential suppliers and customers in order to achieve more favourable trading terms in future trades.

FINANCIAL REVIEW

Below is an analysis of our key financial information including, but not limited to revenue, gross profit, expenses and loss for the year, which reflected the financial position of the business.

Revenue

The total revenue of the Group for the year ended 31 March 2017 amounted to HKD221.8 million. This represented a decrease of 28.1% over the revenue of HKD308.5 million in the same period of last year. The decrease was mainly due to drop of orders placed from the USA and Europe in Garment Business where the market sentiment was poor and remain fragile and unstable for these recent years.

Despite the aforementioned decrease in revenue in Garment Business, the Money Lending Business and Finance Leasing Business commenced during the year and opened up a new income stream for the Group. The revenue of the loan interest income and the finance lease income were amounted to HKD2.4 million and HKD0.7 million respectively.

For the year under review, the Group's major market remained to be the USA, which accounted for 80.5% of the Group's total revenue, whereas 17.1% of the Group's total revenue was attributed to sales to Europe and Asia.

Gross profit

The gross profit of the Group increased by 43.4% to HKD20.8 million for the year ended 31 March 2017 from HKD14.5 million for the year ended 31 March 2016. Our gross profit margin increased to 9.4% for 2017 from 4.7% for 2016. The increase was mainly attributable to the reduction in cost of sale in Garment Business, especially reflected from the cost cutting in direct labour and replaced by sub-contracting charge which is better cost efficiency, and the contribution from the Money Lending Business and Finance Leasing Business, a newly commenced business for the current year.

Expenses

The Group's administrative expenses decreased by HKD7.0 million from HKD49.7 million for the year ended 31 March 2016 to HKD42.7 million for the year ended 31 March 2017 primarily due to the decrease in advisory, legal and professional fees in relation to the business development and corporate actions.

The Group's selling expenses decreased by HKD4.4 million from HKD10.4 million for the year ended 31 March 2016 to HKD6.0 million for the year ended 31 March 2017, due to the decrease in the selling commissions in line with decrease in revenue in Garment Business.

The Group's research and development expenses was HKD0.5 million for the year ended 31 March 2017, which was attributable from the newly commenced New Energy Business in the second-half year in relation to the research and development activities on power electric battery and related technologies.

Loss for The Year

For the year ended 31 March 2017, the Group recorded a net loss of HKD29.2 million as compared to a net loss of HKD39.7 million for the year ended 31 March 2016, which mainly due to (i) the improvement of gross profit from HKD14.5 million to HKD20.8 million in relation to the reduction of cost of sale in Garment Business, and (ii) the decrease in administrative expenses and selling expenses of HKD7.0 million and HKD4.4 million respectively.

Deposits Paid for Acquisition of Property, Plant and Equipment

As at 31 March 2017, the deposits paid for acquisition of property, plant and equipment was HKD118.8 million, which included the amount of HKD82.9 million in relation to the purchase of machineries and equipment for the development of the factory and the production lines for the battery products and the amount of HKD35.9 million in relation to the finance lease arrangement with its lease period commenced from May 2017.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2017, the cash and cash equivalents (excluding bank overdrafts) of the Group were HKD114.9 million (2016: HKD154.3 million). As at 31 March 2017, the Group's borrowings and overdraft were HKD173.3 million (2016: HKD27.6 million), which included (i) the bank loans of HKD7.6 million (2016: HKD8.0 million) were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng Kwai Chun, John ("**Mr. Cheng**"), a director of a wholly owned subsidiary of the Company; (ii) the bank overdraft of HKD21.5 million (2016: HKD19.6 million), which of HKD18.0 million (2016: HKD19.6 million) was secured by legal charge on certain assets of Mr. Cheng; (iii) the shareholder's loan of HKD20 million (2016: HKDNil) was unsecured; and (iv) the other borrowings of HKD124.2 million (2016: HKDNil) were secured by corporate guarantee from the Company.

The Group principally satisfies its demand for operating capital with cash inflow from its operations, as well as long-term and short-term borrowings and credit facilities of over HKD80.0 million (2016: HKD80.0 million), which were secured by legal charges on leasehold properties of companies controlled by Mr. Cheng, legal charges on certain assets of Mr. Cheng and personal guarantees from Mr. Cheng.

As at 31 March 2017, the gearing ratio, which is calculated on the basis of total borrowings and overdraft over total shareholders' fund of the Group, was 162% (2016: 20%). Increase in gearing ratio was mainly due to the increase in borrowings to diversify its business segment and provide opportunities to the Group to broaden its source of income. The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.2 (2016: 2.5).

FOREIGN EXCHANGE RISKS AND INTEREST RATE RISK MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollar, and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in United States dollar, while the Group's operations in China, the location of its production, are primarily conducted in Renminbi, while its Hong Kong operations are conducted in Hong Kong dollar. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest-rate risk arises from the borrowings and overdrafts, which issue at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

UNLISTED WARRANTS

At 31 March 2017, no unlisted warrant was exercised to subscribe for shares of the Company and there are 283,000,000 unlisted warrants outstanding at the end of the reporting period. The subscription right is exercisable during a period of three years from the date of issue of the unlisted warrants. If the full exercise of the subscription rights of the unlisted warrants at the initial subscription price of HKD3, it is expected up to an additional of HKD849 million will be raised and expected to be used as the Group's general working capital, future business development and potential acquisition of the Group.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group completed the acquisition of the entire equity interest of the company incorporated in PRC on 15 November 2016 and the capital injection of approximately 45% equity interest of the company incorporated in PRC on 20 February 2017 and details disclosed in the section headed "Major Events During The Year Under Review".

Save for those disclosed in this report, there were no significant investments held by the Group as at 31 March 2017, nor were there other material acquisitions and disposals of subsidiaries by the Group during the year. Apart from those disclosed in this report, there was no other plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 March 2017 (2016: HKDNil).

CHARGE ON GROUP ASSETS

At 31 March 2017 and 31 March 2016, no asset of the Group was pledged to secure the credit facilities utilised by the Group.

FINANCIAL GUARANTEES ISSUED

At 31 March 2017, the Company had issued corporate guarantees amounting to HKD184.2 million (2016: HKD60 million) to banks and lenders in connection with facilities granted to certain subsidiaries.

The guarantees were issued by the Company at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKAS 39, Financial instruments: Recognition and measurement, had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

At 31 March 2017, the Directors considered it was not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued amounted to the facilities drawn down by the subsidiaries of HKD131.8 million (2016: HKD8.0 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the year, the Group invested HKD3.9 million (2016: HKD7.4 million) on property, plant and equipment which was spent on leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles.

At 31 March 2017, the Group had capital commitments of HKD58.4 million (2016: HKDNil) in acquisition of property, plant and equipment in relation to the development of New Energy Business.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had a total of around 500 employees. The total staff costs of the Group amounted to HKD65.0 million during the year, representing 29.3% of the Group's revenue. Salaries, wages and allowances amounted to HKD62.4 million, representing a decrease of 29.2% as compared to the previous year. Employees' remuneration and bonuses are based on their responsibilities, performance, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company in order to ensure that the packages are competitive. The Group provides relevant training to its employees in accordance with the skill requirements of different positions.

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Advance to an Entity

On 26 August 2016, Grand Mark Worldwide Limited ("**Grand Mark**"), an indirect wholly owned subsidiary, as the lender entered into a loan agreement with Dawnfield Investments Limited, an independent third party and not connected with the Group, as the borrower. Pursuant to the loan agreement, the lender agreed to grant the loan facility of HKD45 million to borrower for a term of 12 months at interest rate of 8% per annum. The loan facility is secured by certain shares in a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which are owned by the borrower and guaranteed by the sole shareholder of Dawnfield Investments Limited. Interest is payable on quarterly basis and the loan principal and any outstanding interest accrued is payable at the end of the loan term. Details of the transaction were set out in the Company's announcement dated 26 August 2016.

Acquisition of Shenzhen Taihe Yutong New Energy Technology Company Limited ("Shenzhen Taihe")

On 2 November 2016, Marvel Innovator Investment Holdings Limited, an indirect wholly owned subsidiary, entered into the equity transfer agreement with Shenzhen Shengbang Business Management Company Limited, which is an independent third party, for acquisition of the entire issued share capital of Shenzhen Taihe at the consideration of RMB36 million which shall be payable upon completion and the consideration will be funded by the internal resources of the Group. Shenzhen Taihe was established in the PRC with limited liability and is principally engaged in the research, development and sales of batteries for new energy vehicles or other electronic products. The completion of the acquisition took place on 15 November 2016 in accordance with the equity transfer agreement. Details of the transaction were set out in the Company's announcements dated 2 November 2016 and 15 November 2016.

Provision of Financial Assistance

On 8 November 2016, Grand Mark, as the lender entered into a loan agreement with a company which listed on main board of the Stock Exchange, an independent third party and not connected with the Group, as the borrower. Pursuant to the loan agreement, the lender agreed to grant the loan facility of HKD15 million to borrower for a term of 2 months at interest rate of 12% per annum. The loan facility is secured by a share charge executed by the chargor over the charged shares, to which the chargor agreed to charge by way of first fixed charge of all the charged shares in favour of the Lender. Upon expiration of the term, the borrower must fully repay to the lender the principal amount of the loan facility together with all interests as accrued thereof. Details of the transaction were set out in the Company's announcement dated 8 November 2016.

Capital Injection into Shenzhen Senpai New Energy Technology Company Limited ("Shenzhen Senpai")

On 24 November 2016, Shenzhen Taihe (the "**Investor**"), being an indirect wholly-owned subsidiary of the Company since 15 November 2016, entered into a capital injection agreement with the two original shareholders of the Shenzhen Senpai. Pursuant to the capital injection agreement, the Investor shall, subject to the fulfillment of conditions precedent, inject capital of RMB82 million into the Shenzhen Senpai by way of cash contribution.

Shenzhen Senpai is engaged in the research and development of (i) power electric battery; (ii) system of power electric battery; (iii) technologies related to range extended electric vehicles; and (iv) other products related to a battery system. In the development of electric vehicles and lithium ion batteries, Shenzhen Senpai possesses the patented technologies in relation to (i) an electric tugboat and its power system, the technology of which may be applicable to the development of an electric power system; and (ii) a testing device for the deterioration level of battery systems.

Upon completion of the capital injection, Shenzhen Senpai will be held as to approximately 45%, 33% and 22% equity interests by the Investor, and the two original shareholders respectively, and the registered capital of the Shenzhen Senpai will be increased from RMB100 million to RMB182 million. The Group will be able to control a majority of the board of directors of Shenzhen Senpai and direct its relevant activities, accordingly, the Shenzhen Senpai will become an indirect non-wholly owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the consolidated financial statements of the Group. The capital injection was completed on 20 February 2017. Details of the transaction were set out in the Company's announcements dated 24 November 2016, 28 December 2016, 26 January 2017 and 20 February 2017 and the Company's circular dated 30 December 2016.

Finance Lease Agreement

On 23 January 2017, Shenzhen Jinsheng Finance Lease Company Limited ("**Shenzhen Jinsheng**"), a direct wholly-owned subsidiary of the Company, as a lessor and the lessee entered into the finance lease agreement, pursuant to which the lessor has agreed, among other things, to (i) purchase the leased assets from the lessee at a consideration of RMB43.1 million (equivalent to HKD48.7 million), and (ii) lease back the leased assets to the lessee for a period of 36 months with an aggregate lease payments of RMB48.9 million (equivalent to HKD55.2 million), which is to be payable by the lessee to the lessor on a quarterly basis. Details of the transaction were set out in the Company's announcement dated 23 January 2017.

And subsequently on 28 March 2017, Shenzhen Jinsheng, the lessor, entered into the finance lease agreement with the same lessee, pursuant to which the lessor has agreed, among other things, to (i) purchase the leased assets from the lessee at a consideration of RMB31.8 million (equivalent to HKD35.9 million), and (ii) lease back the leased assets to the lessee for a period of 36 months with an aggregate lease payments of RMB36.1 million (equivalent to HKD40.7 million), which is to be payable by the lessee to the lessor on a quarterly basis. Details of the transaction were set out in the Company's announcement dated 28 March 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

The business operations and results may be affected by various factors, some of which are external causes and some are inherent to the business. The principal risks and uncertainties are summarized below:

Risks of increased cost

Increased cost will lower the profitability of the Group, especially in continuous rising labour costs, volatile raw material prices and factory operating cost. To overcome such difficulties, the Group will fully utilise the operating capacity and strengthen the production efficiency and cost effectiveness of the factory.

Regulation Risks

The Group is subject to the changing legal, tax, and regulatory requirements in the Mainland which the factory and the operation located. New and changing policies or applications by Chinese government may pose a risk to the Group's returns. Also, there is a certain degree of uncertainties of the encouraging policies currently imposed by the PRC Government such as tax incentive and subsidy, any amendment to these policies may have a negative impact on the new energy business and prospects. The Group continually monitors changes in local government policies and legislation and seek for legal advice when necessary.

Concentration of customer bases

For the year ended 31 March 2017, the five largest customers of the Group together accounted for 90.4% of the Group's total turnover, with the largest customer accounting for 25.0% of the Group's total turnover. The trade receivables from the five largest customers usually settled within two months. As at the date of this annual report, the balances outstanding from the five largest customers at 31 March 2017 were mostly settled. Having considered that the good track records and a long-standing business relationship, the Directors considered that the risk of concentration of customer bases was minimal.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintain the high level of environmental and social standards to ensure sustainable development of its business. The Group has complied, to best of our knowledge, with the relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products to its customers so as to ensure sustainable development.

