民銀資本
CMBC CAPITAL HOLDINGS LIMITED

(Formerly known as "Skyway Securities Group Limited")
(Incorporated in Bermuda with limited liability)
(Stock Code: 1141)

ANNUAL REPORT 2017

Contents

Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"Board"	the Board of Directors of the Company
"Company"	CMBC Capital Holdings Limited
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$" and "cents"	Hong Kong dollars and cents
"%"	per cent.

Corporate Information

(as at the date of this report)

BOARD OF DIRECTORS

Executive Directors

Ms. Lin Yuehe *(Chairlady)*
Mr. Wang Haixiong *(Chief Executive Officer)* *(appointed as Chief Executive Officer and Executive Director on 22 July 2016)*

Independent Non-executive Directors

Mr. Chan Kwan Pak
Mr. Siu Gee Tai
Mr. Siu Siu Ling Robert

AUDIT COMMITTEE

Mr. Chan Kwan Pak *(Chairman)*
Mr. Siu Gee Tai
Mr. Siu Siu Ling Robert

REMUNERATION COMMITTEE

Mr. Siu Siu Ling Robert *(Chairman)*
Mr. Chan Kwan Pak
Mr. Siu Gee Tai

NOMINATION COMMITTEE

Mr. Siu Gee Tai *(Chairman)*
Mr. Siu Siu Ling Robert
Mr. Chan Kwan Pak

COMPANY SECRETARY

Mr. Ng Kwok Leung

AUTHORISED REPRESENTATIVES

Ms. Lin Yuehe
Mr. Wang Haixiong

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited (Stock Code: 1141)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 6601A and 6607-6608
Level 66
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Public Bank (Hong Kong) Limited
The Bank of East Asia Limited
Chong Hing Bank Limited
OCBC Wing Hang Bank Limited

AUDITOR

Messrs. Deloitte Touche Tohmatsu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.ssgroup.hk

Chairman's Statement

BUSINESS REVIEW

For the year ended 31 March 2017, the Group recorded a loss attributable to owners of the Company of approximately HK$1,042.1 million (2016: loss of approximately HK$1,874.8 million) and basic losses per share of HK6.73 cents (2016: basic losses per shares of HK18.53 cents). The results were mainly contributed by the substantial impairment loss is respect of goodwill and intangible assets and loss on disposal of available-for-sale investments recorded by the Group. For the year under review, the Group reported revenue of approximately HK$87.5 million, increased by 53.2% over last year (2016: approximately HK57.1 million), and gross profit of approximately HK$63.4 million, increased by approximately 34.1% compared to the previous year (2016: approximately HK$47.2 million). The increase in the Group's revenue and gross profit was mainly due to the full year contribution from brokerage and other related services.

Nevertheless, due to the uncertainties arising from the impending change of shareholders, certain experienced personnel previously deployed in the operation of the brokerage and other related activities resigned from the Group towards the end of the financial year, which has affected the Group's operations. In view of the fluctuation of stock market in Hong Kong since the beginning of year 2017 together with the disruption to the Group's brokerage and related activities team, the financial performance in the last few months of the financial year, and thereafter, has deteriorated and the Directors expect future operational performance to be similarly adversely impacted. Accordingly, the Company had finetuned its business strategy for being less active in proprietary trading and tighten its credit control in margin financing which resulted in the lowered forecasted financial performance of the brokerage and other related activities and thus substantial impairment in goodwill and intangible assets resulted.

PROSPECTS

As disclosed in the Company's announcement dated 7 March 2017 and circular dated 10 April 2017, on 7 March 2017, two of the Company's substantial shareholders, Mr. Lam Hoi Sze and Ms. Ai Qing (the "Selling Shareholders"), entered into the sale and purchase agreements with CMBC International Investment Limited (the "CMBCI"), an indirect wholly-owned subsidiary of China Minsheng Banking Corporation Limited ("China Minsheng") whose shares are listed on the Stock Exchange, and Brilliant Decent Limited ("Brilliant Decent"), an indirect owned subsidiary of China Huarong Asset Management Co., Limited whose shares are listed on the Stock Exchange, pursuant to which Mr. Lam Hoi Sze conditionally agreed to sell 2,527,200,000 shares of the Company to CMBCI and Ms. Ai Qing conditionally agreed to sell 900,000,000 shares of the Company to Brilliant Decent, both at the price of HK$0.06 per share. The shares sold by the Selling Shareholders represent approximately 19% of the shares in issue at 31 March 2017.

In addition, on 7 March 2017, the Company, the CMBCI and Brilliant Decent entered into a subscription agreement that the Company agreed to issue 26,950,000,000 new ordinary shares of the Company, at the price of HK$0.032 per share for an aggregate consideration of HK$862,400,000, of which 25,000,000,000 new ordinary shares will be subscribed by the CMBCI and 1,950,000,000 new shares will be subscribed by Brilliant Decent (the "Subscription").

Upon the completion of the above transactions, CMBCI will be interested in approximately 60.13% of the enlarged issued shares capital of the Company and will become the controlling shareholder of the Company. The transactions were approved in the special general meeting on 28 April 2017 and completed on 31 May 2017.

The subscription is not merely a pure funding activity but will introduce CMBCI as new controlling Shareholder, whose ultimate controlling Shareholder of China Minsheng may lead the Company to enjoy more potential strategic benefits especially for the potential of increasing in business exposures and business confidence of the Company to the Shareholders.

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

APPRECIATION

On behalf of the Board, I would like to sincerely thank all our shareholders, investors, bankers, business associates and customers for their continuing support to the Group, and to my fellow directors and all staff members for their hard work during the past year.

Lin Yuehe
Chairlady

Hong Kong, 1 June 2017

Management Discussion and Analysis

OPERATIONS REVIEW

For the year ended 31 March 2017, the Group continued to engage in the businesses of brokerage and related services, securities investments, provision of finance and real estate. Supply and procurement of commodities have been ceased in the current year.

REVENUE

The Group's revenue increased by 53.2% to approximately HK$87.5 million compared to approximately HK$57.1 million in the prior year. It was mainly due to the contribution from brokerage and related services during the year. The analysis of the Group's revenue by reportable segments is as below.

Brokerage and Related Services

During the year under review, the segment revenue and segment loss contributed by brokerage and related services were approximately HK$83.7 million and HK$460.0 million respectively.

Investments

Securities Investment

During the year under review, the segment revenue, which included dividend income from investment in listed equity securities, and interest income from investment in convertible bonds and interest bearing notes decreased by 100% from HK$3.2 million to zero as compared to the prior year.

During the year under review, the segment loss significantly reduced by approximately 89.3% to approximately HK$160.6 million in the current year compared to the loss of approximately HK$1,500.0 million in the prior year.

At 31 March 2017, the Group's securities portfolio mainly constituted of listed equity securities in investment holding companies.

Available-for-sale Investments

During the year, the Group disposed its entire available-for-sale ("AFS") investments. A loss on disposed of approximately HK$235.8 million had been recognized in profit or loss.

REVENUE (continued)

Real Estate

The segment recorded rental income of approximately HK$3.8 million (2016: approximately HK$0.3 million) and segment profit of approximately HK$9.7 million (2016: approximately HK$5.3 million) during the year.

The property is located at No. 2, Lincoln Road, Kowloon, Hong Kong (the "Property"). The Property is a house with gross floor area of approximately 6,702 sq. ft. and saleable area of approximately 6,659 sq. ft.. The Property comprises a 3-storey garden house with a swimming pool on ground floor with internal staircase and a lift. The Property is currently used for domestic purpose and is currently subject to a tenancy agreement with monthly rental of HK$450,000.

Supply and Procurement

The Group's supply and procurement segment represents sourcing, transporting and supplying of metal minerals and recyclable metal materials. Due to the continuous weak demand for building materials from our customers in the People's Republic of China, the management of the Group has ceased such business in the current year accordingly.

Results

For the year ended 31 March 2017, the Group recorded a loss attributable to owners of the Company of approximately HK$1,042.1 million (2016: approximately HK$1,874.8 million) and basic loss per share of HK$6.73 cents (2016: basic loss per share of HK$18.53 cents).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

At 31 March 2017, the Group had current assets of approximately HK$1,287.4 million (2016: approximately HK$1,088.7 million) and liquid assets comprising cash (excluding segregated bank accounts) and short-term securities investments totaling approximately HK$511.4 million (2016: approximately HK$487.5 million). The Group's current ratio, calculated based on current assets of approximately HK$1,287.4 million (2016: approximately HK$1,088.7 million) over current liabilities of approximately HK$241.4 million (2016: approximately HK$357.6 million), was at a ratio of approximately 5.3 at the period end (2016: approximately 3.04). The Group's accounts receivable increased to approximately HK$698.1 million (2016: approximately HK$425.7 million) which was primarily due to the increase of revenue of the Group's business on brokerage and related services.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (continued)

The Group's finance costs for the current year represented the effective interest on notes payable of approximately HK$8.2 million (2016: approximately HK$8.2 million), effective interest on promissory notes of approximately HK$4.1 million (2016: approximately HK$7.2 million) and interest on borrowings and bank overdrafts of approximately HK$12.0 million (2016: approximately HK$8.0 million). At 31 March 2017, the Company had notes payable in the aggregate principal amount of approximately HK$150 million (2016: approximately HK$150 million), promissory notes in the aggregate principal amount of approximately HK$29.0 million (2016: approximately HK$260.0 million), mortgage loan of approximately HK$177.6 million (2016: nil) and borrowings and bank overdrafts of approximately HK$45.5 million (2016: approximately HK$146.3 million).

At the year end, equity attributable to owners of the Company amounted to approximately HK$1,148.8 million (2016: approximately HK$1,414.9 million).