FUTURE PROSPECTS

Looking forward, the Group believes that the Garment Business is still uncertainties, not only encountered by the continuous rising labour costs in the PRC, but also the political uncertainties in our major export market, i.e. the surprised result from the United States presidential election and the Brexit referendum. The Group will continue to monitor its operation and the market condition closely and take any possible solutions to enhance its profitability and competitiveness.

The Group will put effort to evaluate the cost and benefit of efficiency in the development of New Energy Business. Furthermore, the Group will continue to expand in Money Lending Business, Finance Leasing Business and General Trading and their proportions in the Group's business portfolio may increase, to expect with a view to providing steady and stable returns for its shareholders. The Group will continue to explore new investment opportunities and is looking for the valuable investment projects with the aim to enhance the returns to the Company and its shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Wang Jian ("Mr. Wang"), aged 46, was appointed as Chairman of the Board and Executive Director of the Company on 23 August 2016 and subsequently appointed as Chief Executive Officer of the Company, and the Chairman of each of the Strategic Committee and the Investment and Fund Raising Committee of the Company.

Mr. Wang has about 11 years of managerial experience in the construction and engineering industry. Mr. Wang was a legal representative for over 6 years of a company incorporated in the People's Republic of China that specialize in the construction engineering industry.

As at the date hereof, pursuant to Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) (the "**SFO**"), Mr. Wang is a substantial shareholder of the Company and is beneficially interested in 396,200,000 shares of the Company, representing 28% of the issued share capital of the Company.

Ms. Qian Pu ("Ms. Qian"), aged 27, was appointed as Executive Director of the Company on 8 September 2016. She is a member of each of the Remuneration Committee, the Nomination Committee, the Strategic Committee and the Investment and Fund Raising Committee and one of the authorised representatives of the Company.

She graduated with a Bachelor degree of Arts from the Huazhong University of Science and Technology, the People's Republic of China (the "**PRC**") and with a Bachelor degree of Engineering from the Wuhan University of Science and Technology, PRC respectively in 2012. Ms. Qian has over 3 years of managerial experience in finance investment. She has been working as an assistant general manager of Shenzhen Shi Li Cheng Investment and Management Company Limited since 2014.

NON-EXECUTIVE DIRECTORS

Mr. Law Fei Shing ("Mr. Law"), aged 57, was appointed as Executive Director on 6 August 2013 and re-designated from Executive Director to Non-Executive Director of the Company on 16 December 2014.

Mr. Law is a member of American Institute of Certified Public Accountants (AICPA), USA and an associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA). Mr. Law has over 27 years of experience in audit and accounting services.

Currently, Mr. Law is an executive director, deputy chief executive officer and the company secretary of Anxian Yuan China Holdings Limited (stock code: 922), an executive director of China Assurance Finance Group Limited (stock code: 8090), and a non-executive director of each of Beautiful China Holdings Company Limited (stock code: 706).

Mr. Law was an executive director and a non-executive director of Legend Strategy International Holdings Group Company Limited (stock code: 1355) from November 2014 to April 2016 and from April 2016 to December 2016 respectively. He was also the company secretary of Orient Securities International Holdings Limited (stock code: 8001) from February 2009 to May 2016 and an executive director and the company secretary of Bestway International Holdings Limited (now known as "Tai United Holdings Limited") (stock code: 718) from January 2009 to May 2013 and from January 2009 to January 2013 respectively.

Mr. Shin Yick Fabian ("Mr. Shin"), aged 48, was appointed as Non-Executive Director of the Company on 9 February 2017. He is a member of each of the Strategic Committee and the Investment and Fund Raising Committee of the Company. Mr. Shin graduated from The University of Birmingham in England with a bachelor degree in commerce. He is a fellow member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.

Currently, Mr. Shin is an independent non-executive director of each of Lisi Group (Holdings) Limited (Stock Code: 526), Newton Resources Ltd. (Stock Code: 1231), China Shun Ke Long Holdings Limited (Stock Code: 974) and Goldenmars Technology Holdings Limited (Stock Code: 3638), since January 2013, August 2015, August 2015 and September 2016, respectively, companies listed on the Stock Exchange. He has also been appointed as the chief executive officer of Zhaobangji International Capital Limited since July 2015.

Mr. Shin has over 25 years of experience in investment banking and financial management. Mr. Shin was a non-executive director of Qianhai Health Holdings Limited (formerly known as Hang Fat Ginseng Holdings Company Limited) (Stock Code: 911) from January 2016 to February 2016. From February 2010 to July 2015, he was the deputy chief executive officer of CMB International Capital Corporation Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Kam Lung ("Mr. Liu"), aged 53, was appointed as Independent Non-Executive Director of the Company on 24 September 2014. He is the Chairman of each of the Nomination Committee, the Audit Committee and the Remuneration Committee of the Company.

He has over 26 years of experience in the financial industry. Mr. Liu obtained a Diploma of Business Administration from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in 1990. Mr. Liu was admitted as an associate of The Institute of Chartered Secretaries and Administrators of the United Kingdom, an associate of The Hong Kong Institute of Chartered Secretaries, an associate of Hong Kong Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants, a full member of the Society of Registered Financial Planners and an associate of the Taxation Institute of Hong Kong in 1993, 1994, 1995, 1999, 2009 and 2010 respectively.

Currently, Mr. Liu is the chief executive officer of China Rise Finance Group Company Limited, a subsidiary of Symphony Holdings Limited (stock code: 1223) and a non-executive director of Megalogic Technology Holdings Limited (stock code: 8242).

Mr. Liu had been a non-executive director of Kith Holdings Limited (stock code: 1201) for the period from October 2010 to June 2013, an executive director, finance director, company secretary and authorised representative of Megalogic Technology Holdings Limited (stock code: 8242) for the period from March 2011 to October 2014 and an independent non-executive director of Enterprise Development Holdings Limited for the period from January 2015 to April 2017 (stock code: 1808).

Mr. Xie Xiaobiao ("Mr. Xie"), aged 53, was appointed as Independent Non-Executive Director of the Company on 31 August 2016. He is a member of each of the Nomination Committee, the Audit Committee and the Remuneration Committee of the Company.

Mr. Xie has more than 9 years of managerial experience in the trade in service sector. Currently, he is a deputy chairman, secretary-general and legal representative for over 8 years in Shenzhen Association of Trade in Services.

Mr. Zheng Suijun ("Mr. Zheng"), aged 54, was appointed as Independent Non-Executive Director of the Company on 31 August 2016. He is a member of each of the Nomination Committee, the Audit Committee and the Remuneration Committee of the Company.

Mr. Zheng has more than 11 years of managerial experience in taxation advisory business. Currently, Mr. Zheng is a chairman of the board of directors of Shenzhen Jinnuo Tax Agency Co., Ltd. since 2004.

SENIOR MANAGEMENT

Ms. Chan Lok Yin, aged 32, joined the Group in August 2015 as an external service provider of company secretary and was employed by the Group since October 2016 and resigned as company secretary and authorised representation of the Company on 16 April 2017. Ms. Chan is an associate of Hong Kong Institute of Certified Public Accountants and obtained a bachelor's degree of accounting from Edinburgh Napier University in United Kingdom in 2008. Ms. Chan has over 8 years of auditing, accounting, corporate governance and company secretarial experience. Ms. Chan had been a joint company secretary and authorised representative of Megalogic Technology Holdings Limited (Stock Code: 8242) for the period from April 2014 to April 2016.

Mr. Cheng Kwai Chun, John, aged 45, joined the Group in 1996 and is in charge of major manufacturing and trading subsidiaries of the Group. He obtained a Bachelor degree in science from the University of New South Wales, Australia, and a Master degree in Finance from the RMIT University, Australia. Mr. Cheng is also awarded the "Professional Diploma in Corporate Governance and Directorship" by Hong Kong Productivity Council and The Hong Kong Institute of Directors and a diploma in business management by the Hong Kong Management Association.

Mr. Sze Kat Man, aged 30, joined the Group in October 2014 as the Financial Controller of the Group and appointed as company secretary and authorised representative of the Company on 16 April 2017. He is currently responsible for the overall financial management and company secretaries matters of the Group. Mr. Sze graduated from City University of Hong Kong with an Associate of Business Administration in Accountancy and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Sze has over 8 years of experience in professional audit and accounting fields.

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) manufacturing, on an OEM basis, and trading of men's, ladies' and children's knit-to-shape garments for export mainly to the United States and Europe, (ii) development of new energy business, (iii) money lending business, (iv) finance leasing business and (v) general trading. Details of the principal activities of the Company's subsidiaries are set out in note 33 to the consolidated financial statements.

SEGMENT INFORMATION

The segment information of the Group for the year ended 31 March 2017 is set out in note 11 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2017, the five largest customers of the Group together accounted for 90.4% of the Group's total turnover, with the largest customer accounting for 25.0% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers was 45.1% of the total purchase of the Group for the year ended 31 March 2017, and the largest supplier accounted for 15.3% of the Group's total purchases.

At no time during the year did any Director, any associate of a Director, or any shareholder of the Company, which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital had any beneficial interests in the Group's five largest customers and suppliers mentioned above.

RESULTS

Details of the results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss on page 38 of this Annual Report.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 March 2017 (2016: HKDNil).

FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 94 of this Annual Report.

RESERVES

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 41 of this Annual Report.

BORROWINGS

The Group had borrowings and overdraft totaling HKD173.3 million at 31 March 2017.

CHARITABLE DONATIONS

Charitable donations of HKD30,000 were made by the Group for the year ended 31 March 2017.

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 March 2017, the Group's additions to property, plant and equipment amounted to HKD3.9 million.

Movements in the property, plant and equipment of the Group for the year ended 31 March 2017 are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

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

DIRECTORS

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

Executive Directors

Mr. Cheung Chi Mang	*(Resigned on 8 September 2016)*
Mr. Ko Kin Chung	*(Resigned on 30 November 2016)*
Mr. Shang Yong	*(Retired on 3 February 2016)*
Mr. Wang Jian	*(Appointed on 23 August 2016)*
Ms. Qian Pu	*(Appointed on 8 September 2016)*

Non-executive Directors

Mr. Law Fei Shing	
Mr. Chong Ka Yee	*(Resigned on 22 August 2016)*
Mr. Shin Yick Fabian	*(Appointed on 9 February 2017)*

Independent non-executive Directors

Mr. Chan Sun Kwong	*(Resigned on 31 August 2016)*
Mr. Liu Kam Lung	
Mr. Wu Shiming	*(Resigned on 31 August 2016)*
Mr. Xie Xiaobiao	*(Appointed on 31 August 2016)*
Mr. Zheng Suijun	*(Appointed on 31 August 2016)*

Each executive Director has entered into continuous service contract with the Company. Except for one non-executive Director, all non-executive Directors (including independent non-executive Directors) are appointed for an initial term of one year or three years. All the Directors are subject to retirement in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Bye-laws of the Company.

In accordance with the Bye-laws of the Company, Mr. Wang Jian, Ms. Qian Pu, Mr. Shin Yick Fabian, Mr. Xie Xiaobiao and Mr. Zheng Suijun will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company 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).

The biographical details of Directors and senior management are set on pages 12 to 14 of this Annual Report.

DIRECTORS' INTERESTS IN SECURITIES

At 31 March 2017, the interests and short positions of each Director and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies in the Listing Rules, were as follows:

Name of Director	Number of shares interested (long position)	Capacity	Approximate percentage of the issued share capital of the Company *(note 1)*
Mr. Wang Jian	396,200,000	Beneficial owner	28.00%

Note:

1. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 March 2017 which was 1,415,000,000.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a shareholders' resolution passed on 23 August 2011 for the primary purpose of granting options to eligible participants as incentives or rewards for their contribution to the Group and will be valid and effective for a period of 10 years commencing on the date on which the Scheme was adopted. Under the Scheme, the Directors may grant options to eligible employees, any executive and non-executive director (including independent non-executive director) of the Group and other eligible participants to subscribe for shares in the Company (the "**Shares**"), at a price to be determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised. A nominal consideration of HKD1 is payable on acceptance of the grant of an option.

Shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme of the Company must not exceed 10% of the Shares in issue on the date of approval of the refreshed limit.

Unless approved by shareholders of the Company, the total number of Shares issued and which may fall to be issued upon exercise of the options to be granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

No options under the Scheme were granted or exercised during the year and there were no outstanding options at 31 March 2017 and 31 March 2016.

EQUITY-LINKED AGREEMENTS

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

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings "Directors' Interests in Securities" and "Share Option Scheme" above, at no time during the year was the Company, or its subsidiaries, a party to any arrangement to enable the Directors and their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Law Fei Shing resigned a company secretary of Orient Securities International Holdings Limited (stock code: 8001), with effect from 19 May 2016. He also resigned a non-executive director of Legend Strategy International Holdings Group Limited (stock code: 1355), with effect from 15 December 2016.

Mr. Liu Kam Lung resigned an independent non-executive director of Enterprise Development Holdings Limited (stock code: 1808), with effect from 27 April 2017.

With effect from 1 April 2017, the director's emoluments of Mr. Wang Jian and Ms. Qian Pu have been revised to HKD858,000 per annum and HKD429,000 per annum respectively, and the director's emoluments of both Mr. Liu Kam Lung, Mr. Xie Xiaobiao and Mr. Zheng Suijun have been revised to HKD264,000 per annum, which were determined with reference to their duties and responsibilities towards the Company and the prevailing market conditions.