At 31 March 2017, the Group's indebtedness comprised borrowings and bank overdrafts, mortgage loan, promissory notes and notes payable of approximately HK$398.0 million (2016: approximately HK$553.4 million). The notes payable was denominated in HK$, due on the seventh anniversary from the respective issue dates of the notes, and borne interests at 5% fixed rate per annum. The promissory notes were denominated in HK$, due on the second anniversary from the issue date of the notes, and borne interests at 2% fixed rate per annum. The mortgage loan was denominated in HK$, repayable by instalments with its current portion of approximately HK$7.8 million repayable within one year and long-term portion of approximately HK$169.8 million repayable in the second of twenty first years, and borne interest at 2.3% per annum. The bank borrowings and bank overdrafts were denominated in HK$, due within one year, and borne interests at floating rate. The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was at a low ratio of approximately 25.7% (2016: approximately 28.1%).

During the year, no shares have been purchased or granted to the selected persons of the group under the share award scheme which has been adopted in February 2016 (the "Share Award Scheme").

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (continued)

In February 2016, a total of 2,523,640,250 warrants were issued by the Company to the shareholders of the Company pursuant to the bonus warrants issue which conferred the subscription rights to the holders of warrants to subscribe in cash for 2,523,640,250 shares at an initial subscription price of HK$0.10 per share, during the period from 12 February 2016 up to 13 February 2017 (the "2017 Warrants"). During the year, a total of 2,408,961,281 warrants were exercised by the holders of the 2017 Warrants to subscribe for 2,408,961,281 shares (equivalent to HK$240,896,128.10). The Company has utilized approximately 62.8% of the proceed in amount of HK$240,896,128.10 for (i) approximately 20.8% for brokerage and other related activities; (ii) approximately 10.4% for repayment of bank borrowing; (iii) approximately 8.1% for human resources; and (iv) approximately 23.5% for other general expenses.

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

MAJOR ACQUISITION AND DISPOSAL

On 4 March 2016, Gold Mission Limited ("Gold Mission"), an indirect wholly owned subsidiary of the Company, entered into the sale and purchase agreement with Central Wealth Financial Group Limited ("Central Wealth") (now known as "Future World Financial Holdings Limited") pursuant to which Gold Mission agreed to acquire and Central Wealth agreed to sell the sale share comprising one share in the share capital of Sky Eagle Global Limited ("Sky Eagle"), representing 100% of the entire issued share capital of Sky Eagle and a loan amounting to approximately HK$214,000,000 at a consideration of HK$218,000,000 of which HK$7,000,000 will be satisfied in cash as deposit and as to the remaining balance of HK$211,000,000 shall be satisfied by the allotment and issue of the 1,300,000,000 consideration shares by the Company at the issue price of HK$0.14 per consideration share to the Central Wealth and by issue of the promissory notes in the principal amount of HK$29,000,000. Sky Eagle is principally engaged in investment holding and owns 100% of a Hong Kong subsidiary, Metro Victor Limited ("Metro Victor") which in turn holds a property (the "Property"). The only significant asset under Sky Eagle and Metro Victor is the Property. The acquisition was completed on 15 July 2016.

MAJOR ACQUISITION AND DISPOSAL (continued)

As disclosed in the announcement of the Company dated 6 March 2017, (1) Mission Investments Holdings Limited ("Mission Investments"), an indirect wholly-owned subsidiary of the Company, as seller entered into an agreement with Joint Global Limited ("Joint Global") in relation to the repurchase of the 41,000,000 shares in the issued share capital of Joint Global held by Mission Investments ("JG Shares") for a consideration of HK$5,000,000 in cash; and (2) Ultron Prime Limited ("Ultron Prime"), an indirect wholly-owned subsidiary of the Company, as seller entered into an agreement with Freewill Holdings Limited ("Freewill") in relation to the repurchase of the 80,000,000 shares in the issued share capital of Freewill held by Ultron Prime ("FW Shares") for a consideration of HK$105,000,000 in cash.

The JG Shares held by Mission Investments and the FW Shares held by Ultron Prime are classified as AFS investments of the Company.

FOREIGN CURRENCY RISK MANAGEMENT

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

PLEDGE OF ASSETS

At 31 March 2017, the Group had pledged its investment property with a carrying value of HK$410 million (2016: nil) to a commercial bank for a mortgage loan of approximately HK$177.6 million.

CONTINGENT LIABILITY

At 31 March 2017, the Group had no significant contingent liability (2016: nil).

CAPITAL COMMITMENT

At 31 March 2017, the Group had no significant capital commitment (2016: nil).

RISKS AND UNCERTAINTIES

The Company has identified principal risks and uncertainties that the Group faces with respect to economic risks, operational risks, regulatory risks, financial risks, and specific risks related to the Group's corporate structure. The Group's business, future results of operations and future prospects could be materially and adversely affected by those risks and uncertainties. The following highlights the principal risks and uncertainties of the Group and it is not meant to be exhaustive. There may be other risks and uncertainties which are not known to the Group or which may not be material now but turn out to be material in the future.

RISKS AND UNCERTAINTIES (continued)

Economic Risks

- An economy downturn.
- Negative effect on our operational, financing or investing activities due to inflation, fluctuations of interest rates and other measures relating to financial policies.

Operational Risks

- Failure to compete in the competitive environment which the Group operates in.

Financial Risk

- Details of financial risk are set out in Note 36 to the consolidated financial statements.

Capital Risk

- Details of capital risk are set out in Note 35 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

(a) Group reorganisation

As disclosed in the Company's announcement dated 7 March 2017 and circular dated 10 April 2017, on 7 March 2017, two of the Company's substantial shareholders, Mr. Lam Hoi Sze and Ms. Ai Qing (the "Selling Shareholders"), entered into the sale and purchase agreements with CMBC International Investment Limited (the "Offeror"), an indirect wholly-owned subsidiary of China Minsheng Banking Corporation Limited whose shares are listed on the Stock Exchange, and Brilliant Decent Limited ("Brilliant Decent"), an indirect owned subsidiary of China Huarong Asset Management Co., Limited whose shares are listed on the Stock Exchange, pursuant to which Mr. Lam Hoi Sze conditionally agreed to sell 2,527,200,000 shares of the Company to the Offeror and Ms. Ai Qing conditionally agreed to sell 900,000,000 shares of the Company to Brilliant Decent, both at the price of HK$0.06 per share. The shares sold by the Selling Shareholders represent approximately 19% of the shares in issue at 31 March 2017.

EVENTS AFTER THE REPORTING PERIOD (continued)

(a) Group reorganisation (continued)

In addition, on 7 March 2017, the Company, the Offeror and Brilliant Decent entered into a subscription agreement that the Company agreed to issue 26,950,000,000 new ordinary shares of the Company, at the price of HK$0.032 per share for an aggregate consideration of HK$862,400,000, of which 25,000,000,000 new ordinary shares will be subscribed by the Offeror and 1,950,000,000 new ordinary shares will be subscribed by Brilliant Decent (the "Subscription"). The Subscription is subject to the fulfillment of the agreed conditions, including but not limited to, the striking off or disposal of the Group companies other than the three licensed corporations comprising Skyway Securities, Skyway Futures and Skyway Asset Management (the "Remaining Group"), archiving certain financial targets by the Group and obtaining approval from the Stock Exchange, SFC and independent shareholders of the Company at the special general meeting.

Upon the completion of the above transactions, the Offeror will be interested in approximately 60.13% of the enlarged issued shares capital of the Company and will become the controlling shareholder of the Company. The transactions were approved in the SGM on 28 April 2017 and completed on 31 May 2017.

(b) Disposal of Sky Eagle and Metro Victor

On 28 November 2016 and 7 March 2017, Gold Mission, entered into the sale and purchase agreement and a supplemental agreement with Celestial Lodge Limited, a company wholly owned by CSPT who is also a substantial shareholder of the Company, respectively, in relation to the sale of one share in the share capital of the Sky Eagle ("CSPT Disposal"), representing 100% of the entire issued share capital of Sky Eagle and a loan amounting to approximately HK$181,000,000 at cash consideration of HK$227,000,000 of which HK$22,000,000 will be paid as deposit. The only significant asset of Sky Eagle and its subsidiary, Metro Victor is the investment property disclosed in Note 18. The CSPT Disposal is subject to the fulfillment of the agreed conditions, including but not limited to obtaining approval from the Stock Exchange and independent shareholders of the Company at the SGM. Details are set out in the Company's announcements dated on 28 November 2016 and 7 March 2017 and circular dated 10 April 2017.

EVENTS AFTER THE REPORTING PERIOD (continued)

(b) Disposal of Sky Eagle and Metro Victor (continued)

At 31 March 2017, none of the conditions of the CSPT Disposal are fulfilled nor approved in the SGM. Accordingly, the Group continues to classify the property as investment property in the consolidated statement of financial position as at 31 March 2017. The CSPT Disposal was approved in the SGM on 28 April 2017 and completed in 9 May 2017.

(c) Distribution in Specie in listed securities

As disclosed in the Company's announcement dated 7 March 2017 and 28 April 2017 and circular dated 10 April 2017, the Group proposed and distributed in specie of all the shares of CSPT and FW held by the Group (the "Distribution") to the shareholders whose names are registered on the register of members of the Company on 10 May 2017. As at 31 March 2017, the Group held 1,215,971,647 shares of CSPT and 315,692,000 shares of FW with carrying amounts of approximately HK$189,692,000 and HK$189,415,000.

The Distribution is conditional in all respects upon fulfilment of the conditions as set out in the Company's circular dated 10 April 2017. The Distribution was completed on 26 May 2017.