Save as disclosed above, there is no other changes in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director has, or at any time during the year had, any interest, in anyway, directly or indirectly, in any transaction, arrangement or contract with the Company or its subsidiaries which was significant in relation to the business of the Company.

RELATED PARTY TRANSACTIONS

The Group entered into certain related party transactions as disclosed in note 30 to the consolidated financial statements. Details of any related party transactions which also constitute continuing connected transactions not exempted under Rule 14A.73 of the Listing Rules are disclosed in the section headed "Continuing Connected Transactions" in this report. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of such transactions.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 March 2017.

COMPETING INTERESTS

As of 31 March 2017, none of the Directors had any interest in a business which competed or may compete with the business of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

Immediately after the close of the Offer by Hong Kong Investments Group Limited (the "**HK Investments**") for all the issued shares of the Company on 22 February 2016, there were 277,032,050 shares of the Company, representing approximately 19.58% of the total issued share capital, being held by the public. Accordingly, the Company has made an application to the Stock Exchange for, and the Stock Exchange granted the Company from, a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for a period of two months commencing from 22 February 2016 and further extend the temporary waiver for the period form 22 April 2016 to 28 April 2016.

On 28 April 2016, HK Investments transferred 84,900,000 Shares it owned, representing 6% of the total issued share capital of the Company, to independent third parties and, as a result, the public float of the Company has been restored to not less than 25%.

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained the percentage prescribed under the Listing Rules of the Company's shares in public hands as at the latest practicable date prior to the issue of this report.

PERMITTED INDEMNITY PROVISION

The Company has taken out and maintained directors' liability insurance which provides appropriate cover for the Directors and directors of the subsidiaries of the Group. At no time during the year ended 31 March 2017 and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors and directors of the subsidiaries of the Group.

SUBSTANTIAL SHAREHOLDER

As of 31 March 2017, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Number of shares interested (long position)	Capacity	Approximate percentage of the issued share capital of the Company *(note 3)*
Tai He Financial Group Limited	283,377,950	Beneficial owner *(note 1)*	20.03%
Mr. Chua Hwa Por	283,377,950	Controlled Corporation *(note 2)*	20.03%
Mr. Huang Shilong	212,250,000	Beneficial owner	15.00%

Notes:

1. According to the public Information, Tai He Financial Group Limited is incorporated In the Cayman Islands and is 100% controlled by Mr. Chua Hwa Por.

2. 283,377,950 shares are registered in the name of Tai He Financial Group Limited, the entire issued share capital of which was owned by Mr. Chua Hwa Por, Mr. Chua Hwa Por and therefore deemed to be Interest in 283,377,950 shares held by Tai He Financial Group Limited.

3. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 March 2017 which was 1,415,000,000.

Other than as disclosed above, so far as was known to any Director or chief executive of the Company, no other person had any other interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO as at 31 March 2017.

CONTINUING CONNECTED TRANSACTIONS

The Company had certain continuing connected transactions during the year, brief particulars of which are as follows:

On 18 June 2014, the Company, as licencee, entered into a licence agreement (the "**HK Licence Agreement**") with Pak Tak Knitting & Garment Factory Limited ("**Pak Tak Knitting**"), as licensor, in relation to the licencing of certain part located at Units 405-410, 4/F., Fanling Industrial Centre, 21 On Kui Street, Fanling, New Territories, Hong Kong.

On the same day, Pak Tak Knitting (Dong Guan) Limited ("**Pak Tak DG**"), an indirectly wholly-owned subsidiary of the Company, as tenant, entered into a lease agreement (the "**PRC Lease Agreement**") with Pak Tak Knitting, as landlord, in relation to the leasing of certain part of the factory complex located at Qiao Long Road, Qiaotou Town, Dongguan, Guangdong Province, the PRC.

As mentioned above, Mr. Cheng is the then director and substantial shareholder of the Company. Following the completion of Disposal Agreement, Pak Tak Knitting is a connected person of the Company by virtue of being an associate of Mr. Cheng. Consequently, the transactions under the HK Licence Agreement and the PRC Lease Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Details of the HK Licence Agreement and the PRC Lease Agreement were as follows:

HK Licence Agreement

Term	:	Five years from 19 September 2014 to 18 September 2019
Monthly licence fee	:	HKD75,100
Use of the licence	:	As ancillary office by the Company

PRC Lease Agreement

Term	:	Five years from 19 September 2014 to 18 September 2019
Monthly rent fee	:	HKD320,000
Use of the premises	:	As factory and ancillary office by the Pak Tak DG

The annual caps in respect of the transactions under the HK Licence Agreement and the PRC Lease Agreement for each financial year during the term of each of the HK Licence Agreement and the PRC Lease Agreement is HKD901,200 and HKD3,840,000 respectively. The annual licence fee and annual rent paid or payable by the Company and Pak Tak DG under the HK Licence Agreement and PRC Lease Agreement respectively, for each of the five financial years ending 31 March 2020 was as follows:

Term	**Licence fee** *HKD'000*	**Rent** *HKD'000*
19 September 2014 to 31 March 2015	478	2,037
1 April 2015 to 31 March 2016	901	3,840
1 April 2016 to 31 March 2017	901	3,840
1 April 2017 to 31 March 2018	901	3,840
1 April 2018 to 31 March 2019	901	3,840
1 April 2019 to 18 September 2019	423	1,803

The terms of the HK Licence Agreement and the PRC Lease Agreement were arrived at after arm's length negotiations between the Company, Pak Tak DG and Pak Tak Knitting and determined with reference to the prevailing market rent of the surrounding comparable premises in the vicinity of the licensed premises and the leased premises based on the opinion of an independent qualified professional valuer. Further details of the continuing connected transactions were set out in the announcement of the Company dated 18 June 2014 and the circular of the Company dated 29 July 2014.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported the factual findings on these procedures to the Board of Directors.

Confirmation of INEDs

The independent non-executive Directors have reviewed the continuing connected transactions and confirmed that during the year such transaction has been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the listed issuer's shareholders as a whole.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Company prepared in accordance with Appendix 27 to the Listing Rules will be published within three months after the publication of this annual report.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Baker Tilly Hong Kong Limited as auditors of the Company.

PRE-EMPTIVE RIGHTS

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

On behalf of the Board
Wang Jian
Chairman

Hong Kong, 24 May 2017

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company's corporate governance structure mirrors the provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "**CG Code**"). The Company ascribes to good governance and transparency with a view that through these business ethics, shareholders and other stakeholders are assured of a solid and credible business framework. The Company recognises the need to adapt and improve business practices in the light of the evolving business environment, investor expectations and regulatory requirements. The Board is tasked to review the corporate governance structure of the Company and effect changes whenever necessary. It views the need for transparency in practices and policies and making informed decisions as fundamental.

Throughout year ended 31 March 2017, the Company has complied with all the applicable code provisions of the CG Code, as set out in Appendix 14 of the Listing Rules, except the following deviations:

Under code provision A.2.1, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. During the year, Mr. Wang Jian served as both the chairman and chief executive officer of the Company. He has extensive experience in the construction and engineering industry and is responsible for the overall corporate strategies, planning and business development of the Group. The Board considers that this arrangement, will not impair the balance of power and authority between the Board and the management of the Company as a majority of the Board members are represented by the non-executive Directors and independent non-executive Directors and the Board meets regularly to consider major matters affecting the operations of the Group.

Under code provision A.4.1, non-executive directors should be appointed for a specific term and are subject to re-election. Mr. Law Fei Shing, who is non-executive Director of the Company, is not appointed for specific term but is subject to retirement by rotation and re-election at annual general meeting.

Under code provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings of the Company. Mr. Wu Shiming, a former independent non-executive Director who was resigned on 31 August 2016 and Mr. Shang Yong, a former executive Director who was retired on 3 February 2017, could not attend the annual general meeting of the Company held on 22 August 2016 due to their business commitments.

MODEL CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

In respect of securities transactions by Directors, the Company's corporate governance structure are based on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code during the year ended 31 March 2017.

BOARD OF DIRECTORS

As at 31 March 2017, the Board comprises seven members, including two executive Directors, two non-executive Directors and three independent non-executive Directors. Biographical details of the Directors are set out from pages 12 to 14 of this Annual Report.

The Board is tasked with, inter alia:

- the strategic direction and objectives of the Company;
- overseeing the management of Company stakeholders' relationships;
- monitoring the performance of management; and
- ensuring that the Company operates under a framework based on prudence and effective management and control in which risks are properly assessed and managed.

And subsequent to the dissolution of the Corporate Governance Committee on 28 March 2017, the Board is further tasked with:

- developing and reviewing and implementing the Company's corporate governance vision, strategy, framework, principles and policies;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Company's policies and practices to ensure compliance with legal and regulatory requirements; and
- reviewing the Company's compliance with the Corporate Governance Code of the Listing Rules and other related rules.

In its supervisory role over the management of the business and affairs of the Group, the Corporate Governance Committee ensures that effective corporate governance is practised. The Board oversees the Group's overall strategic plans, approves major funding and investment proposals and reviews the financial performance of Group.

The Chairman of the Board and Chief Executive Officer seeks to ensure that all Directors are properly briefed on issues brought up at Board meetings and receive adequate and reliable information in relation to matters discussed at Board meetings and also other affairs of the Group on a timely basis. Save for the aforesaid, none of the Directors has any financial, business, family or other material or relevant relationships among members of the Board.

The Board diversity is achieved through a composition of members coming from a variety of background, experience, skills and perspectives. The newly appointed directors, namely Mr. Wang Jian, Ms. Qian Pu, Mr. Shin Yick Fabian, Mr. Xie Xiaobiao and Mr. Zheng Suijun, complemented the existing board with valuable expertise and professionalism. The spectrum of the Board was thus further enhanced. Board appointments has been and will be based on individual merit aiming at complementing the skills and experience of the Board as a whole, taking into account gender, age, professional experience and qualifications, education background.

The Board has delegated the authority and responsibility for implementing business strategy and managing day-today administration and operations of the Group's business to the Chief Executive Officer and the senior management. While allowing management with substantial autonomy to run and develop the business, the Board is proactive in reviewing the results of the delegated functions and work tasks.

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the year, the Directors participated in continuous professional development training geared towards improving their knowledge and skills in their fiduciary roles and duties. All Directors confirmed to the Company that they had received continuous professional development during the year. Details as follows:

Name	Attending seminar(s) or programme(s)/reading relevant materials in relation to the business, the Listing Rules or directors' duties (Yes/No)
Executive Directors	
Mr. Wang Jian	Yes
Ms. Qian Pu	Yes
Non-Executive Directors	
Mr. Law Fei Shing	Yes
Mr. Shin Yick Fabian	Yes
Independent Non-executive Directors	
Mr. Liu Kam Lung	Yes
Mr. Xie Xiaobiao	Yes
Mr. Zheng Suijun	Yes

INDEPENDENT NON-EXECUTIVE DIRECTORS

At least one independent non-executive Director possesses appropriate professional accounting qualifications and financial management expertise. Each of the independent non-executive Directors has confirmed to the Company his independence pursuant to the Listing Rules and the Company considers that each of them is independent.

DIRECTOR'S ATTENDANCE AT BOARD MEETING, COMMITTEE MEETING AND GENERAL MEETING

Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Corporate Governance Committee Meeting	General Meeting *(note)*
Executive Directors						
Mr. Wang Jian (Chairman of the Board and Chief Executive Officer) (appointed on 23 August 2016)	14/14	–	–	–	–	1/1
Ms. Qian Pu (appointed on 8 September 2016)	11/11	–	–	–	–	1/1
Mr. Cheung Chi Mang (resigned on 8 September 2016)	6/7	–	3/4	3/4	1/1	1/1
Mr. Ko Kin Chung (resigned on 30 November 2016)	11/11	–	4/4	4/4	1/1	1/1
Mr. Shang Yong (retired on 3 February 2017)	13/14	–	–	–	–	1/2
Non-executive Directors						
Mr. Law Fei Shing	15/18	–	–	–	–	2/2
Mr. Shin Yick Fabian (appointed on 9 February 2017)	3/3	–	–	–	–	–
Mr. Chong Ka Yee (resigned on 22 August 2016)	2/3	–	–	–	–	–
Independent Non-executive Directors						
Mr. Liu Kam Lung	18/18	3/3	5/5	7/7	1/1	2/2
Mr. Xie Xiaobiao (appointed on 31 August 2016)	12/12	1/1	2/2	4/4	–	1/1
Mr. Zheng Suijun (appointed on 31 August 2016)	12/12	1/1	2/2	4/4	–	1/1
Mr. Wu Shiming (resigned on 31 August 2016)	5/6	1/2	2/2	2/2	1/1	0/1
Mr. Chan Sun Kwong (resigned on 31 August 2016)	6/6	2/2	2/2	2/2	1/1	1/1

Note: The General Meeting refers to the annual general meeting and special general meeting held on 22 August 2016 and 17 January 2017 respectively.

BOARD COMMITTEES

Nomination Committee

Chairman

Mr. Liu Kam Lung

Member

Mr. Chan Sun Kwong *(Resigned on 31 August 2016)*
Mr. Cheung Chi Mang *(Resigned on 8 September 2016)*
Mr. Ko Kin Chung *(Resigned on 30 November 2016)*
Mr. Wu Shiming *(Resigned on 31 August 2016)*
Mr. Xie Xiaobiao *(Appointed on 31 August 2016)*
Mr. Zheng Suijun *(Appointed on 31 August 2016)*
Ms. Qian Pu *(Appointed on 9 February 2017)*

The Nomination Committee was formed on 23 March 2005. The majority of the Nomination Committee consists of independent non-executive Directors.

The Nomination Committee has established a formal and transparent process for the Company in the appointment of new Directors and re-nomination and re-election of Directors at regular intervals. It is also responsible for determining the independence of each Director and conducting formal assessment of the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. In evaluating in Board's performance, the Nomination Committee considers a number of factors, including those set out in the Code.

For the year ended 31 March 2017, seven Nomination Committee meetings were held and the members' attendance is shown on page 25 of this annual report.

The major role and function of the Nomination Committee includes:

(i) formulate nomination policy for consideration by the Board and implement the nomination policy laid down by the Board;

(ii) identify and nominate candidates or make recommendations to the Board for its consideration or for it to make recommendations to the shareholders on the appointment or re-appointment of Directors. Sufficient biographical details of nominated candidates shall be provided to the Board and shareholders to enable them to make an informed decision;

(iii) review Board membership (including the structure, size and composition of the Board) at least annually, considering inter alia the length of service, the breadth of expertise, skills, knowledge and experience of the Board, and make recommendations to the Board on any proposed changes to complement the Company's corporate strategy;

(iv) assess the independence of independent non-executive Directors; and

(v) make recommendations to the Board on relevant matters relating to the succession planning for the Directors, in particular the Chairman of the Board and the chief executive.

Major accomplishments for the year ended 31 March 2017 comprised the following:

(i) recommended to the Board with respect to the retirement and re-election of Directors at the last annual general meeting held on 22 August 2016; and

(ii) recommended to the Board the appointment of the Directors, the company secretary and authorised representative of the Company.

Remuneration Committee

Chairman

Mr. Chan Sun Kwong *(Resigned on 31 August 2016)*
Mr. Liu Kam Lung *(Appointed on 31 August 2016)*

Member

Mr. Cheung Chi Mang *(Resigned on 8 September 2016)*
Mr. Ko Kin Chung *(Resigned on 30 November 2016)*
Mr. Wu Shiming *(Resigned on 31 August 2016)*
Mr. Xie Xiaobiao *(Appointed on 31 August 2016)*
Mr. Zheng Suijun *(Appointed on 31 August 2016)*
Ms. Qian Pu *(Appointed on 9 February 2017)*

The Remuneration Committee was formed on 23 March 2005. The majority of the Remuneration Committee consists of independent non-executive Directors.

The Remuneration Committee is charged with the responsibility of making recommendations to the Board on the specific remuneration packages of all Directors and senior management, including benefits-in-kind, pension rights, and compensation payments. In developing remuneration policies and making recommendation as to the remuneration of the Directors and key executives, the Remuneration Committee takes into account of the performance of the Group as well as those individual Directors and key executives.

For the year ended 31 March 2017, five Remuneration Committee meetings were held and the members' attendance is shown on page 25 of this annual report.

The major role and function of the Remuneration Committee includes:

(i) recommend to the Board on the establishment of a formal and transparent procedure for developing remuneration policy which shall take into consideration salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group and implement the remuneration policy laid down by the Board;

(ii) recommend to the Board the policy and structure for all Directors and senior management remuneration whilst ensuring no Director or any of his associates is involved in deciding his own remuneration;

(iii) recommend to the Board on the remuneration packages of Directors, (including non-executive Directors) and senior management, including benefits in kind, pension rights, compensation payments (including compensation payable for loss or termination of their office or appointment). The Chairman and/or the chief executive of the Company shall be consulted about their remuneration proposals for other executive Directors;

(iv) review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and

(v) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

Major accomplishments for the year ended 31 March 2017 comprised the following:

(i) reviewed matters relating to the existing remuneration packages and emoluments of Directors and senior management; and

(ii) considered matters and recommended to the Board in relation to the remuneration arrangement of newly appointed Directors and company secretary.

Remuneration of Members of the Senior Management by Band

Pursuant to code provision B.1.5 of the CG Code, the remuneration of members of the senior management by band for the year ended 31 March 2017 is set out below:

	Number of members of senior management
Nil to HKD1,000,000	3
Total	3

Details of the remuneration of each Director for the year ended 31 March 2017 are set out in note 8 to the consolidated financial statements.

Corporate Governance Committee

Chairman

Mr. Cheung Chi Mang *(Resigned on 8 September 2016)*
Mr. Wang Jian *(Appointed on 8 September 2016)*

Member

Mr. Ko Kin Chung *(Resigned on 30 November 2016)*
Mr. Chan Sun Kwong *(Resigned on 31 August 2016)*
Mr. Liu Kam Lung
Mr. Wu Shiming *(Resigned on 31 August 2016)*
Mr. Xie Xiaobiao *(Appointed on 31 August 2016)*
Mr. Zheng Suijun *(Appointed on 31 August 2016)*

The Corporate Governance Committee was formed on 9 January 2012. The majority of the Corporate Governance Committee consists of independent non-executive Directors.

The Corporate Governance Committee is charged with the responsibilities of, among others, (i) developing and reviewing the Company's corporate governance ("**CG**") vision, strategy, framework, principles and policies, and making relevant recommendations to the Board, and implementing the CG policies laid down by the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices to ensure compliance with legal and regulatory requirements; and (iv) reviewing the Company's compliance with the Corporate Governance Code of the Listing Rules and other related rules. Pursuant to the announcement released on 28 March 2017, the Board has dissolved its Corporate Governance Committee and it shall directly exercise the functions previously carried out by such committee.

For the period from 1 April 2016 to 28 March 2017 (date of dissolution), one Corporate Governance Committee meeting was held for reviewing the corporate governance practices of the Group and approving the corporate governance report. The members' attendance is shown on page 25 of this annual report.

Investment and Fund Raising Committee

Chairman

Mr. Wang Jian *(Appointed on 28 March 2017)*

Member

Ms. Qian Pu *(Appointed on 28 March 2017)*
Mr. Shin Yick Fabian *(Appointed on 28 March 2017)*

The Investment and Fund Raising Committee was formed on 28 March 2017. The Board has established the Investment and Fund Raising Committee for the purpose of, among others, reviewing and providing recommendations to the Board for appropriate investment and treasury strategies, and considering, reviewing, evaluating and making recommendations to the Board on different investment opportunities from time to time proposed by the management team of the Company and its subsidiaries

For the period from 28 March 2017 (date of establishment) to 31 March 2017, the Investment and Fund Raising Committee had not held any meeting.

Strategic Committee

Chairman

Mr. Wang Jian *(Appointed on 28 March 2017)*

Member

Ms. Qian Pu *(Appointed on 28 March 2017)*
Mr. Shin Yick Fabian *(Appointed on 28 March 2017)*

The Strategic Committee was formed on 28 March 2017. The Board has established the Strategy Committee for the purpose of, among others, reviewing and providing recommendations to the Board for appropriate long term development strategy of the Company and its subsidiaries.

For the period from 28 March 2017 (date of establishment) to 31 March 2017, the Strategic Committee had not held any meeting.

Audit Committee

Chairman

Mr. Chan Sun Kwong *(Resigned on 31 August 2016)*
Mr. Liu Kam Lung *(Appointed on 31 August 2016)*

Member

Mr. Wu Shiming *(Resigned on 31 August 2016)*
Mr. Xie Xiaobiao *(Appointed on 31 August 2016)*
Mr. Zheng Suijun *(Appointed on 31 August 2016)*

The Audit Committee was formed on 9 November 2001 to review and supervise the financial reporting process and the risk management and internal control systems of the Company. The Audit Committee comprises three members, all of whom are independent non-executive Directors.

The Audit Committee is charged with the responsibilities of, among others, (i) making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (ii) reviewing with the Group's management and external auditor, the adequacy of the Group's policies and procedures regarding risk management and internal controls systems; (iii) reviewing external auditor's independence, objectivity, effectiveness of the audit process and the scope of the external audit including the engagement letter; and (iv) reviewing the annual and interim reports.

For the year ended 31 March 2017, three Audit Committee meetings were held and the members' attendance is shown on page 25 of this annual report.

Major accomplishments for the year ended 31 March 2017 comprised the following:

(i) reviewed the audited results for the year ended 31 March 2016 and the unaudited interim results for the six months ended 30 September 2016;

(ii) considered and approved the term and remuneration for the appointment of Baker Tilly Hong Kong Limited as external auditors;

(iii) reviewed the continuing connected transactions of the Group;

(iv) reviewed the effectiveness of the risk management and internal control systems and the adequacy of the accounting, internal audit and financial reporting function of the Group; and

(v) reviewed the terms of reference of the Audit Committee.

ACCOUNTABILITY AND AUDIT

The Directors have acknowledged by executing a management representation letter with the Auditors that they bear the ultimate responsibility of preparing the financial statements of the Group.

Financial Reporting

The Directors acknowledged their responsibility for the preparation of the financial statements in accordance with the statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt on the Company's ability to continue as a going concern.

The statement by the auditor about their reporting responsibilities on the financial statements for the year ended 31 March 2017 is set out in the "Independent Auditor's Report" of this report.

Risk Management and Internal Control

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs.

During the year, the Group appointed Baker Tilly Hong Kong Risk Assurance Limited ("**BTHKRA**") as an external independent professional to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and
- independently perform internal control reviews and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by BTHKRA to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of BTHKRA as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 13 of the Listing Rules as well as Part XIVA of the Securities and Futures Ordinance. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures, and staff training arrangements, etc.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management and further enhance the Group's internal control and risk management systems as appropriate.

Independence of External Auditor

The Company has engaged Baker Tilly Hong Kong Limited as its external auditor. The amount of audit fee for the year ended 31 March 2017 was HKD699,000 (2016: HKD566,000). The amount of non-audit fees paid to the auditor of the Company for the year ended 31 March 2017 in relation to their review of the interim financial information and other assurance services were HKD201,000 (2016: HKD295,000) which were classified as administrative expenses. The Audit Committee is of the view that the auditors' independence was not affected by the provision of these non-audit related services.

The Audit Committee has recommended to the Board that Baker Tilly Hong Kong Limited, a corporation of Certified Public Accountants, be nominated for re-appointment as auditors of the Company at the forthcoming annual general meeting of the Company.

COMPANY SECRETARY

Ms. Chan Lok Yin was appointed as the external service provider of the company secretary of the Company on 1 August 2015 and was employed by the Group since 1 October 2016 and was resigned on 16 April 2017. She reports to the Chairman of the Company. She has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. Her biographical details are set out on page 14 of the annual report.

Following the resignation of Ms. Chan Lok Yin, Mr. Sze Kat Man was appointed as the company secretary of the Company on the event date. Details of biographical details of Mr. Sze Kat Man are set out on page 14 of the annual report.

SHAREHOLDERS' RIGHT AND INVESTOR RELATIONS

As always, the Company strives to deliver timely and transparent information to its shareholders, the regulatory authorities and the public. Information on the Company together with reports as required under the Listing Rules is available on the Company's website: www.paktakintl.com.

Shareholders are given the opportunity to participate and vote in shareholders' meetings. According to Bye-law 58 of the Bye-Laws of the Company, shareholder holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meeting of the Company shall have the right to require a special general meeting to be called by the Board. For details of procedures for putting forward proposals or nominating director at general meetings, please refer to the information disclosed on the website of the Company.

During the year ended 31 March 2017, there had not been any changes in the Company's constitutional documents. The Bye-laws are available on the websites of the Company and the Stock Exchange.

Independent auditor's report to the members of
Pak Tak International Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Pak Tak International Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 38 to 93, which comprise the consolidated statement of financial position as at 31 March 2017, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the Key Audit Matter

Business combination

Refer to note 2 (significant accounting policies) and note 4 (business combinations) to the consolidated financial statements.

The Group acquired a 45.05% equity interest in 深圳市森派新能源科技有限公司("森派新能源"), a company incorporated in the People's Republic of China, through a capital injection. The management of the company has applied significant judgements and applied assumptions in preparing their initial recognition and subsequent measurement for this acquisition, in accordance with the HKFRS 3 Business Combinations.

Our audit procedures on the initial recognition and the subsequent measurement included but were not limited to the following:

– Obtaining an understanding of these transactions by conducting discussions with the management of the Company and reviewing relevant agreements and documentation;

– Reviewing the valuation report prepared by the valuer engaged by the directors and assessing their bases and assumptions used in preparing the valuation; and

– Reviewing the discounted cash flow projections prepared by the management of the Company and cross-checking them against the assumptions used in the valuation report.

Valuation of goodwill

Refer to note 2 (significant accounting policies) and note 13 (goodwill) to the consolidated financial statements.

As the result of the acquisition referred to above the current year, the Group recorded a goodwill balance of HKD14,518,000. As required by the HKAS 36 Impairment of Assets, the goodwill is to be tested for impairment at least annually as part of impairment testing over the cash-generating unit to which it relates. In measuring the recoverable amount of the cash-generating unit, the management is required to exercise significant judgement and apply critical assumptions.

Our audit procedures on the impairment review of the goodwill are included but were not limited to the following:

– Reviewing the discounted cash flow projection prepared by the management of the Company;

– Considering the reasonableness of the bases of judgments and assumptions used in preparing the discounted cash flow; and

– Considering whether the significant assumptions relating to their impairment review are properly disclosed in the notes to the consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition **Refer to note 2 (significant accounting policies), note 3 (turnover) and note 11 (segment reporting) to the consolidated financial statements.**	
A significant part of the group's revenue arises from sale of goods. The revenue recognition for sale of goods is based on the point of time when the risks and rewards attached to the underlying goods are transferred to the customer. Revenue is one of the key indicators of the Group's performance and its recognition has inherent risks of manipulation to meet certain financial targets.	Our audit procedures on revenue recognition included but not limited to the following: – Assessing the appropriateness of the Group's accounting policies for revenue recognition and assessing the compliance of those policies with HKFRSs; – Testing on a sample basis the effectiveness of the Group's monitoring controls and the correct timing of the Group's recognition of revenue; and – Performing the cut-off for sales transactions taking place before and after the year-end to ensure that revenue was recognised in the correct period and assessing the accuracy of the recorded sales transactions.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the directors' report and chairman's statement but does not include the consolidated financial statements and our auditor's report thereon ("the other information").