(d) Special Cash Dividend

As disclosed in the Company's announcements dated 7 March 2017 and 28 April 2017 and circular dated 10 April 2017, the Group proposed and distributed a special dividend of HK$0.03255 per share to be paid in cash to the shareholders whose names are registered on the register of members of the Company on 10 May 2017, subject to the fulfillment of the conditions precedent set out in the circular dated 10 April 2017 (the "Special Dividend"). The special dividend in aggregate amount of approximately HK$612,876,000 was paid on 24 May 2017.

EVENTS AFTER THE REPORTING PERIOD (continued)

(e) Exercise of share options

In April 2017, all of the outstanding share options at 31 March 2017 were exercised by the option holders. Upon the exercise of these share options, 808,943,000 new ordinary shares of the Company were issued and the net proceeds from the exercise of share options was approximately HK$187,818,000.

HUMAN RESOURCES AND REMUNERATION POLICY

At 31 March 2017, the Group's had about 47 (2016: 51) employees including Directors. During the year, total staff costs, including Directors' remuneration, was approximately HK$19.5 million (2016: approximately HK$15.6 million). Remuneration packages for employees and Directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include mandatory provident fund scheme, subsidised training programme, share option scheme, share award scheme and discretionary bonuses.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Ms. Lin Yuehe (**"Ms. Lin"**), aged 59, joined the Company as an Executive Director and the Chairlady of the Company on 1 March 2016. Concurrently Ms. Lin is a general manager in a property developer in mainland China and she has over 25 years of experience in property developments, including acquisition of land, planning, sales and marketing, project financing and related business development.

With her relevant working experience, Ms. Lin is primarily responsible for the formulation of business strategy and development of the Group, and will review the Group's investment portfolio from time to time. She will also give strategic advice and make recommendation on development directions on the operation and overall management of the Group.

Mr. Wang Haixiong (**"Mr. Wang"**), aged 45, has been appointed as an Executive Director and the Chief Executive Officer of the Company on 22 July 2016 and he holds a Master degree in Economics from Economic Management School of Jilin University and a Bachelor degree in Economics from Lingnan College of Sun Yat-sen University. He has obtained top scorer of Science in the matriculation examination in Hainan Province in 1989. Mr. Wang has extensive experience in professional investment and corporate management. Mr. Wang has been the director of Skyway Asset Management Limited, being a subsidiary of the Company since August 2015. Prior to joining the Group, Mr. Wang served as an executive director of China Soft Power Technology Holdings Limited ("China Soft") during the period from April 2015 to July 2016, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Wang also served as the chairman of China Soft during the period from April 2015 to November 2015. Mr. Wang served as a vice president of China Asset Management (Hong Kong) Limited, a member of the Investment Committee, a deputy director of corporate investments and a chief investment officer of China Asset Management Co., Ltd. from 2010 to February 2015. During 2003 to 2010, Mr. Wang served as a general manager of the head office of investment management of Goldstate Securities Joint Stock Co., Ltd. and a vice president of Goldstate Securities Joint Stock Co., Ltd.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kwan Pak (**"Mr. Chan"**), aged 60, had been appointed as Independent Non-executive Director of the Company with effect from 30 July 2015. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators as well as the Hong Kong Institute of Chartered Secretaries. He holds a Master degree in business administration and a Bachelor of Laws degree. Mr. Chan is currently a consultant to a number of companies listed on The Stock Exchange of Hong Kong Limited (the ''Stock Exchange'') advising them on corporate governance issues. Mr. Chan was appointed by the Government of the Hong Kong Special Administrative Region as an Adjudicator of the Registration of Persons Tribunal during the period from 2005 to 2011. He is the Honorary Secretary and a Council Member of the Energy Saving & Environment Concern Alliance. Mr. Chan is an independent non-executive director of Pearl Oriental Oil Limited, a company listed on the main board of the Stock Exchange (Stock Code: 632), and was a non-executive director of Ruifeng Petroleum Chemical Holdings Limited, a company listed on the growth enterprise market of the Stock Exchange (Stock Code: 8096), during the period from 11 August 2008 to 9 October 2015. Ruifeng Petroleum Chemical Holdings Limited is in winding-up proceedings, which was commenced after Mr. Chan ceased to be its non-executive director.

Mr. Siu Siu Ling, **Robert** (**"Mr. Siu"**), aged 65, has been appointed as independent non-executive Director of the Company with effect from 24 July 2015. He is a sole proprietor of the firm, Messrs. Robert Siu & Co., Solicitors. He is an independent non-executive director of Future World Financial Holdings Limited (stock code: 0572), a company listed on the Main Board of the Stock Exchange, and independent non-executive director of Kaisun Energy Group Limited (stock code: 8203) and Finet Group Limited (stock code: 8317), both of them are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Siu was a director of MBMI Resources Inc. during the period from November 2012 to March 2015, a company listed on the Toronto Stock Exchange. Mr. Siu holds a bachelor's degree in laws from the University of London and a postgraduate certificate in laws from The University of Hong Kong and a master degree in laws from the University of Greenwich of the United Kingdom. He has been admitted as a solicitor in Hong Kong since 1992 and has been admitted as a solicitor in England and Wales since 1993. His legal practice is mainly in the field of commercial and corporate finance.

Mr. Siu Gee Tai (**"Mr. Siu"**), aged 59, had been appointed as Independent Non-executive Director of the Company with effect from 30 July 2015. Mr. Siu is an entrepreneur specializing in trading business in the People's Republic of China and has over 20 years' experience in this field.

Report of the Directors

REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2017.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company at the special general meeting of the Company held on 28 April 2017 (the "SGM"), the English name of the Company has been changed from "Skyway Securities Group Limited" to "CMBC Capital Holdings Limited" which was approved by the Registrar of Companies in Bermuda on 15 May 2017, and the certificate of registration of alternation of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 26 May 2017. The Chinese name "民銀資本控股有限公司" has been adopted as the secondary name of the Company to replace its former Chinese name "天順證券集團有限公司", which was formerly adopted for identification purpose only.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Note 46 to the consolidated financial statements and management discussion and analysis, the Group had no after material event after the reporting period.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holdings, securities investment, provision of brokerage service and securities margin financing, provision of futures and option contracts dealing services, provision of finance and real estate. Details of the principal activities of the principal subsidiaries are set out in Note 44 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 54.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2017 is set out in the section headed "Business Review" on page 4 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the Directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

RELATIONSHIPS WITH STAKEHOLDERS

Competitive remuneration packages and a sound performance appraisal system with appropriate incentives are provided and implemented to attract and motivate employees, as the Group regarded employees as the most important and valuable assets. In addition, to conform to the market standard, the Group regularly reviews the remuneration package of employees and makes necessary adjustments.

Moreover, the Group understands the importance of maintaining good relationship with business partners is vital to achieve its long-term goals. Thus, senior management of the Group have kept good communication, promptly exchanged ideas and shared business update with them as and when appropriate. During the year, there was no material and significant dispute between the Group and its business partners.

ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimize its environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: nil).

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 55. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of movements in the Company's share capital and warrants, and share options during the year are set out in Notes 33 and 37 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

During the year ended 31 March 2017, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out on page 142 and page 57 and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2017, the Company had no reserve available for distribution and/or distribution in specie as computed in accordance with the Companies Act 1981 of Bermuda. The Company's share premium account, in the amount of approximately HK$3.2 billion may be distributed in the form of fully paid bonus shares.

Upon the share premium cancellation by way of cancellation of the entire amount standing to the credit of the share premium account of the Company as of 30 September 2016, becoming effective on 28 April 2017, the Company has conducted the Distribution and the Special Dividend. Please refer to the section headed "Events after the Reporting Period" on page 13 for details.

DONATIONS

Donations to charitable organizations by the Group during the year amounted to HK$1,800 (2016: nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the Group's five largest customers accounted for approximately 15.7% of the total revenue for the year and the largest customer accounted for approximately 5.2%. In the Board's opinion, the Group has no major suppliers due to the nature of the Group's principal activities of provision of brokerage service and securities margin financing, provision of futures and options contracts dealing services, provision of finance, securities investments and real estate.

None of the directors or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers during the year.

Report of the Directors

DIRECTORS

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

Executive Directors:

Ms. Lin Yuehe *(Chairlady)*
Mr. Wang Haixiong *(Chief Executive officer)*
Mr. Ng Kwok Leung *(resigned on 22 November 2016)*
Mr. Tam Tak Wah *(resigned on 22 November 2016)*

Independent Non-executive Directors:

Mr. Siu Siu Ling
Mr. Chan Kwan Pak
Mr. Siu Gee Tai

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the directors' remuneration are set out in Note 11 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in this Report of the Directors, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2017, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the shares of the Company:

Name of director	Capacity and nature of interest	Number of shares held or deemed to be interested	Approximate percentage of the Company's issued share capital
Ms. Lin	Beneficial owner	20,000	0.00%

Save as disclosed above, as at 31 March 2017, none of the directors or chief executive of the Company had registered an interest or short positions in the shares,underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the "Share Option Scheme" disclosed in Note 37 to the consolidated financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

EQUITY-LINKED AGREEMENTS AND SHARES ISSUED

On 4 March 2016, Gold Mission Limited ("Gold Mission") an indirect wholly owned subsidiary of the Company, entered into the sale and purchase agreement with the Central Wealth Financial Group Limited ("Central Wealth") (now known as "Future World Financial Holdings Limited") pursuant to which Gold Mission agreed to acquire and Central Wealth agreed to sell the sale share comprising one ordinary share in the share capital of the Sky Eagle Global Limited ("Sky Eagle"), representing 100% of the entire issued share capital of Sky Eagle and the a loan amounts to approximately HK$214,000,000 at a consideration of HK$218,000,000 of which HK$7,000,000 will be satisfied in cash as deposit and as to the remaining balance of HK$211,000,000 shall be satisfied by the allotment and issue of the 1,300,000,000 consideration shares by the Company at the issue price of HK$0.14 per consideration share to Central Wealth and by issue of the promissory notes in the principal amount of HK$29,000,000. Sky Eagle is principally engaged in investment holding and owns 100% of the a Hong Kong subsidiary, Metro Victor Limited which in turn holds a property. The only significant asset of this group is the property. The acquisition of trading assets was completed on 15 July 2016. Please refer to the announcement of the Company dated 4 March 2016 and circular of the Company dated 11 May 2016 for details.