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

The Audit Committee are responsible for overseeing the Group's financial reporting process on behalf of the Board of Directors.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

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

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

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

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 24 May 2017

Choi Kwong Yu
Practising certificate number P05071

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Note	2017 HKD'000	2016 HKD'000
Revenue	3	**221,782**	308,545
Cost of sales and services		**(200,999)**	(294,039)
Gross profit		**20,783**	14,506
Research and development costs		**(474)**	–
Other revenue	5	**2,251**	3,279
Other net loss	5	**(1,662)**	(577)
Administrative expenses		**(42,677)**	(49,672)
Selling expenses		**(5,962)**	(10,443)
Loss from operations		**(27,741)**	(42,907)
Finance costs	6(a)	**(1,333)**	(453)
Loss before taxation	6	**(29,074)**	(43,360)
Income tax (expense)/credit	7	**(82)**	3,659
Loss for the year		**(29,156)**	(39,701)
Attributable to:			
Equity shareholders of the Company		**(28,919)**	(39,701)
Non-controlling interests		**(237)**	–
		(29,156)	(39,701)
		HK cents	*HK cents*
Loss per share			
– Basic and diluted	10	**(2.04)**	(2.81)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017 HKD'000	2016 HKD'000
Loss for the year	**(29,156)**	(39,701)
Other comprehensive loss for the year:		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**(3,601)**	(2,239)
Total comprehensive loss for the year	**(32,757)**	(41,940)
Attributable to:		
Equity shareholders of the Company	**(32,233)**	(41,940)
Non-controlling interests	**(524)**	–
	(32,757)	(41,940)

The notes on pages 44 to 93 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Note	2017 HKD'000	2016 HKD'000
Non-current assets			
Property, plant and equipment	12	**42,879**	24,732
Goodwill	13	**14,518**	–
Capitalised development costs	14	**7,721**	–
Deposits paid for acquisition of property, plant and equipment		**118,790**	–
Finance lease receivables	16	**33,668**	–
Deferred tax assets	23(a)	**5,651**	6,030
		223,227	30,762
Current assets			
Inventories	17	**41,019**	28,984
Trade receivables	18	**11,855**	18,508
Loan receivable	15	**45,301**	–
Current portion of finance lease receivables	16	**15,602**	–
Other receivables, prepayments and deposits		**7,952**	2,745
Cash and cash equivalents	19	**114,872**	154,273
		236,601	204,510
Current liabilities			
Trade payables	20	**24,205**	8,476
Other payables and accrued charges	21	**45,708**	44,749
Borrowings and overdraft	22	**119,440**	27,648
Tax payable		**12**	–
		189,365	80,873
Net current assets		**47,236**	123,637
Total assets less current liabilities		**270,463**	154,399
Non-current liabilities			
Borrowings	22	**53,867**	–
Provision and other accrued charges	24	**14,477**	15,068
		68,344	15,068
NET ASSETS		**202,119**	139,331
CAPITAL AND RESERVES			
Share capital	25(c)	**28,300**	28,300
Reserves		**78,798**	111,031
Equity attributable to equity shareholders of the Company		**107,098**	139,331
Non-controlling interests		**95,021**	–
TOTAL EQUITY		**202,119**	139,331

Approved and authorised for issue by the board of directors on 24 May 2017.

Wang Jian
DIRECTOR

Qian Pu
DIRECTOR

The notes on pages 44 to 93 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

		Attributable to equity shareholders of the Company							
	Note	Share capital HKD'000	Share premium HKD'000	Warrant reserve HKD'000	Exchange reserve HKD'000	Retained profits HKD'000	Sub-total HKD'000	Non-controlling Interests HKD'000	Total equity HKD'000
At 1 April 2015		28,300	41,308	–	348	105,825	175,781	–	175,781
Changes in equity for 2016:									
Loss for the year		–	–	–	–	(39,701)	(39,701)	–	(39,701)
Exchange differences on translation of financial statements of overseas subsidiaries		–	–	–	(2,239)	–	(2,239)	–	(2,239)
Total comprehensive loss		–	–	–	(2,239)	(39,701)	(41,940)	–	(41,940)
Issue of warrants	*25(d)(ii)*	–	–	5,490	–	–	5,490	–	5,490
At 31 March 2016		28,300	41,308	5,490	(1,891)	66,124	139,331	–	139,331
At 1 April 2016		**28,300**	**41,308**	**5,490**	**(1,891)**	**66,124**	**139,331**	**–**	**139,331**
Changes in equity for 2017:									
Loss for the year		**–**	**–**	**–**	**–**	**(28,919)**	**(28,919)**	**(237)**	**(29,156)**
Exchange differences on translation of financial statements of overseas subsidiaries		**–**	**–**	**–**	**(3,314)**	**–**	**(3,314)**	**(287)**	**(3,601)**
Total comprehensive loss		**–**	**–**	**–**	**(3,314)**	**(28,919)**	**(32,233)**	**(524)**	**(32,757)**
Acquisition of subsidiaries	*4*	**–**	**–**	**–**	**–**	**–**	**–**	**95,545**	**95,545**
At 31 March 2017		**28,300**	**41,308**	**5,490**	**(5,205)**	**37,205**	**107,098**	**95,021**	**202,119**

The notes on pages 44 to 93 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Note	2017 HKD'000	2016 HKD'000
Operating activities			
Loss before taxation		**(29,074)**	(43,360)
Adjustments for:			
– Other interest income	5	**(193)**	(98)
– Gain on disposal of property, plant and equipment	5	**(12)**	(231)
– Finance costs	6(a)	**1,333**	453
– Provision for long service payments	6(b)	**–**	13
– Depreciation on property, plant and equipment	6(c)	**8,524**	10,147
– Exchange realignment		**(2,789)**	(1,060)
– Impairment loss on trade receivables	6(c)	**1,312**	–
Operating loss before changes in working capital		**(20,899)**	(34,136)
(Increase)/decrease in inventories		**(12,035)**	4,499
Decrease in trade receivables		**5,341**	12,171
Increase in finance lease receivables		**(49,270)**	–
Increase in loan receivables		**(45,301)**	–
Decrease in other receivables, prepayments and deposits		**67,708**	641
Increase in trade payables		**15,729**	110
(Decrease)/increase in other payables and accrued charges		**(14,185)**	17,431
Decrease in provision and other accrued charges		**(591)**	(53)
Cash (used in)/generated from operations		**(53,503)**	663
Other interest received		**193**	98
Net cash (used in)/generated from operating activities		**(53,310)**	761
Investing activities			
Net cash outflow arising on acquisition of subsidiaries	4(a) & (b)	**(92,646)**	–
Payment for deposits for purchase of property, plant and equipment		**(34,314)**	–
Purchase of property, plant and equipment		**(3,872)**	(7,443)
Proceeds from disposal of property, plant and equipment		**14**	232
Net cash used in investing activities		**(130,818)**	(7,211)

	Note	**2017** **HKD'000**	2016 HKD'000
Financing activities			
Advance from a shareholder	*22*	**20,000**	–
Proceeds from new loans		**188,788**	80,206
Repayment of loans		**(65,002)**	(78,189)
Interest paid		**(1,333)**	(453)
Net proceeds from issue of warrants	*25(d)(ii)*	**–**	5,490
Net cash generated from financing activities		**142,453**	7,054
Net (decrease)/increase in cash and cash equivalents		**(41,675)**	604
Cash and cash equivalents at 1 April		**134,655**	133,970
Effect of foreign exchange rate changes		**401**	81
Cash and cash equivalents at 31 March	*19*	**93,381**	134,655

The notes on pages 44 to 93 form part of the consolidated financial statements.

1. GENERAL

Pak Tak International 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 Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. On 24 April 2017, the principal office in Hong Kong was changed from Unit 1807, 18th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong to Office Nos 2 and 3, 22nd Floor, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture of and trading in knit-to-shape garments, money lending, leasing business, new energy development and general trading.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and amended HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

A summary of significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 32.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments and relevant to the Group's consolidated financial statements.

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

The adoption of the above amendments to HKFRSs in the current year has 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 applied any new or amended HKFRSs that is not yet effective for the current accounting period (see note 35).

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the aggregate fair value of the identifiable assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset, liability or equity resulting from a contingent consideration arrangement. A subsequent change to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with HKAS 39 either in the consolidated statement of profit or loss or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (see note 2(e)). If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss. Where businesses are acquired and fair values of the net assets of the acquired business are finalised within 12 months of the acquisition date, all fair value adjustments are recorded with effect from the date of acquisition and consequently may result in the restatement of previously reported financial results.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests are presented as financial liabilities in the consolidated statement of financial position in accordance with note 2(l).

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognsied.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)(ii)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or group of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(i)(ii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Research and developments costs

Costs associated with research activities are charged to profit or loss as when incurred. Costs associated with development activities are recognised as expenses in the period in which they are incurred, or recognised as intangible assets provided that they meet the following recognition requirements:

– demonstration of technical feasibility of the prospective product for internal use of sale;

– there is intention to complete the intangible asset and use or sell the asset;

– the Company's ability to use or sell the intangible asset is demonstrated;

– the intangible asset will generate probable economic benefits through internal use of sale;

– sufficient technical, financial and other resources are available for completion; and

– the expenditure attributable to the intangible asset can be reliably measured.

Capitalised development costs are stated at cost less accumulated amortisation and any impairment losses (see note 2(i)(ii)). Amortisation of capitalised development costs is charged to profit or loss on straight-line method over the assets' estimated useful lives. Both the period and method of amortisation are reviewed annually.

Development costs previously recognised as expenses are not recognised as an asset in the subsequent period. Development costs relating to the design and testing of new or improved products and reassessment of production procedures for cost efficiency purposes are recognised as expenses when incurred as the directors consider that the related economic benefits generated from these developments have very limited useful life.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvements	Over the remaining term of the relevant leases
Plant and machinery	10% to 25%
Furniture, fixtures and equipment	10% to 33%
Motor vehicles	20% to 25%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Leases

(a) Where the Group is the lessor

Finance lease

A finance lease is a lease that the Group as the lessor uses to transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At the commencement of the lease term, the Group recognises the minimum lease amounts receivable by the Group as a finance lease receivable and records the unguaranteed residual value as an asset within the same category. The difference between (a) the aggregate of the minimum lease amounts and the unguaranteed residual value and (b) their present value (presented in the consolidated statement of financial position as finance lease receivables – net) is recognised as unearned finance income. Minimum lease amounts are the payments over the lease term that the lessee is or can be required to make plus any residual value guaranteed to the lessor by the lessee, or a party unrelated to the lessor.

Unearned finance income is allocated to each period during the lease term using the effective interest method that allocates each rental between finance income and repayment of capital in each accounting period in such a way that finance income is recognised as a constant periodic rate of return (implicit effective interest rate) on the lessor's net investment in the lease.

See note 2(i)(i) for accounting policies for derecognition and impairment of finance lease receivables.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Leases *(Continued)*

(b) Where the Group is the lessee

Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under operating lease is amortised on a straight-line basis over the period of the relevant lease. Impairment losses are recognised in accordance with accounting policy set out in note 2(i)(ii).

(i) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Impairment of assets *(Continued)*

(i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

  For finance lease receivables, the amount of an impairment loss is measured as the difference between the carrying amount of the receivable and the present value of the estimated future cash flows discounted at the implicit effective interest rate based on initial recognition.

  Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- capitalised development costs;
- goodwill; and
- investment in subsidiaries in the Company's statement of financial position

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measureable) or value in use (if determinable).

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out method and comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(i)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) 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.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(q)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Employee benefits

(i) Employee benefits entitlements

Salaries, bonuses, paid annual leave and the cost of other benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Long service payments

The Group's obligation under long service payments recognised in the statement of financial position is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each reporting period.

Past service cost is recognised immediately to the extent that the benefits have already been vested.

(iii) Pension obligations

The Group operates a mandatory provident fund scheme in Hong Kong and defined contribution government pension schemes in the People's Republic of China ("Mainland China").

Contributions to mandatory provident fund, as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in profit or loss as incurred.

The employees in the Mainland China are members of the retirement benefit scheme organised by the government in Mainland China. The Group is required to contribute, based on a certain percentage of payrolls, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. Contributions to this retirement benefit scheme are recognised as an expense in profit or loss as incurred except to the extent that they are included in the cost of inventories at the end of the reporting period.

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Income tax *(Continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of goods

Sales of goods are recognised when goods are delivered and title has passed.

(ii) Sub-contracting income

Sub-contracting income is recognised when services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Revenue recognition *(Continued)*

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Finance lease income

The income under finance lease is recognised in the consolidated statement of income 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.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into Hong Kong Dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations, are translated into Hong Kong Dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) 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 the Group's parent.

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

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

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

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

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

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

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

(vii) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

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.

(v) 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 most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold, interest income from money lending business, finance lease income from leasing business and income from sub-contracting services provided to outside customers during the year, net of discounts and related value added tax or other taxes, and is analysed as follows:

	2017	2016
	HKD'000	*HKD'000*
Sales of goods	**217,973**	307,589
Loan interest income	**2,401**	–
Finance lease income	**665**	–
Sub-contracting income	**743**	956
	221,782	308,545

4. BUSINESS COMBINATIONS

(a) Acquisition of a subsidiary accounted for as assets acquisition

In November 2016, the Group acquired entire equity interest in 深圳泰和昱通新能源科技有限公司 ("**泰和昱通**") from 深圳盛邦企業管理有限公司, an independent third party, for a cash consideration of RMB36,000,000 (equivalent to approximately HKD40,464,000). The directors of the Company are of the opinion that the acquisition of 泰和昱通 is in substance an asset acquisition instead of a business combination, as the net assets of 泰和昱通 as at date of acquisition are only cash and cash equivalents.

Net assets of 泰和昱通 acquired:

	HKD'000
Cash and cash equivalents	40,464

An analysis of cash and cash equivalents in respect of the acquisition is as follows:

Consideration paid in cash	(40,464)
Less: Cash and cash equivalents acquired	40,464
Net cash inflow from acquisition a subsidiary as assets acquisition	–

4. BUSINESS COMBINATIONS *(Continued)*

(b) Acquisition of a subsidiary

In February 2017, the Group completed the acquisition of 45.05% equity interest in 深圳市森派新能源科技有限公司 ("**森派新能源**") through capital injection of RMB82,000,000 (equivalent to approximately HKD92,849,000) into 森派新能源 by way of cash contribution.

A summary of fair values of the identifiable assets and liabilities acquired at the respective date of the above acquisition were as follows:

	Fair value at the date of acquisition *HKD'000*
Property, plant and equipment	24,343
Capitalised development costs	7,083
Deposits paid for acquisition of property, plant and equipment	84,476
Other receivables, prepayments and deposits	72,915
Cash and cash equivalents	203
Other payables and accrued charges	(15,144)
Non-controlling interests	(95,545)
Net identifiable assets acquired	78,331
Goodwill *(note)*	14,518
Purchase consideration	92,849
An analysis of cash and cash equivalents in respect of the acquisition is as follows:	
Consideration paid in cash	(92,849)
Less: Cash and cash equivalents acquired	203
Net cash outflow from acquisition of a subsidiary	(92,646)

The non-controlling interests in 森派新能源 at the acquisition date were measured by reference to the proportionate share of net assets acquired.

Note: The goodwill arose from a number of factors and the most significant factor is the synergies expected to arise after the acquisition for the equity interests of 森派新能源 to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the revenue and loss for the period are HKDNil and approximately HKD2,101,000 respectively attributable to the additional business generated by this newly acquired subsidiary for the period between the date of acquisition and 31 March 2017.

Had this business combination been effected on 1 April 2016, the revenue of the Group would be approximately HKD221,782,000 and loss for the year of the Group would be approximately HKD62,285,000. The directors of the Company consider this 'pro-formas' an approximate measure of the performance of the combined group on an annualised basis and a reference point only for comparison in future periods.

5. OTHER REVENUE AND OTHER NET LOSS

	2017	2016
	HKD'000	*HKD'000*
Other revenue		
Discount received	**258**	524
Interest income	**193**	98
Reimbursement income	**682**	687
Sales of scrap and unused raw materials	**153**	575
Sundry	**965**	1,395
	2,251	3,279
Other net loss		
Exchange loss, net	**(1,674)**	(808)
Gain on disposal of property, plant and equipment	**12**	231
	(1,662)	(577)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:

		2017 HKD'000	2016 HKD'000
(a)	**Finance costs:**		
	Interest on borrowings and overdraft	**1,333**	453
(b)	**Staff costs:**		
	Salaries, wages and allowances	**62,361**	88,147
	Contributions to defined contribution retirement plans	**2,357**	8,064
	Staff welfare and benefits	**253**	2,112
	Provision for long service payments *(note 24(a))*	**–**	13
		64,971	98,336
(c)	**Other items:**		
	Auditors' remuneration	**900**	861
	Cost of inventories sold *	**200,999**	294,039
	Depreciation on property, plant and equipment	**8,524**	10,147
	Legal and professional fees	**3,235**	16,925
	Impairment loss on trade receivables	**1,312**	–
	Operating lease charges: minimum lease payments – properties rentals	**7,705**	5,864

* Cost of inventories includes HKD50,176,000 (2016: HKD88,498,000) relating to staff costs, depreciation, operating lease charges and provision for inventories, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2017 HKD'000	2016 HKD'000
Current Tax		
Mainland China	**12**	–
Deferred tax		
Mainland China *(note 23(a))*	**70**	(3,659)
Income tax expense/(credit)	**82**	(3,659)

No provision for Hong Kong Profits Tax has been made for both years as the subsidiaries in the Group either do not have assessable profits or have agreed tax losses brought forward in excess of any estimated assessable profits.

The subsidiaries in Mainland China are subject to a tax rate of 25% (2016: 25%). Provision for Mainland China income tax is made on the estimated assessable profits for the year ended 31 March 2017 of 泰和昱通. No provision for income tax has been made by remaining subsidiaries for both years as they either do not have assessable profits or have agreed tax losses brought forward in excess of any estimated assessable profits.

(b) Reconciliation between the income tax expense/(credit) and accounting loss at the applicable tax rates:

	2017 HKD'000	2016 HKD'000
Loss before taxation	**(29,074)**	(43,360)
Notional tax on loss before taxation, calculated at the rates applicable to loss in jurisdictions concerned	**(5,178)**	(7,488)
Tax effect of expenses not deductible for tax purposes	**239**	310
Tax effect of income not taxable	**(92)**	(5)
Tax effect of utilisation of tax losses previously not recognised	**–**	(161)
Tax effect of tax losses not recognised	**5,772**	4,396
Others	**(659)**	(711)
Actual tax expense/(credit)	**82**	(3,659)

8. DIRECTORS' EMOLUMENTS

	Directors' fees		Salaries, allowances and benefits in kind		Retirement scheme contributions		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*
Chan Sun Kwong *(resigned on 31 August 2016)*	**50**	102	**–**	–	**–**	–	**50**	102
Cheung Chi Mang *(resigned on 8 September 2016)*	**–**	–	**881**	959	**9**	18	**890**	977
Chong Ka Yee *(appointed on 4 February 2016 and resigned on 22 August 2016)*	**–**	–	**94**	40	**5**	1	**99**	41
Ko Kin Chung *(resigned on 30 November 2016)*	**–**	–	**360**	540	**12**	18	**372**	558
Law Fei Shing	**–**	–	**871**	871	**18**	18	**889**	889
Liu Kam Lung	**190**	102	**–**	–	**–**	–	**190**	102
Qian Pu *(appointed on 8 September 2016)*	**–**	–	**232**	–	**10**	–	**242**	–
Shang Yong *(appointed on 4 February 2016 and retired on 3 February 2017)*	**–**	–	**300**	60	**15**	2	**315**	62
Shin Yick, Fabin *(appointed on 9 February 2017)*	**–**	–	**51**	–	**3**	–	**54**	–
Wang Jian *(appointed on 23 August 2016)*	**–**	–	**499**	–	**11**	–	**510**	–
Wu Shiming *(resigned on 31 August 2016)*	**50**	102	**–**	–	**–**	–	**50**	102
Xie Xiaobiao *(appointed on 31 August 2016)*	**140**	–	**–**	–	**–**	–	**140**	–
Zheng Suijun *(appointed on 31 August 2016)*	**140**	–	**–**	–	**–**	–	**140**	–
	570	306	**3,288**	2,470	**83**	57	**3,941**	2,833

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2016: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2016: three) individuals are as follows:

	2017	2016
	HKD'000	*HKD'000*
Salaries and other emoluments	**2,761**	2,862
Retirement scheme contributions	**54**	54
	2,815	2,916

The emoluments of the three (2016: three) individuals with the highest emoluments are within the following band:

	No. of individuals	
	2017	2016
HKDNil – HKD1,000,000	**3**	2
HKD1,000,001 – HKD2,000,000	**–**	1

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to equity shareholders of the Company of HKD28,919,000 (2016: HKD39,701,000) and the weighted average number of 1,415,000,000 (2016: 1,415,000,000) ordinary shares in issue during the year.

No adjustment had been made to the basic loss per share amount as presented in respect of a dilution of the outstanding warrants which had an anti-dilutive effect on the basic loss per share presented.

11. SEGMENT REPORTING

(a) Operating segment

For the year ended 31 March 2016, the executive directors manage the Group's operations as a single business segment.

For the year ended 31 March 2017, the Group is organised into business units based on their products and services and has five reportable operating segments are follows:

(i) Manufacturing and trading of garment;

(ii) Money lending business;

(iii) Leasing business;

(iv) General trading; and

(v) New energy development

The Group's operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the consolidated financial statements.

11. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

	Manufacturing and trading of garment		Money lending business		Leasing business		General trading		New energy development		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*
For the year ended 31 March												
Revenue from external customers	**218,716**	308,545	**2,401**	–	**665**	–	**–**	–	**–**	–	**221,782**	308,545
Segment result	**(10,034)**	(18,136)	**(3,525)**	–	**47**	–	**–**	–	**(1,711)**	–	**(15,223)**	(18,136)
Reconciliation:												
Interest income											**193**	98
Unallocated gains											**965**	710
Corporate and other unallocated expenses											**(12,014)**	(25,002)
Finance costs											**(1,333)**	(453)
Other net losses											**(1,662)**	(577)
Loss before taxation											**(29,074)**	(43,360)
Income tax (expense)/credit											**(82)**	3,659
Loss for the year											**(29,156)**	(39,701)
Segment assets	**66,299**	89,190	**68,285**	–	**88,211**	–	**17,328**	–	**203,215**	–	**443,338**	89,190
Reconciliation:												
Deferred tax assets											**5,651**	6,030
Corporate and other unallocated assets											**10,839**	140,052
Total assets											**459,828**	235,272
Segment liabilities	**73,092**	80,686	**1**	–	**71,330**	–	**17,328**	–	**71,523**	–	**233,274**	80,686
Reconciliation:												
Corporate and other unallocated liabilities											**24,435**	15,255
Total liabilities											**257,709**	95,941
Other information												
Additions to non-current segment assets	**1,487**	3,800	**14**	–	**42**	–	**–**	–	**1,763**	–	**3,306**	3,800
Unallocated expenditure											**566**	3,643
											3,872	7,443
Depreciation	**6,428**	9,905	**641**	–	**–**	–	**–**	–	**172**	–	**7,241**	9,905
Unallocated depreciation											**1,283**	242
											8,524	10,147
Impairment loss on trade receivables	**1,312**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1,312**	–

11. SEGMENT REPORTING *(Continued)*

(b) Geographical information

The Group's revenue from external customers by geographical market is as follows:

	2017 **HKD'000**	2016 *HKD'000*
United States of America ("**USA**")	**178,559**	240,671
Europe	**13,892**	25,782
Asia	**24,123**	28,941
Others	**5,208**	13,151
	221,782	308,545

The Group's information about its non-current assets by geographic location is as follows:

	2017 **HKD'000**	2016 *HKD'000*
Mainland China	**212,388**	18,120
Hong Kong	**5,188**	6,612
	217,576	24,732

(c) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2017 **HKD'000**	2016 *HKD'000*
Customer A	**55,467**	71,505
Customer B	**42,853**	63,356
Customer C	**41,582**	63,952
Customer D	**35,496**	36,724
Customer E	**25,111**	43,854

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Construction in progress HKD'000	Total HKD'000
Cost						
At 1 April 2015	3,889	182,064	9,188	4,410	–	199,551
Exchange realignment	(162)	(1,201)	(41)	–	–	(1,404)
Additions	1,033	37	487	5,886	–	7,443
Disposals	–	(2,022)	(84)	(1,072)	–	(3,178)
At 31 March 2016	4,760	178,878	9,550	9,224	–	202,412
At 1 April 2016	4,760	178,878	9,550	9,224	–	202,412
Exchange realignment	(300)	(1,599)	(82)	(8)	–	(1,989)
Additions	97	1,273	191	574	1,737	3,872
Disposals	–	(966)	(217)	(102)	–	(1,285)
Acquisition of subsidiaries *(note 4(b))*	17,495	3,222	3,445	146	35	24,343
At 31 March 2017	22,052	180,808	12,887	9,834	1,772	227,353
Accumulated depreciation and impairment						
At 1 April 2015	1,526	157,583	8,316	3,601	–	171,026
Exchange realignment	(60)	(241)	(15)	–	–	(316)
Provided for the year	1,039	8,015	308	785	–	10,147
Eliminated on disposals	–	(2,022)	(83)	(1,072)	–	(3,177)
At 31 March 2016	2,505	163,335	8,526	3,314	–	177,680
At 1 April 2016	2,505	163,335	8,526	3,314	–	177,680
Exchange realignment	(132)	(287)	(28)	–	–	(447)
Provided for the year	1,314	5,311	360	1,539	–	8,524
Eliminated on disposals	–	(966)	(215)	(102)	–	(1,283)
At 31 March 2017	3,687	167,393	8,643	4,751	–	184,474
Carrying amount						
At 31 March 2017	18,365	13,415	4,244	5,083	1,772	42,879
At 31 March 2016	2,255	15,543	1,024	5,910	–	24,732

13. GOODWILL

The amounts of goodwill capitalised as an asset and recognised in the consolidated statement of financial position, arising from the acquisition of a subsidiary, is as follows:

	2017	2016
	HKD'000	*HKD'000*
Cost		
At 1 April	**–**	–
Acquisition of a subsidiary *(note 4(b))*	**14,518**	–
Carrying amount		
At 31 March	**14,518**	–

The carrying amount of goodwill was allocated to the respective cash generating units ("**CGUs**"), each of which represent an operating entity within the operating segments identified by the Group for the purpose of segment reporting. A segment level summary of the goodwill allocation is presented below:

	2017	2016
	HKD'000	*HKD'000*
New energy development	**14,518**	–

The recoverable amount of the CGU in respect of the acquisition is determined from value-in-use calculation. The key assumptions for the value-in-use calculation of the above CGU are those regarding the discount rate and growth rate. The Group prepares cash flow forecasts derived from the most recent financial data of one year and extrapolates cash flow for the following five years with growth rate in revenue of 10% to 28%. Cash flows beyond the five-year period are extrapolated using zero growth rates. The discount rate is 12.4% per annum.