On 3 May 2016, the Company entered into the subscription agreement with Capital Union Inc., as set out in Note 31, pursuant to which Capital Union Inc. subscribed for and the Company allotted and issued 1,450,000,000 new ordinary shares with an aggregate fair value of HK$300,150,000. Details are set out in the Company's announcement dated 3 May 2016. The aforesaid new ordinary shares were fully issued on 13 May 2016. Please refer to the announcement of the Company dated 3 May 2016 in relation to subscription of new shares under general mandate for details.

In February 2016, a total of 2,523,640,250 warrants were issued at an initial subscription price of HK$0.10 per share each to confer subscription rights to the holders of warrants to subscribe in cash for 2,523,640,250 ordinary shares (during the period from 12 February 2016 up to 13 February 2017). During the year, a total of 2,408,961,281 warrants were exercised by the holders of the 2017 Warrants to subscribe for 2,408,961,281 shares (equivalent to HK$240,896,128.10). Please refer to the circular of the Company dated 23 December 2015 for details.

EQUITY-LINKED AGREEMENTS (continued)

During the year ended 31 March 2016, the Company granted 1,005,598,000 share options to subscribe for ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme on 18 September 2015 and 12 October 2015 to eligible participants. The share options granted on 18 September 2015 and 12 October 2015 can be exercised at any time during the period on or after the grant dates but not later than 17 September 2018 and 11 October 2018 respectively. During the year end 31 March 2017, 196,655,000 new shares were issued as a result of exercise of share options. Please refer to the announcements of the Company dated 18 September 2015, 12 October 2015 and 28 January 2016 for details.

On 7 March 2017, the Company, the Offeror and Brilliant Decent entered into the subscription agreement pursuant to which the Company conditionally agreed to issue, and the Offeror and Brilliant Decent conditionally agreed to subscribe, in cash, for a total of 26,950,000,000 new Subscription Shares at the Subscription Price of HK$0.032 per Share, representing a total consideration of HK$862.4 million, of which 25,000,000,000 new Subscription Shares shall be subscribed by the Offeror and 1,950,000,000 new Subscription Shares shall be subscribed by Brilliant Decent. The Subscription was completed on 31 May 2017. Please refer to the announcement of the Company dated 7 March 2017 and circular of the Company dated 10 April for details.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in Note 37 to the consolidated financial statements.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 19 February 2016. The purposes and objectives of the Share Award Scheme are to recognize the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group.

As at 31 March 2017, no shares have been purchased or granted to the selected persons of the Group under the Share Award Scheme.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2017, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares and underlying shares of the Company:

Name of shareholders	Capacity and nature of interest	Number of shares held	Total interests	Approximate percentage of the Company's issued share capital
China Minsheng Banking Corp., Ltd.	Interest of controlled corporation	30,377,200,000 (note 3)	30,377,200,000 (note 3)	170.44%
CMBC International Holdings Limited	Interest of controlled corporation	30,377,200,000 (note 3)	30,377,200,000 (note 3)	170.44%
CMBC International Investment (HK) Limited	Interest of controlled corporation	30,377,200,000 (note 3)	30,377,200,000 (note 3)	170.44%
CMBC International Investment Limited	Beneficial Owner	30,377,200,000 (note 3)	30,377,200,000 (note 3)	170.44%
China Soft Power Technology Holdings Limited	Interest of controlled corporation	2,749,935,829 (note 1)	2,749,935,829 (note 1)	15.81%
Lam Hoi Sze	Beneficial Owner	2,527,200,000 (note 2)	2,527,200,000 (note 2)	14.17%
Capital Union Inc.	Beneficial Owner	1,450,000,000	1,450,000,000	8.05%
Future World Financial Holdings Limited	Beneficial Owner	1,300,000,000	1,300,000,000	7.94%
Ai Qing	Beneficial Owner	1,160,000,000	1,160,000,000	6.93%
China Huarong Asset Management Co., Ltd.	Interest of controlled corporation	2,850,000,000 (note 3)	2,850,000,000 (note 3)	6.37%
China Huarong Overseas Invesment Holdings Co., Limited	Interest of controlled corporation	2,850,000,000 (note 3)	2,850,000,000 (note 3)	6.37%
Ministry of Finance of People's Republic of China	Interest of controlled corporation	2,850,000,000 (note 3)	2,850,000,000 (note 3)	6.37%
Sun Siu Kit	Interest of controlled corporation	2,850,000,000 (note 3)	2,850,000,000 (note 3)	6.37%
華融致遠投資管理有限責任公司	Interest of controlled corporation	2,850,000,000 (note 3)	2,850,000,000 (note 3)	6.37%
華融華僑資產管理股份有限公司	Interest of controlled corporation	2,850,000,000 (note 3)	2,850,000,000 (note 3)	6.37%
廣東錦峰集團有限公司	Interest of controlled corporation	2,850,000,000 (note 3)	2,850,000,000 (note 3)	6.37%

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Notes:

1. These interests were held by Main Purpose Investment Limited and NWS Holdings Limited, which were wholly owned subsidiaries of Ho Shing Limited, which in turn was a wholly owned subsidiary of China Soft Power Technology Holdings Limited (Stock Code: 139), the shares of which are listed on the main board of the Stock Exchange.

2. Mr. Lam is the brother of the Chairlady of the Company, Ms. Lin Yuehe.

3. As disclosed in the Company's announcement dated 7 March 2017 and circular dated 10 April 2017, on 7 March 2017, two of the Company's substantial shareholder, Mr. Lam Hoi Sze and Ms. Ai Qing (the "Selling Shareholders"), entered into the sale and purchase agreements with CMBC International Investment Limited (the "Offeror"), an indirect wholly-owned subsidiary of China Minsheng Banking Corporation Limited whose shares are listed on the Stock Exchange, and Brilliant Decent Limited ("Brilliant Decent"), an indirect owned subsidiary of China Huarong Asset Management Co., Limited whose shares are listed on the Stock Exchange, pursuant to which the Mr. Lam Hoi Sze conditionally agreed to sell 2,527,200,000 sales of the Company to the Offeror and Ms. Ai Qing conditionally agreed to sell 900,000,000 sales of the Company to Brilliant Decent, both at the price of HK$0.06 per share. The shares selling by the Selling Shareholders represent approximately 19% of the shares in issue at 31 March 2017.

   In addition, on 7 March 2017, the Company, the Offeror and Brilliant Decent entered into a subscription agreement that the Company agreed to issue 26,950,000,000 new ordinary shares of the Company, at the price of HK$0.032 per share for an aggregate consideration of HK$862,400,000, of which 25,000,000,000 new shares will be subscribed by the Offeror and 1,950,000,000 new shares will be subscribed by Brilliant Decent (the "Subscription"). The Subscription is subject to the fulfillment of the agreed conditions, including but not limited to, the striking off or disposal of the Group companies other than the three licensed corporations comprising Skyway Securities investment Limited, Skyway Futures Limited and Sky Asset Management Limited (the "Remaining Group"), archiving certain financial targets by the Group and obtaining approval from the Stock Exchange, SFC and independent shareholders of the Company at the special general meeting.

   Upon the completion of the above transactions, the Offeror will be interested in approximately 60.13% of the enlarged issued shares capital of the Company and will become the controlling shareholder of the Company. The transactions were approved in the SGM on 28 April 2017 and the transaction was completed on 31 May 2017.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 31 March 2017 as required pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

On 28 November 2016, Gold Mission Limited entered into a sale and purchase agreement with Celestial Lodge Limited, a company which is wholly owned by CSPT who is also a substantial shareholder of the Company in relation to the disposal of the entire equity interests of Sky Eagle Global Limited by Gold Mission Limited to Celestial Lodge Limited (the "CSPT Disposal") (as amended by the supplemental agreement dated 7 March 2017). Please refer to the section headed "Events after the Reporting Period" on page 12 for details.

Save as the CSPT Disposal, the Group has not entered into any other connected transaction or continuing connected transactions for the year ended 31 March 2017 which should be disclosed pursuant to the requirement of Chapter 14A to the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the usual cause of business are set out in Note 42 to the consolidated financial statements. None of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

None of Directors is interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly with the business of the Group.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market terms. Other employee benefits included provident fund scheme, medical insurance, share option scheme, share award scheme as well as discretionary bonuses.

The determination of directors' remuneration has taken into consideration of their respective responsibilities and contributions to the Company and with reference to market terms.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year under review.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received the annual confirmation of independence from each of the independence non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive Directors to be independent.

Report of the Directors

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the financial year except the deviation set out in the Corporate Governance Report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, damages and expenses which he/she may sustain or incur or about the execution and discharge of his duties or in relation thereto. The Company has arranged appropriate Directors' and Officers' liability insurance coverage for the Directors and officers of the Company during the year.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 March 2017 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2017 have been audited by Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

Lin Yuehe
Chairlady

Hong Kong, 1 June 2017

Corporate Governance Report

The Board is committed to maintaining high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of its shareholders and to enhance the performance of the Group.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2017, except for the following deviations with reasons as explained:

THE BOARD

APPOINTMENT OF NEW DIRECTORS

Code Provision A.4.1

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

Deviation

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2017.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company. The Board reviews and approves the objectives, strategies, direction and policies of the Group, the annual budget, annual and interim results, the management structure of the Company as well as internal control, risk management, other significant policy and financial matters. The Board has delegated the responsibility of day-to-day operations of the Group to the management of the Company.