The management reassessed the recoverable amount of the CGU of new energy development as at 31 March 2017 by reference to the discounted cash flow calculation with the above estimation and was of the opinion that no impairment loss should be recognised as the recoverable amount of the CGU is higher than its carrying amount.

14. CAPITALISED DEVELOPMENT COSTS

	2017 HKD'000	2016 HKD'000
Cost		
At 1 April	–	–
Acquisition of a subsidiary *(note 4(b))*	7,083	–
Addition	659	–
Exchange realignment	(21)	–
At 31 March	7,721	–
Accumulated depreciation		
At 1 April and 31 March	–	–
Carrying amount		
At 31 March	7,721	–

Capitalised development costs at 31 March 2017 were arisen form incomplete development projects. No amortisation was charged for the year.

15. LOAN RECEIVABLE

The loan receivable from the money lending line of business is provided to an independent third party after a credit assessment on the borrower, bears interest at 8% per annum and will mature on 30 August 2017. The loan receivable is secured by the charges on certain shares of a company listed on the Main Board of The Stock Exchange of Hong Kong Limited that held by the borrower and the personal guarantee given by the sole shareholder and director of the borrower.

16. FINANCE LEASE RECEIVABLES

	2017 HKD'000	2016 HKD'000
Non-current finance lease receivables	33,668	–
Current finance lease receivables	15,602	–
	49,270	–

16. FINANCE LEASE RECEIVABLES *(Continued)*

The total minimum lease payments receivable under finance leases and their present values are as follows:

	Minimum lease payments receivable		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*
Within one year	**19,049**	–	**15,602**	–
Later than one year and not later than five years	**36,103**	–	**33,668**	–
	55,152	–	**49,270**	–
Unearned interest income	**(5,882)**	–	**–**	–
Present value of minimum lease payments receivable	**49,270**	–	**49,270**	–

Certain motor vehicles are leased out under finance leases. The terms of finance leases is 36 months (2016: Nil). The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 8% (2016: Nil) per annum.

Finance lease receivables are secured over the motor vehicles leased. The Company is not permitted to sell or repledge the collateral in the absence of default by the lessee. The finance lease receivables at 31 March 2017 are neither past due nor impaired.

17. INVENTORIES

	2017	2016
	HKD'000	*HKD'000*
Raw materials	**7,671**	9,972
Work in progress	**17,418**	14,962
Finished goods	**15,930**	4,050
	41,019	28,984

18. TRADE RECEIVABLES

	2017	2016
	HKD'000	*HKD'000*
Trade receivables	**13,167**	18,508
Less: Allowance for impairment of doubtful debts *(note 18(b))*	**(1,312)**	–
	11,855	18,508

All trade receivables are expected to be recovered within one year.

18. TRADE RECEIVABLES *(Continued)*

(a) Ageing analysis

The ageing analysis of trade receivables (net of allowance for impairment of doubtful debts) as of the end of the reporting period, based on invoice date, is as follows:

	2017	2016
	HKD'000	*HKD'000*
Within 1 month	**9,160**	8,867
1 to 3 months	**2,212**	7,504
3 to 12 months	**483**	2,137
	11,855	18,508

Trade receivables are due within 30 to 60 days from the date of billing. Further details on the Group's credit policy are set out in note 27(a).

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(i)(i)).

The movements in the allowance for impairment of doubtful debts during the year are as follows:

	2017	2016
	HKD'000	*HKD'000*
At 1 April	**–**	–
Impairment loss recognised	**1,312**	–
At 31 March	**1,312**	–

18. TRADE RECEIVABLES *(Continued)*

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2017	2016
	HKD'000	*HKD'000*
Neither past due nor impaired	**5,831**	10,387
Less than 1 month past due	**3,673**	5,162
1 to 3 months past due	**2,340**	839
More than 3 months but less than 12 months past due	**11**	2,120
Amounts past due	**6,024**	8,121
	11,855	18,508

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

19. CASH AND CASH EQUIVALENTS

	2017	2016
	HKD'000	*HKD'000*
Cash and cash equivalents in the consolidated statement of financial position	**114,872**	154,273
Bank overdraft *(note 22)*	**(21,491)**	(19,618)
Cash and cash equivalents in the consolidated statement of cash flows	**93,381**	134,655

20. TRADE PAYABLES

The ageing analysis of trade payables as of the end of the reporting period, based on invoice date, is as follows:

	2017	2016
	HKD'000	*HKD'000*
Within 1 month	**22,082**	4,699
1 to 3 months	**1,856**	2,393
3 to 12 months	**267**	1,380
Over 12 months	**–**	4
	24,205	8,476

21. OTHER PAYABLES AND ACCRUED CHARGES

	2017	2016
	HKD'000	*HKD'000*
Accrued staff costs, welfare and benefits (including accrued directors' remunerations)	**22,760**	28,294
PRC sundry tax payables	**104**	12
Accrued rental expenses	**4,714**	–
Rental deposits payables	**1,160**	–
Deposits received for finance lease	**845**	–
Sales deposits received	**3,421**	–
Interest payables	**860**	–
Payables for acquisition of property, plant and equipment	**4,042**	–
Others (including professional fee payables)	**7,802**	16,443
	45,708	44,749

22. BORROWINGS AND OVERDRAFT

	2017	2016
	HKD'000	*HKD'000*
Bank loans, secured *(note (a))*	**7,637**	8,030
Bank overdraft *(note 19) (note (a))*	**21,491**	19,618
Shareholder's loan, unsecured *(note (b))*	**20,000**	–
Other borrowings, unsecured *(note (c))*	**124,179**	–
	173,307	27,648

22. BORROWINGS AND OVERDRAFT *(Continued)*

The maturity profile of borrowings and overdraft, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	2017	2016
	HKD'000	*HKD'000*
Within 1 year	**119,440**	27,648
After 1 year but within 2 years	**20,000**	–
After 2 years but within 5 years	**33,867**	–
	173,307	27,648
Less: Amount due within one year or repayable on demand classified as current liabilities	**(119,440)**	(27,648)
	53,867	–

Notes:

(a) At 31 March 2017, bank loans of HKD7,637,000 (2016: HKD8,030,000) were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng Kwai Chun ("**Mr. Cheng**"), a director of a wholly owned subsidiary of the Company. Bank overdraft of HKD17,991,000 (2016: HKD19,618,000) was secured by legal charge on certain assets of Mr. Cheng.

(b) Shareholder's loan is unsecured, interest-bearing at 5% per annum (2016: Nil) and is repayable on 4 January 2019.

(c) Other borrowings are obtained from independent third parties and were secured by corporate guarantee from the Company. Amounts of HKD90,312,000 are interest-bearing in the range from 6% to 8% per annum (2016: Nil) and are repayable within 1 year. Amount of HKD33,867,000 is interest-bearing at 6% per annum (2016: Nil) and is repayable within 3 years.

23. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax assets and liabilities recognised

	2017	2016
	HKD'000	*HKD'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**(5,651)**	(6,030)

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax losses	**Accelerated tax depreciation**	**Other temporary differences**	**Total**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
At 1 April 2015	–	–	(2,543)	(2,543)
Effect of changes in exchange rate	–	–	172	172
(Credited)/charged to profit or loss	(715)	715	(3,659)	(3,659)
At 31 March 2016 and 1 April 2016	(715)	715	(6,030)	(6,030)
Effect of changes in exchange rate	–	–	309	309
(Credited)/charged to profit or loss	28	(28)	70	70
At 31 March 2017	(687)	687	(5,651)	(5,651)

(b) Deferred tax assets not recognised

At 31 March 2017, the Group has unused tax losses of approximately HKD90,697,000 (2016: approximately HKD60,679,000). A deferred tax asset has been recognised in respect of HKD4,164,000 (2016: approximately HKD4,331,000) of such losses. No deferred tax asset has been recognised in respect of the remaining balance of approximately HKD86,533,000 (2016: approximately HKD56,348,000) due to the unpredictability of future profit streams. Included in unrecognised are tax losses of approximately HKD1,589,000 (2016: approximately HKD4,285,000) that will expire within five years. Other losses may be carried forward indefinitely.

24. PROVISION AND OTHER ACCRUED CHARGES

	2017	2016
	HKD'000	*HKD'000*
Provision for long service payments *(note 24(a))*	**759**	1,350
Other accrued charges *(note 24(b))*	**13,718**	13,718
	14,477	15,068

(a) Provision for long service payments

Under the Hong Kong Employment Ordinance, the Group is required to make long service payments to its employees in Hong Kong upon the termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances.

Movements in the provision for long service payments during the year are as follows:

	2017	2016
	HKD'000	*HKD'000*
At 1 April	**1,350**	1,390
Amount charged to profit or loss *(note 6(b))*	**–**	13
Benefit payments	**(591)**	(53)
At 31 March	**759**	1,350

(b) Other accrued charges

Other accrued charges represent liabilities in respect of staff welfare and benefits.

25. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital *HKD'000*	Share premium *HKD'000*	Warrant reserve *HKD'000*	Contributed surplus *HKD'000*	Accumulated losses *HKD'000*	Total *HKD'000*
At 1 April 2015	28,300	41,308	–	181,059	(24,672)	225,995
Changes in equity for 2016:						
Loss and total comprehensive expense for the year	–	–	–	–	(92,348)	(92,348)
Issue of warrants *(note 25(d)(ii))*	–	–	5,490	–	–	5,490
At 31 March 2016	28,300	41,308	5,490	181,059	(117,020)	139,137
At 1 April 2016	28,300	41,308	5,490	181,059	(117,020)	139,137
Changes in equity for 2017:						
Loss and total comprehensive expense for the year	–	–	–	–	(37,677)	(37,677)
At 31 March 2017	28,300	41,308	5,490	181,059	(154,697)	101,460

(b) Dividend

The directors do not recommend the payment of any dividend for the year ended 31 March 2017 (2016: HKDNil).

25. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital

Authorised and issued share capital

	2017		2016	
	No. of shares '000	***HKD'000***	*No. of shares '000*	*HKD'000*
Authorised:				
At 1 April and 31 March	**2,500,000**	**50,000**	2,500,000	50,000
Ordinary shares, issued and fully paid:				
At 1 April and 31 March	**1,415,000**	**28,300**	1,415,000	28,300

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

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Bermuda Companies Act 1981 (as amended).

(ii) Warrant reserve

On 27 August 2015, the Company issued 283,000,000 unlisted warrants at HKD0.02 each to six independent third parties raising HKD5,490,000 net of cash. The warrants entitled the holders to subscribe for 283,000,000 ordinary shares of the Company at a subscription price of HKD3.00 each at any time during a period of 36 months commencing from the date of issue of the warrants. On 31 March 2017 and 31 March 2016, the Company had 283,000,000 outstanding warrants. Exercise in full of such outstanding warrants would result in the issue of 283,000,000 additional ordinary shares. No exercise of these warrants occurred in for both years.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in note 2(s).

25. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(iv) Contributed surplus

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time the reorganisation on 9 November 2001 and has been adjusted for the dividend declared from this reserve after 9 November 2001.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a Company is available for distribution. However, the Company cannot declare or pay dividend, or make a distribution out of the contributed surplus, if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than its liabilities.

(e) Distributability of reserves

In the opinion of the directors, the Company's reserves available for distribution to shareholders at the end of the reporting period were:

	2017	2016
	HKD'000	*HKD'000*
Share premium	**41,308**	41,308
Contributed surplus	**181,059**	181,059
Accumulated losses	**(154,697)**	(117,020)
	67,670	105,347

(f) Capital management

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

The Group regularly reviews its capital structure on the basis of a gearing ratio computed as total debt over shareholders' fund. For this purpose, the Group defines total debt as total borrowings (which include interest-bearing borrowings). Total shareholders' fund comprises all components of equity.

25. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(f) Capital management *(Continued)*

The gearing ratio as at 31 March 2017 and 2016 was as follows:

	2017	2016
	HKD'000	*HKD'000*
Current liabilities		
Interest-bearing borrowings	**173,307**	27,648
Total debt	**173,307**	27,648
Total shareholders' fund	**107,098**	139,331
Gearing ratio	**162%**	20%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a shareholders' resolution passed on 23 August 2011 for the primary purpose of granting options to eligible participants as incentives or rewards for their contribution to the Group and will be valid and effective for a period of 10 years commencing on the date on which the Scheme was adopted. Under the Scheme, the board of directors (the "Directors") may grant options to eligible employees of the Group, any executive and non-executive directors (including independent non-executive directors) of the Group and other eligible participants to subscribe for shares in the Company (the "Shares"), at a price to be determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised. A nominal consideration of HKD1 is payable on acceptance of the grant of an option.