BOARD OF DIRECTORS (continued)

As at 1 June 2017, the date of this annual report, the Board comprises five Directors, two of which are Executive Directors, namely Ms. Lin Yuehe and Mr. Wang Haixiong and three are Independent Non-executive Directors, namely Mr. Chan Kwan Pak, Mr. Siu Gee Tai and Mr. Siu Siu Ling Robert. The Directors are all experienced individuals. Their mix of professional skills and experience is an important element in the proper functioning of the Board and in ensuring a high standard of objective debate and overall input to the decision-making process.

The Company has received from each of the independent non-executive directors an annual confirmation of his independence and has satisfied itself of such independence up to the date of this report pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent in accordance with the independence guidelines set out in the Listing Rules. Biographical details of the Directors are set out under the section headed "Biographical Details of Directors" on pages 15 to 16 of this annual report.

There is no other financial, business, family or other material/relevant relationship between the Chairlady and the Chief Executive Officer and among senior management and members of the Board.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his or her first appointment in order to enable him or her to have appropriate understanding of the business and operations of the Company and that he or she is fully aware of his or her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Moreover, all directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities such as by attending seminars organised by professional bodies or reading various materials regarding director's responsibilities, updates on the Listing Rules and disclosure of inside information, etc. During the year under review, two of the Directors, namely Mr. Chan Kwan Pak and Mr. Siu Siu Ling Robert have participated in continuous professional development. The Company has also provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the directors. Continuing briefing and professional development for directors are arranged where necessary.

BOARD OF DIRECTORS (continued)

During the year ended 31 March 2017, the details of the attendance of individual directors at board meetings (including operational meetings), committee meetings, and general meetings are set out in the table below:

	Board meeting	Annual General Meeting	General Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Executive Directors						
Ms. Lin Yuehe *(Chairlady)*	35/35	1/1	1/1	–	–	–
Mr. Wang Haixiong (Chief Executive Officer) (appointed as Chief Executive Officer and Executive Director on 22 July 2016)	40/40	1/1	–	–	–	–
Mr. Ng Kwok Leung *(resigned on 22 November 2016)*	50/50	1/1	1/1	2/2	–	–
Mr. Tam Tak Wah *(resigned on 22 November 2016)*	50/50	1/1	1/1	1/2	–	–
Independent Non-Executive Directors						
Mr. Chan Kwan Pak	17/18	1/1	1/1	2/2	2/2	2/2
Mr. Siu Gee Tai	18/18	1/1	1/1	2/2	2/2	2/2
Mr. Siu Siu Ling Robert	18/18	1/1	1/1	2/2	2/2	2/2

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE

The Chairman is responsible for overseeing all Board functions, while the executive directors and senior management are under the leadership of the Chief Executive Officer to oversee the day-to-day operations of the Group and implement the strategies and policies approved by the Board.

As disclosed in the sub-section of Corporate Governance of the Corporate Governance Report, the positions of the Chairman of the Board and Chief Executive Officer are currently held by Ms. Lin Yuehe and Mr. Wang Haixiong respectively.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Chan Kwan Pak, Mr. Siu Siu Ling Robert and Mr. Siu Gee Tai. Mr. Chan Kwan Pak is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for assisting the Board in applying financial reporting, risk management and internal control principles and in maintaining an appropriate relationship with the Company's auditor. The Audit Committee is also delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Audit Committee met four times during the year ended 31 March 2017. The attendance of each member is set out in the sub-section of the Boards of Directors of the Corporate Governance Report.

The following is a summary of work performed by the Audit Committee during the year:

1. reviewed and discussed the audited financial statements of the Group for the year ended 31 March 2016 and recommended to the Board for approval;

2. reviewed and discussed the unaudited financial statements of the Group for the six months ended 30 September 2016 and recommended to the Board for approval;

3. reviewed and made recommendations to the Board on the re-appointment of the Company's auditor;

4. reviewed and approved the remuneration and the terms of engagement of the Company's auditor;

5. reviewed the corporate governance compliance with the CG Code and the disclosure requirements for the corporate governance report;

AUDIT COMMITTEE (continued)

6. reviewed the effectiveness of the internal control and risk management system of the Group; and

7. reviewed and discussed with the management and auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit.

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference as set out in the GC Code. As at the date of this annual report, the Nomination Committee comprises three members which are the three Independent Non-executive Directors, namely Mr. Siu Gee Tai, Mr. Siu Siu Ling Robert and Mr. Chan Kwan Pak. Mr. Siu Gee Tai is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of directors, evaluation of board composition, assessment of the independence of independent non-executive directors and the management of board succession. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Nomination Committee met five times during the year ended 31 March 2017 to review the structure, size and composition of the Board; assess the independence of the Independent Non-executive Directors of the Company; review and make recommendations to the Board on the re-election of directors; and review and make recommendations to the Board on the appointment of a director.

The Board has adopted a board diversity policy (the "Policy") in September 2013 which sets out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board. Selection of candidates will be based on range of diversity perspectives, which would include but not limited to educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will monitor the implementation of the Policy and will from time to time review the policy, as appropriate, to ensure the effectiveness of the Policy. The attendance of each member is set out in the sub-section of the Boards of Directors of the Corporate Governance Report.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Remuneration Committee comprises three members which are the three Independent Non-executive Directors, namely Mr. Siu Siu Ling Robert, Mr. Chan Kwan Pak and Mr. Siu Gee Tai. Mr. Siu Siu Ling Robert is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration; determining the remuneration packages of individual executive directors and senior management and making recommendations to the Board on the remuneration of non-executive directors. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met five times during the year ended 31 March 2017 to review discretionary bonus for executive directors; and review and make recommendations to the Board on the remuneration packages of directors. The attendance of each member is set out in the sub-section of the Boards of Directors of the Corporate Governance Report.

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 March 2017 is set out in the "Independent Auditor's Report" on pages 46 to 53 of this annual report.

For the year ended 31 March 2017, remuneration payable to the Group's auditor, Messrs. Deloitte Touche Tohmatsu, for the provision of audit services was HK$2,980,000. During the year, HK$1,592,900 was paid as remuneration to Messrs. Deloitte Touche Tohmatsu for the provision of non-audit related services including (i) tax services (HK$54,900), (ii) advisory services in relation to group reorganisation (HK$1,150,000) and (iii) interim review for the six months ended 30 September 2016 (HK$388,000).

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 March 2017.

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTIONS

In order to establish the duties and responsibilities of the Board in performing its corporate governance functions, the Board has delegated certain corporate governance functions to the Audit Committee, which include (i) developing and reviewing policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of the directors and senior management; (iii) reviewing and monitoring policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises its responsibilities for maintaining an adequate system of internal control and risk management to safeguard the Group's assets and shareholders' interests. An internal control and risk management system, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguarding assets against unauthorized use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication. The internal control and risk management system is set up to provide reasonable, but not absolute, assurance against material misstatement of financial statements or loss of assets and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. Significant findings and areas of improvement have been reported to the Audit Committee from time to time and the Audit Committee shall conduct regular review at the effectiveness of the internal control system to ensure that the system is adequate.

Although the Company did not have internal control function, the Company has engaged external consultant to carry out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems for the year ended 31 March 2017.

For the year ended 31 March 2017, the Audit Committee and the Board conducted a review of the effectiveness of the internal control and risk management system of the Group. The Board considers that the Group has adequate internal control systems to comply with the Listing Rules and other relevant rules and regulations and there is no major internal control deficiency of the Group that has given rise to material changes to the Group's operation after completion of the internal control review.

COMPANY SECRETARY

Mr. Ng Kwok Leung ("Mr. Ng") was appointed as the Company Secretary of the Company since 29 February 2016. Mr. Ng obtained a Bachelor of Art (Honours) degree in accounting from the Hong Kong Polytechnic University. He has been a fellow member of the Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng has over ten years of experience in accounting, corporate finance and auditing fields. Mr. Ng Kwok Leung has taken not less than 15 hours of the relevant professional training during the financial year ended 31 March 2017.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

According to bye-law 58 of the Company's Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

Pursuant to the Companies Act, any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates or not less than one hundred shareholders, can request the Company in writing to:

(a) give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) circulate to shareholders of the Company entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

SHAREHOLDERS' RIGHTS (continued)

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR OF THE COMPANY

According to bye-law 88 of the Company's Bye-laws, no person other than a director retiring at the general meeting of the Company shall, unless recommended by the directors for election, be eligible for election as a director at general meeting of the Company unless a notice signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the Company's head office in Hong Kong or at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such notice(s) shall commence on (and including) the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary of the Company at the Company's head office in Hong Kong at Units 6601A and 6607-6608 on Level 66, of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.ssgroup.hk.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This is the first Environmental, Social and Governance Report (the "ESG Report") for CMBC Capital Holdings Limited and its subsidiaries (collectively the "Group"). The ESG Report has been prepared in accordance with the revised Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited (the "ESG Reporting Guide"), as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Group is committed to the principles of good corporate governance, and strives to integrate corporate social responsibility ("CSR") into its business strategy and management approach. This report aims to provide the Group's stakeholders with an overview of the Group's efforts regarding environmental, social and governance ("ESG") impacts arising from its daily operations.

The Group is dedicated to cultivating a green, healthy and safety culture through the concerted efforts of all staff. Aiming to promote environmental, health and safety ("EHS") culture in the workplace, a written EHS policy has been established during the Year. The policy provides a balanced framework for the EHS measures in order to achieve the following objectives:

– Ensure compliance with all applicable EHS legislation;

– Reduce quantities of waste and pollutants reaching the sea, land and atmosphere;

– Promote EHS awareness among staff through training, workshops and programs;

– Provide a green, healthy and safe workplace for staff, visitors and contractors;

– Optimise energy use efficiency; and

– Continuously improve EHS performance.

The EHS Committee, comprising representatives from the Group has been set up and is responsible for fostering employee EHS participation in the workplace. It also plays a vital role in the development of EHS policies and programs.

KEY RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group continues to engage with its employees, customers, suppliers, investors, Shareholders, and other stakeholders through different channels to develop mutually beneficial relationships and promote sustainability.

Employees are remunerated equitably and competitively. Details of continuing training and development opportunities provided to them are set out in the "Development and Training" section below.

The Group is committed to delivering excellent customer services to its customers. For details, please refer to the "Customer Services" section below.

The Group partners with service providers that reflect its values and commitment. For details, please refer to the "Supply Chain Management" section below.

The Company maintains ongoing dialogues with its investors and Shareholders. For details, please refer to the section "Communication with Shareholders" on page 64 of the Corporate Governance Report.

A. ENVIRONMENTAL PROTECTION

Environmental Policies and Performance

During the Year, the Group has continued to make its best endeavours to protect the environment from its business activities and workplace. The Group also educates its employees on their awareness of promoting a "green" environment. The Group seeks to identify and manage environmental impacts attributable to its operation, in order to minimise these impacts if possible. Various measures have been adopted to reduce energy and other resource use, minimise waste and increase recycling, and promote environmental protection in its supply chain and marketplace. These measures are discussed in the "Use of Resources" and "The Environment and Natural Resources" sections below.

Use of Resources

The Group aims to maximise energy conservation in its branches and offices by promoting efficient use of resources and adopting green technologies. For instance, the Group continues to upgrade equipment such as lighting and airconditioning systems in order to increase overall operating efficiency. In the head office, air-conditioning systems are equipped with smart sensors to automatically adjust the temperature and cooling speed, resulting in a comfortable working environment while saving energy. In both head office and branches, fluorescent tubes have been replaced with energy-efficient LED light.

A. ENVIRONMENTAL PROTECTION (continued)

The Environment and Natural Resources

Creating a paperless working environment not only reduces environmental damage but also fits commercial goals, as it can save physical space, facilitate information sharing via online networks, and reduce complicated documentation procedures. In recent years, the Group has implemented paperless processing in its internal communications, including payrolls and memorandum. Moreover, duplex printing and copying has become the norm within the Group, greatly reducing paper consumption and saving costs. Usage data of office printing machines is regularly collected and assessed, to monitor the efficiency of a paperless environment.

During the Year, the Group has partnered with its office printer vendor, to introduce a "Follow You" print solution that helps the Group become more energy efficient through smarter printing. The print solution enables the Group to achieve environmental objectives by reducing unclaimed printing, as printing is released only upon presentation of a staff card from that particular staff who gives printing instruction.

The Group aims to promote environmental awareness, not only within the organisation, but also through engaging customers, encouraging a co-operative approach to minimising its environmental impact. The formalities for opening a securities account involve a considerable amount of paperwork. In view of this, the account opening form has been modified to minimise paper usage. To encourage the migration of customers' account statements from a print format to electronic version, a surcharge is applied if clients opt to receive paper statements. In addition, the Group distributes the latest promotion information and notices via email and SMS instead of printed mails.

The Company strongly recommends Shareholders to access its corporate communications, including financial reports, through the websites of the Stock Exchange and the Company instead of in printed form. By introducing electronic means of corporate communications to Shareholders, the quantity of printed materials has been considerably reduced. This paperless practice thus helps to protect the environment, as well as save costs for stationery, printing and administrative charges etc.

B. WORKPLACE QUALITY

Workforce

The Group believes that a motivated and balanced workforce is crucial for building a sustainable business model and delivering long-term returns.

As at 31 March 2017, the permanent employees of the Group totalled 47, working in the headquarters and branches in Hong Kong.

The Group has a diverse workforce in terms of gender and age, providing a variety of ideas and levels of competencies that contribute to the Group's success. The Group is firmly committed to gender equality, and therefore particularly encourages female participation in the Board, and at managerial and operational levels. Female represent approximately 53% of the total employment in the Group.

The management believes that employees are important assets for the Group, and remains committed to attracting and retaining talent with diverse backgrounds for achieving sustainable growth.

The Group always protects privacy of staffs and prohibits discrimination, it follows the principles of fairness and openness to hire outstanding and appropriate talents. The Group provides equal opportunities to staffs in promotion, performance appraisal, training and career development so as to ensure all staffs can fully develop their talent at the right position.

The Group always upholds harmonious relationship with employees, basic remuneration of employees includes salary, bonuses and subsidies (for example overtime and meal allowance).

The Group implements 5-day work policy, basic working hours and overtime policy vary in different functions. Each of the staffs are entitled to rest day and statutory holidays, and other benefits such as paid annual leave, sick leave and maternity leave, etc. As at 31 March 2017, approximately 45% of the staff had worked for the Group for five years or more.

Unethical hiring standards are prohibited, including child labour and forced labour.

Health and Safety

The Group values the health and well-being of staff. In order to provide employees with health coverage, staff is entitled to benefits including medical and life insurance, provident funds and other competitive fringe benefits.

B. WORKPLACE QUALITY (continued)

Health and Safety (continued)

The Group prides itself on providing a safe, effective and congenial work environment for its staff. Adequate arrangements, training courses and guidelines are implemented to ensure the working environment is healthy and safe. During the Year, the Group has offered a range of activities and initiatives to enhance the health and well-being of its employees.

Every case of injury (if any) is required to be reported to the Group and be individually assessed under the internal guideline procedures. The Group is pleased to report that the rate of accidents and injuries during the Year was extremely low.

The Group believes that maintaining a work-life balance is essential for sustainability and a sound body and mind for every employee. To support employees in maintaining work-life balance, the Group actively provides a variety of charitable and staff activities for employees. All these activities help to strengthen relationships between employees, and foster a healthy and harmonious working environment.

Development and Training

The Group recognizes the importance of skilled and professionally trained employees to its business growth and future success. Given the growing complexity and sophistication of the marketplace, the Group supports its staff to develop and enhance their knowledge, skills and work capability. The Group encourages and provides subsidies to employees at all levels to pursue educational or training opportunities that achieve personal growth and professional development.

As the Group retains its position at the forefront of the vibrant market, the staff actively pursues professional trainings to enhance their technical knowledge and keep abreast of the latest developments. During the Year, the Group conducted in-house seminars and training covering anti-money laundering, updates to laws, codes, rules and regulations, and other topics related to licensed regulated activities, in order to maintain the highest standard of professional conduct and ethics by employees. The seminars and training were recognised by the Securities and Futures Commission ("SFC"), enabling licensed staff to fulfill the requirements for Continuous Professional Training.

C. OPERATING PRACTICE

Supply Chain Management

The Group values mutually beneficial and longstanding relationships with its suppliers. The Group works closely with a number of suppliers in providing financial information solutions. The selection of suppliers is based on criteria such as price, stability of the trading platform, customer service team responsiveness, capability and experience, with preference given to potential suppliers that demonstrate their commitment to the environment.

Customer Services

The Group has earned trusted relationships with its broad customer base through providing dedicated customer services.

The Group makes every effort to promptly and fairly investigate and resolve all disputes and complaints lodged by customers, according to clearly written internal procedures. During the Year, two customer complaints concerning selling of insurance products were reported.

The Group has set up designated channels – including hotline, facsimile and email – for clients to lodge complaints. All complaints received through these channels are diverted to and handled by the Responsible Officer. The hotline numbers and email address are shown on the daily and monthly client statements, to ensure clients are aware of the communication channels for lodging complaints. Upon receipt of a complaint, the Responsible Officer will investigate in a timely manner and report the findings to senior management. Senior management shall review the complaint and determine whether internal controls and procedures need to be enhanced or other appropriate action is required to be taken.

As a comprehensive financial services provider, the Group comprises teams of professionals specialising in a wide array of services including brokerage, asset management, and financing. As at 31 March 2017, 47 employees and 5 account executives of the Group were licensed with the SFC in various regulated activities: dealing in securities (RA 1), advising on securities (RA 4) and asset management (RA 9).

C. OPERATING PRACTICE (continued)

Customer Services (continued)

During the Year, as a result of its dedicated services and professionalism, the Group received the following awards:

– Happy Company

The Group places its utmost importance on protecting the privacy of its customers, partners and staff in the collection, processing and use of their personal data. The Group adheres to the applicable data protection regulations and ensures appropriate technical measures are in place to protect personal data against unauthorised use or access. The Group also ensures that customers' personal data is securely kept and processed only for the purposes for which it has been collected. Staff are provided with adequate training in compliance with the Personal Data (Privacy) Ordinance, to strengthen their knowledge regarding safeguarding of personal data.

Protection of Intellectual Property

The Group builds up and protects its intellectual property rights by prolonged use and registration of domain names and various trademarks. The Group has registered trademarks in various classes in Hong Kong, Mainland China and other relevant jurisdictions. In addition, the Group's trademarks and domain names are constantly monitored and renewed upon their expiration.