26. SHARE OPTION SCHEME *(Continued)*

Shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme of the Company must not in aggregate exceed 141,500,000 shares of the Company, being 10% of the shares in issue on the date of approval of the Scheme by the shareholders of the Company.

Unless approved by shareholders of the Company, the total number of Shares issued and which may fall to be issued upon exercise of the options to be granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

No options under the Scheme were granted or exercised during the years ended 31 March 2017 and 2016 and there were no outstanding options at 31 March 2017 and 2016.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, trade receivables and loan receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash and cash equivalents are normally placed at financial institutions that have sound credit rating.

For loan receivable, the Group has policies in place to evaluate credit risk before accepting new loans and to limit its credit risk exposure to individual borrowers. The Group will make specific provision for loan receivables if the loan receivable is non-recoverable.

For finance lease receivable, the Group has policies in place to evaluate the credit risk before entering into a leasing agreement with the lessee. The Group has obtained collateral from its lease customers and hence no material credit risk exposure from these customers

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are due within 30 to 60 days from the date of billing. Debtors with balances over 90 days are monitored tightly and regularly. Normally, the Group does not obtain collateral from customers. Default risk of the industry and country are influenced on a lesser extent because most of the Group's customers mainly come from the USA with higher credit-ratings.

At 31 March 2017, the Group had a certain concentration of credit risk as 47% (2016: 38%) and 82% (2016: 92%) of the total trade receivables was due from one customer and five customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 18.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2017					2016				
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years**	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years
	HKD'000	***HKD'000***	***HKD'000***	***HKD'000***	***HKD'000***	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Trade payables	**24,205**	**24,205**	**24,205**	**–**	**–**	8,476	8,476	8,476	–	–
Other payables and accrued charges	**45,708**	**45,708**	**45,708**	**–**	**–**	44,749	44,749	44,749	–	–
Borrowings and overdraft +	**173,307**	**186,324**	**124,867**	**21,833**	**39,624**	27,648	27,997	27,997	–	–
Other accrued charges	**13,718**	**13,718**	**–**	**–**	**13,718**	13,718	13,718	–	–	13,718
	256,938	**269,955**	**194,780**	**21,833**	**53,342**	94,591	94,940	81,222	–	13,718

+ Borrowings and overdraft with repayment on demand clause are classified as on demand in the above analysis although the demand clause has not been exercised.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits and borrowings and overdraft. Bank deposits and borrowings and overdraft issue at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate profile

The Group's interest rate profile as monitored by management is set out below:

	2017		2016	
	Effective interest rate		Effective interest rate	
	%	***HKD'000***	%	*HKD'000*
Fixed rate receivable:				
Loan receivable	**8**	**45,000**	–	–
Fixed rate deposits:				
Bank deposits	**–**	**–**	0.4	6,203
Fixed rate borrowings:				
Borrowings and overdraft	**6.61**	**(144,179)**	–	–
Variable rate deposits:				
Bank deposits	**0.29**	**94,061**	0.03	141,052
Variable rate borrowings:				
Borrowings and overdraft	**1.25**	**(29,128)**	1.34	(27,648)
Net variable rate exposure		**64,933**		113,404

(ii) Sensitivity analysis

At 31 March 2017, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax by approximately HKD542,000 (2016: approximately HKD947,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for 2016.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Foreign currency risk

(i) Foreign currency transactions

The Group is exposed to currency risk primarily through sales and expense transactions that are denominated in a currency other than the functional currency of the entity to which they relate. The currencies giving rise to this risk are primarily Renminbi and United States Dollars.

(ii) Recognised assets and liabilities

In respect of trade and other receivables and payables held in currencies other than the functional currency of the entity to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(iii) The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2017		2016	
	Renminbi	**United States Dollars**	Renminbi	United States Dollars
	'000	***'000***	*'000*	*'000*
Trade receivables	**1**	**1,449**	–	2,301
Other receivables, prepayments and deposits	**–**	**–**	391	2
Cash and cash equivalents	**9**	**752**	412	1,331
Trade payables	**(1,974)**	**(549)**	(495)	(465)
Other payables and accrued charges	**(46)**	**(240)**	(26)	(42)
Provision and other accrued charges	**(11,105)**	**–**	(11,105)	–
Net exposure arising from recognised assets and liabilities	**(13,115)**	**1,412**	(10,823)	3,127

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Foreign currency risk *(Continued)*

(iv) Sensitivity analysis

The following table indicates the approximate change in the Group's loss after tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2017		2016	
	Increase/ (decrease) in foreign exchange rate	**Effect on loss after tax**	Increase/ (decrease) in foreign exchange rate	Effect on loss after tax
		HKD'000		*HKD'000*
Renminbi	**5%**	**618**	5%	541
	(5%)	**(618)**	(5%)	(541)
United States Dollars	**5%**	**(457)**	5%	(1,012)
	(5%)	**457**	(5%)	1,012

The sensitivity analysis has been determined assuming that the change in foreign exchange rates occurred at the end of the reporting period and applied to each of the Group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States Dollars would be materially unaffected by any changes in movement in value of the United States Dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' loss after tax and equity measured in the respective functional currencies, translated into Hong Kong Dollar at the exchange rate ruling as at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2016.

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(e) Categories of financial instruments

	2017	2016
	HKD'000	*HKD'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**224,524**	174,400
Financial liabilities		
Financial liabilities at amortised cost	**256,938**	94,591

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2017 and 2016.

28. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at 31 March 2017 not provided for in the consolidated financial statements were as follows:

	2017	2016
	HKD'000	*HKD'000*
Contracted for		
– Acquisition of property, plant and equipment	**58,422**	–

(b) Operating lease commitments

At 31 March 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017	2016
	HKD'000	*HKD'000*
Within 1 year	**5,761**	6,811
After 1 year but within 5 years	**11,675**	11,773
After 5 years	**77**	–
	17,513	18,584

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 2 to 5 years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased every 2 to 5 years to reflect market rentals. None of the leases includes contingent rentals.

29. FINANCIAL GUARANTEES ISSUED

At 31 March 2017, the Company had issued corporate guarantees amounting to HKD60 million (2016: HKD60 million) and HKD124 million (2016: HKDNil) to banks and two independent third parties, respectively, in connection with facilities granted to subsidiaries.

The guarantees were issued by the Company at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKAS 39, Financial instruments: Recognition and measurement, had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

At 31 March 2017, the directors of the Company considered it is not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by a subsidiary of HKD132 million (2016: HKD8 million).

30. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and the highest paid employees as disclosed in note 9, is as follows:

	2017	2016
	HKD'000	*HKD'000*
Salaries, allowances and other benefits	**6,619**	5,638
Contributions to defined contributions retirement plan	**137**	111
	6,756	5,749

Total remuneration is included in "Staff costs" (see note 6(b)).

(b) Financing arrangements

At 31 March 2017, certain general banking facilities totalling HKD80,000,000 (2016: HKD80,000,000) were secured by legal charges on leasehold properties of companies controlled by Mr. Cheng, legal charge on certain assets of Mr. Cheng and personal guarantees from Mr. Cheng. At 31 March 2017, these facilities were utilised by the Group to the extent of HKD17,991,000 (2016: HKD27,648,000).

30. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Other related party transactions

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions during the year:

Name of related party	Nature of transaction	2017 *HKD'000*	2016 *HKD'000*
Companies in which Mr. Cheng has interests or significant influence	Sales of goods	**2,791**	2,641
	Other income received	**235**	301
	Commission paid	**32**	24
	Overdue interest income	**1**	9
	License fee paid	**901**	901
	Rental expenses paid	**3,840**	3,823

Trade receivables at 31 March 2017 included amounts of HKD657,000 (2016: HKD540,000) due from the above related parties.

31. EVENT AFTER THE END OF THE REPORTING PERIOD

Except as disclosed elsewhere in these consolidated financial statement, there were no significant events after the end of the reporting period.

32. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation

The Group management determines the estimated useful lives and related depreciation charge for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairments

In considering the impairment loss that may be required for certain property, plant and equipment, capitalised development costs, deposit paid for acquisition of property, plant and equipment and investments in subsidiaries, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. It is difficult to precisely estimate its fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate their present value. Details of impairment of goodwill are set out in note 13.

Impairment losses for bad and doubtful debts, loan receivable and finance lease receivables are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the operating results in the year and in future years.

32. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules in various jurisdictions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in respective tax legislation.

Deferred tax assets are recognised for tax losses not yet used and temporary deduction differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the unused tax credit can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised only if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(d) Inventory provision

The Group performs regular reviews of the carrying amounts of inventories with reference to aged inventories analyses, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in customers' performance, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

(e) Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2(f) to the consolidated financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of economic benefits derived. At 31 March 2017, the best estimate of the carrying amount of capitalised development costs was HKD7,721,000 (2016: Nil).

33. SUBSIDIARIES

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ registration	Particular of issued and paid up capital/ registered capital	Proportion of ownership interest held by the Company 2017 Directly	2017 Indirectly	2016 Directly	2016 Indirectly	Principal activities
Ample Colour Investments Limited	British Virgin Islands	1 share of USD1 each	**100%**	**–**	100%	–	Investment holding
Grand Mark Worldwide Limited	Hong Kong	1 share of HKD1 each	**–**	**100%**	–	100%	Money lending business
Markway International Group Holdings Limited	Hong Kong	1 share of HKD1 each	**–**	**100%**	–	100%	Provision of administrative services
Mega Grade Holdings Limited	British Virgin Islands	50,000 shares of USD1 each	**100%**	**–**	100%	–	Investment holding
Pak Tak Hong Kong Trading Limited	Hong Kong	10,000 shares of HKD1 each	**–**	**100%**	–	100%	Trading in knit–to-shape garments
Richtime Knitting Limited	Hong Kong	10,000 shares of HKD1 each	**–**	**100%**	–	100%	Trading in knit-to-shape garments and provision of administrative services
Shibo Global Holdings Limited	British Virgin Islands	1 share of USD1 each	**100%**	**–**	100%	–	Investment holding
百德針織製衣(東莞)有限公司#	Mainland China	HKD111,975,000	**–**	**100%**	–	100%	Manufacture of and trading in knit-to-shape garments
深圳市森派新能源科技有限公司* (“森派新能源”)	Mainland China	RMB182,000,000	**–**	**45.05%**	–	–	New energy development
深圳金盛融資租賃有限公司#	Mainland China	HKD15,000,000	**100%**	**–**	–	–	Provision of leasing services
深圳金勝供應鏈有限公司#	Mainland China	HKD100,000	**–**	**100%**	–	–	General trading
深圳泰和昱通新能源科技有限公司#	Mainland China	RMB36,000,000	**–**	**100%**	–	–	Investment holding

\# Wholly foreign owned enterprise

* 森派新能源 was accounted for as subsidiary of the Company by virtue of the Group's controlling its voting rights which are eligible to be casted in its shareholders' and directors' meetings.

33. SUBSIDIARIES *(Continued)*

All subsidiaries operate principally in their respective places of incorporation or registration.

None of the subsidiaries had issued any debt securities at the end of the year.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017	2016
	HKD'000	*HKD'000*
Non-current assets		
Investments in subsidiaries *(note 33)*	**15,398**	388
Current assets		
Other receivables, prepayments and deposits	**291**	343
Amounts due from subsidiaries	**109,087**	142,428
Cash and cash equivalents	**3,591**	4,527
	112,969	147,298
Current liabilities		
Accrued charges	**915**	779
Amounts due to subsidiaries	**5,992**	7,770
	6,907	8,549
Net current assets	**106,062**	138,749
Total assets less current liabilities	**121,460**	139,137
Non-current liabilities		
Shareholder's loan	**20,000**	–
NET ASSETS	**101,460**	139,137
CAPITAL AND RESERVES *(note 25(a))*		
Share capital	**28,300**	28,300
Reserves	**73,160**	110,837
TOTAL EQUITY	**101,460**	139,137

35. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual Improvements to HKFRSs 2014-2016 cycle	1 January 2017 or 1 January 2018, as appropriate
HKFRS 9, Financial instruments	1 January 2018
HKFRS 15, Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 2, Share-based payment: Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 16, Leases	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2013	2014	2015	2016	**2017**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	***HKD'000***
Turnover	400,863	427,870	366,353	308,545	**221,782**
Profit/(loss) from operations	6,788	(28,927)	(7,997)	(42,907)	**(27,741)**
Finance costs	(789)	(859)	(455)	(453)	**(1,333)**
Profit/(loss) before taxation	5,999	(29,786)	(8,452)	(43,360)	**(29,074)**
Income tax (expense)/credit	(3,436)	1,467	1,922	3,659	**(82)**
Profit/(loss) for the year	2,563	(28,319)	(6,530)	(39,701)	**(29,156)**
Attributable to:					
Equity shareholders of the Company	3,139	(27,795)	(6,281)	(39,701)	**(28,919)**
Non-controlling interests	(576)	(524)	(249)	–	**(237)**
	2,563	(28,319)	(6,530)	(39,701)	**(29,156)**

ASSETS AND LIABILITIES

	At 31 March				
	2013	2014	2015	2016	**2017**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	***HKD'000***
Total assets	244,962	265,849	254,232	235,272	**459,828**
Total liabilities	(70,918)	(82,305)	(78,451)	(95,941)	**(257,709)**
Net assets	174,044	183,544	175,781	139,331	**202,119**
Equity attributable to equity shareholders of the Company	176,734	185,426	175,781	139,331	**107,098**
Non-controlling interests	(2,690)	(1,882)	–	–	**95,021**
Total equity	174,044	183,544	175,781	139,331	**202,119**