Anti-corruption/Anti-money Laundering

In order to build up an ethical corporate culture and practices, the Group has established policies and procedures for anti-corruption and anti-money laundering. This policy sets forth procedures for customer screening and monitoring requirements, "know your customer" policies, record keeping requirements, and reporting suspicious circumstances in accordance with the relevant laws, codes and guidelines issued by the regulatory authorities.

Employees have been given training and briefings organised by the Group and seminars that were organised by the Independent Commission Against Corruption of Hong Kong; while employees responsible for carrying out transactions, or initiating or establishing business relationships have received anti-money laundering training. The Group has also adopted a whistleblowing policy and procedures for all levels and operations under the Group to raise concerns, in confidence, about possible improprieties in any matter related to the Group such as misconduct and malpractice. Such policy and procedures can be found in the employee handbook and the Company's intranet.

C. OPERATING PRACTICE (continued)

Anti-corruption/Anti-money Laundering (continued)

During the Year, no legal case regarding corrupt practices was brought against the Group or its employees. Also, no whistleblowing concerning a criminal offence or misconduct was reported.

The Group takes many measures to prevent any money laundering activities in the Group. At the time of account opening, the Group will perform a name search in an antimoney laundering database system maintained and provided by a third party vendor, in order to screen each new client against current terrorist and sanction designations, and check whether the client is a Politically Exposed Person (PEP). New account applications lodged by terrorists or sanctioned entities would be rejected. The Group performs regular reviews on transactions by high-risk clients, in order to identify suspicious transactions. In the event any suspicious transactions are noted, we will report them to the Joint Financial Intelligence Unit in due course.

Compliance with Laws and Regulations

The Company Secretary is delegated by the Board to review and monitor the policies and practices on compliance with legal and regulatory requirements which have significant impact on the Group. The Compliance Department is designed to provide an inhouse compliance service that effectively supports various operation units in their duties and day-to-day operation to comply with all applicable laws, rules and regulations (such as Securities and Futures Ordinance and subsidiary legislations, Prevention of Bribery Ordinance and Codes and Guidelines issued by Securities and Futures Commission).

Updates on the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. The Group holds relevant required licenses for provision of services, such as: dealing in securities and futures contracts; advising on securities and futures contracts; and advising on corporate finance and asset management, etc. The management must ensure that business is conducted in accordance with the applicable laws and regulations.

D. COMMUNITY INVOLVEMENT

The Group is committed to the improvement of community well-being and social services. Aligning with the mission "From the Community, To the Community", the Group has formulated various community activities spanning elderly welfare and hospice care services, healthcare, education, sports, environmental conservation, and helping underprivileged children.

The Group's management team plays an important role in mobilising staff to join all these activities, which are held in tandem with its commitment to sustainable development. The Group believes that by encouraging staff to participate in a wide range of charitable events, concern for the community will be raised, inspiring more people to take part in serving the community.

The Group has participated in the following community and charity activities participated during the Year:

– Dress Casual Day on 6 October 2016;

– The Community Chest Flag Day on 19 November 2016.

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF CMBC CAPITAL HOLDINGS LIMITED
(FORMERLY KNOWN AS SKYWAY SECURITIES GROUP LIMITED)
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of CMBC Capital Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 145, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the 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.

100 Making another century of impact
德勤百年慶 開創新紀元

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets	
We identified the impairment of goodwill allocated to a group of cash generating units, comprising Skyway Securities Investment Limited, Skyway Credit Service Limited, Skyway Asset Management Limited and Skyway Futures Limited which represent "the brokerage and other related activities segment", and the impairment of intangible assets as a key audit matter due to their significance to the consolidated financial statements as a whole and significant judgment involved in determining the recoverable amounts for the purposes of impairment assessments. As at 31 March 2017, the carrying amounts for impairment assessments of goodwill and intangible assets were HK$551,445,000 and HK$111,840,000 respectively.	Our procedures in relation to the impairment of goodwill and intangible assets included: • obtaining an understanding of the key controls over management's impairment assessment process; • involving internal valuation specialists in assessing the fair value less cost of disposal calculation using income approach prepared by the management and challenging the bases and assumptions applied; • comparing key assumptions (including discount rates and growth rates) used in the income approach calculation to external data;

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets (continued)	
Management's impairment review process used a discounted future cash flows model which is highly judgmental, based on assumptions about future growth and discount rates which can be sensitive. Based on this estimate, the management concluded that an impairment loss in respect of goodwill of HK$535,054,000 and an impairment loss in respect of intangible assets of HK$104,596,000 was recognised in profit or loss during the year ended 31 March 2017. Details of the impairment assessments are set out in notes 19 and 21 to the consolidated financial statements.	• assessing the reasonableness of forecasted future cash flows by comparison to historical performance; • testing the inputs in the income approach calculation against source documents; and • evaluating the sensitivity analysis on key assumptions, including discount rates adopted.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for individual impairment losses on accounts receivable from clients arising from the business of dealing in securities	
We identified the allowance for individual impairment losses on accounts receivable from clients arising from the business of dealing in securities as a key audit matter due to the significance of accounts receivable from clients arising from the business of dealing in securities amounting to HK$671,192,000 as at 31 March 2017, the significant judgement in determining whether objective evidence of impairment exists and the related estimation uncertainty in the measurement of individual impairment losses.	Our procedures in relation to the allowance for individual impairment losses on accounts receivable from clients arising from the business of dealing in securities included: • understanding through enquiry with the management the established policies and procedures on credit risk management of the Group and assessing and evaluating the process with respect to identification of accounts receivable from clients with indicators of impairment and the measurement of the impairment allowance; • examining whether the master client agreements contain the right to dispose the securities collateral for settlement of clients' obligations;

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for individual impairment losses on accounts receivable from clients arising from the business of dealing in securities (continued)	
The accounts receivable from clients arising from the business of dealing in securities which give rise to the greatest estimation uncertainty are typically those with exposures that are not fully secured or are subject to potential cash flows or collateral shortfalls. For further details, we refer to the disclosure of estimation uncertainty in note 4 to the consolidated financial statements and credit quality and credit risk in notes 23 and 36 to the consolidated financial statements respectively.	• checking, on a sample basis, the existence and accuracy of the recoverable amount of the securities collateral, to supporting documents and with reference to closing market price; • checking, on a sample basis, the calculation of the shortfall of accounts receivable from clients after deduction of the recoverable amount of the securities collateral; and • assessing the sufficiency of the impairment loss recognised with respect to the above shortfall, after taking into account other factors like credit worthiness and past collection history and subsequent repayments or additional securities collateral received.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

- 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.

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

- 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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.

The engagement partner on the audit resulting in the independent auditor's report is Hung Suk Fan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
1 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000 (Restated)
Continuing operations			
Revenue	5	**87,537**	57,052
Cost of services		**(24,133)**	(9,786)
Gross profit		**63,404**	47,266
Net loss on investments at fair value through profit or loss		**(67,852)**	(1,509,211)
Other income	7	**17,650**	56,539
Other gains and losses	8	**(311,731)**	(378,675)
Administrative expenses		**(73,901)**	(40,857)
Other expenses		**–**	(80,234)
Finance costs	9	**(24,337)**	(23,422)
Impairment loss in respect of goodwill	19	**(535,054)**	–
Impairment loss in respect of intangible assets	21	**(104,596)**	–
Loss before taxation	10	**(1,036,417)**	(1,928,594)
Taxation	13	**(5,342)**	55,813
Loss for the year from continuing operations		**(1,041,759)**	(1,872,781)
Discontinued operation			
Loss for the year from discontinued operation	14	**(339)**	(2,243)
		(1,042,098)	(1,875,024)
Loss and total comprehensive expense for the year attributable to:			
Owner of the Company		**(1,042,098)**	(1,874,835)
Non-controlling interests		**–**	(189)
		(1,042,098)	(1,875,024)
Loss per share (HK cents per share)	16		
From continuing and discontinued operations			
– Basic		**(6.73)**	(18.53)
– Diluted		**(6.73)**	(18.53)
From continuing operations			
– Basic		**(6.73)**	(18.51)
– Diluted		**(6.73)**	(18.51)

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	17	**4,210**	594
Investment property	18	**410,000**	–
Goodwill	19	**16,391**	551,445
Contingent consideration	20	**–**	67,934
Intangible assets	21	**7,244**	135,973
Available-for-sale investments	22	**–**	358,218
Other assets		**10,046**	8,956
		447,891	1,123,120
Current assets			
Accounts receivable	23	**698,057**	425,684
Prepayments, deposits and other receivables	24	**2,242**	4,654
Loans receivable		**–**	7,000
Tax recoverable		**–**	5,187
Investments at fair value through profit or loss	25	**379,107**	406,355
Cash and bank balances			
– Segregated accounts	26	**75,655**	158,729
– House accounts	26	**132,324**	81,128
		1,287,385	1,088,737
Current liabilities			
Accounts payable	27	**106,103**	192,302
Other payables and accruals	28	**47,884**	16,474
Bank borrowings	29	**8,455**	80,000
Bank overdrafts	29	**44,908**	66,286
Tax payables		**34,042**	2,500
		241,392	357,562
Net current assets		**1,045,993**	731,175
Total assets less current liabilities		**1,493,884**	1,854,295

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Bank borrowings	29	**169,807**	–
Notes payable	30	**147,811**	147,073
Promissory notes	31	**27,056**	260,010
Deferred tax liabilities	32	**361**	30,026
		345,035	437,109
Net assets		**1,148,849**	1,417,186
Capital and reserves			
Share capital	33	**180,198**	126,641
Reserves		**968,651**	1,288,284
Equity attributable to owners of the Company		**1,148,849**	1,414,925
Non-controlling interests		**–**	2,261
Total equity		**1,148,849**	1,417,186

The consolidated financial statements on pages 54 to 145 were approved and authorised for issue by the Board of Directors on 1 June 2017 and are signed on its behalf by:

Wang Haixiong
DIRECTOR

Lin Yuehe
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

		Attributable to owners of the Company								
	Notes	Share capital HK$'000	Share premium HK$'000 (Note 1)	Contributed surplus HK$'000 (Note 2)	Other reserve HK$'000 (Note 3)	Share option reserve HK$'000	Accumulated profit (losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2015		64,178	1,625,244	388,137	–	38,975	212,201	2,328,735	–	2,328,735
Loss and total comprehensive expense for the year		–	–	–	–	–	(1,874,835)	(1,874,835)	(189)	(1,875,024)
Placing of shares	33(iii)	15,000	135,000	–	–	–	–	150,000	–	150,000
Issue of shares	33(ii)	34,500	555,000	–	–	–	–	589,500	–	589,500
Exercise of share options	33(iv)	4,278	87,320	–	–	(38,975)	–	52,623	–	52,623
Transaction cost directly attributable to issue of shares		–	(170)	–	–	–	–	(170)	–	(170)
Exercise of warrants	33(i)	8,685	78,165	–	–	–	–	86,850	–	86,850
Recognition of share based payment	37	–	–	–	–	82,222	–	82,222	–	82,222
Capital contributed from non-controlling interests		–	–	–	–	–	–	–	2,450	2,450
At 31 March 2016		126,641	2,480,559	388,137	–	82,222	(1,662,634)	1,414,925	2,261	1,417,186
Loss and total comprehensive expense for the year		–	–	–	–	–	(1,042,098)	(1,042,098)	–	(1,042,098)
Placing of shares	33(iii)	14,500	287,100	–	–	–	–	301,600	–	301,600
Issue of shares	33(ii)	13,000	173,789	–	–	–	–	186,789	–	186,789
Exercise of share options	33(iv)	1,967	61,848	–	–	(17,797)	–	46,018	–	46,018
Transaction cost directly attributable to issue of shares		–	(43)	–	–	–	–	(43)	–	(43)
Exercise of warrants	33(i)	24,090	216,807	–	–	–	–	240,897	–	240,897
Acquisition of additional interest in a subsidiary		–	–	–	761	–	–	761	(2,261)	(1,500)
At 31 March 2017		180,198	3,220,060	388,137	761	64,425	(2,704,732)	1,148,849	–	1,148,849

Notes:

1. Share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

2. Amounts represent credits arisen from the capital reduction and share premium cancellation transferred to the contributed surplus account, which had been partially utilised to eliminate the accumulated losses of the Group.

3. The other reserve of the Group represents the difference between the proportionate share of net assets attributable to additional interest in a subsidiary and the consideration paid.

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
Operating activities		
Loss for the year	**(1,042,098)**	(1,875,024)
Adjustments for:		
Income tax expense (credit) recognised in profit or loss	**5,342**	(55,813)
Finance costs	**24,337**	23,422
Bank interest income	**(2)**	–
Interest income from provision of finance and securities margin financing	**(56,862)**	(43,456)
Dividend income on investment in listed equity securities	**(12,468)**	(2,604)
Impairment loss (reversed) recognised in respect of accounts receivable and recovery of bad debts	**(39,072)**	22,642
Impairment loss recognised in respect of other receivable	**–**	375
Impairment loss recognised in respect of available-for-sale ("AFS") investments	**12,468**	327,782
Unrealised loss (gain) on investments at fair value through profit or loss	**59,644**	(53,245)
Depreciation of property, plant and equipment	**1,111**	188
Loss (gain) on disposal of property, plant and equipment	**25**	(366)
Amortisation of intangible assets	**24,133**	9,786
Loss on disposals of AFS investments	**235,750**	28,400
Loss on early settlement of promissory notes	**41,428**	–
Change in fair value of contingent consideration	**67,934**	–
Change in fair value of investment property	**(7,000)**	–
Impairment loss recognised in respect of goodwill	**535,054**	–
Impairment loss recognised in respect of intangible assets	**104,596**	–
Equity settled share option expense	**–**	82,222
Operating cash flows before movements in working capital	**(45,680)**	(1,535,691)
Decrease in trading assets	**–**	79,900
Increase in statutory deposits	**(1,146)**	(6)
Increase in accounts receivable	**(233,301)**	(46,020)
(Increase) decrease in prepayments, deposits and other receivables	**(4,219)**	20,046
Decrease in loans receivable	**7,000**	113,000
(Increase) decrease in investments at fair value through profit or loss	**(19,928)**	1,893,686
Decrease (increase) in bank balances – segregated accounts	**83,074**	(53,306)
(Decrease) increase in accounts payable	**(86,199)**	69,183
Increase (decrease) in other payables and accruals	**29,943**	(8,909)
Cash (used in) from operations	**(270,456)**	531,883
Interest received	**56,862**	43,456
Dividend received on investments in listed equity securities	**–**	2,604
Hong Kong Profits Tax refunded (paid)	**1,722**	(5,690)
Net cash (used in) from operating activities	**(211,872)**	572,253

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Investing activities			
Bank interest received		**2**	–
Purchases of AFS investments		**–**	(440,000)
Purchases of property, plant and equipment		**(4,107)**	(37)
Acquisition of subsidiaries	34	**277**	4,419
Proceeds from disposals of property, plant and equipment		**–**	418
Proceeds from disposals of AFS investments		**110,000**	75,000
Net cash from (used in) investing activities		**106,172**	(360,200)
Financing activities			
Proceeds from issue of new shares in share placing		**–**	150,000
Proceeds from exercise of share options		**46,018**	52,623
Contribution from non-controlling interest		**–**	2,450
Acquisition of additional interest in a subsidiary		**(1,500)**	–
Proceeds from exercise of warrants		**240,897**	86,850
Transaction costs attributable to issue of shares		**(43)**	(170)
Repayment of bank borrowings		**(85,122)**	(223,631)
New other borrowing raised		**50,000**	–
Repayment of other borrowing		**(50,000)**	–
Repayment of promissory notes		**–**	(265,000)
Interest paid		**(21,976)**	(17,918)
Net cash from (used in) financing activities		**178,274**	(214,796)
Net increase (decrease) in cash and cash equivalents		**72,574**	(2,743)
Cash and cash equivalents at beginning of year		**14,842**	17,585
Cash and cash equivalents at end of year		**87,416**	14,842
Analyses of cash and cash equivalents at end of year:			
Bank balances – house accounts		**132,324**	81,128
Bank overdrafts		**(44,908)**	(66,286)
		87,416	14,842

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of registered office and the principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Company are investment holdings, property investment and letting of properties, securities investment and provision of brokerage and related services. The activities of its principal subsidiaries are set out in note 44 to the consolidated financial statements.

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

Pursuant to a special resolution passed by the shareholders at a special general meeting ("SGM") of the Company held on 28 April 2017, the name of the Company was changed from Skyway Securities Group Limited to CMBC Capital Holdings Limited. The change of the name became effective on 15 May 2017.

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

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

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

New and amendments to HKFRSs in issue but not effective

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]
Amendments to HKFRS 40	Transfer of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

HKFRS 9 "Financial instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

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

HKFRS 9 "Financial instruments" (continued)

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

HKFRS 9 "Financial instruments" (continued)

Based on the Group's financial instruments and risk management polices as at 31 March 2017, application of HKFRS 9 in the future may have material impact on the measurement of the Group's financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of that effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 "Revenue from contracts with customers"

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

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

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

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

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

HKFRS 15 "Revenue from contracts with customers" (continued)

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may not have material impact on the amounts reported. However, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 "Leases"

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

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

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

Under HKAS 17, the Group has already recognised an asset and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

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

HKFRS 16 "Leases" (continued)

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group, as lessee, has non-cancellable operating lease commitment of HK$30,159,000 as disclosed in note 40. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company performs a detailed review.

Amendments to HKAS 7 "Disclosure initiative"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively and applicable to the Group for annual period beginning on 1 April 2017. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Except as disclosed above, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

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

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

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

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

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

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment at the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue arising from financial services is recognised on the following basis:

- Commission income for brokerage business and futures and options contracts dealing services are recognised as income on a trade date basis;

- Underwriting, sub-underwriting, placing and sub-placing commissions are recognised as income in accordance with the terms of the underlying agreement or deal mandate when the relevant significant act has been completed; and

- Interest income from clients is recognised on a time proportion basis, by reference to the principal amounts outstanding and the effective interest rates applicable.

Interest income from a financial asset is recognised when it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

Exchange differences arising on the settlement of on monetary items are recognised in profit or loss in the period in which they arise.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payment are recognised as an expense on a straight-line basis over the lease term.

Retirement benefit costs

Payment to Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowings costs

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

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

Taxation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and impairment losses, on the same basis as intangible assets that acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to other assets on a pro-rata basis based on the carrying amount of each asset in unit. The carrying amount of an asset is not reduced below the highest of its fair value less cost of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the assets is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (continued)

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

Financial instruments

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

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

A financial asset and a financial liability is offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

The Group's financial assets include financial assets at fair value through profit or loss ("FVTPL"), AFS financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "net loss on investments at fair value through profit or loss" or "other gains and losses" line item.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated certain investments as AFS financial assets on initial recognition of those investments held for strategic purpose.

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

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts receivable, deposits and other receivables, loans receivable and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

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

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is 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.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Warrants

Warrants issued by the Company to acquire a fixed number of the Company's own equity instruments for a fixed amount are equity instruments if the Company offers the warrants pro-rata to all of its existing owners of the same class of its own-derivative equity instruments. When the warrants are exercised, the portion of subscription money with the nominal value of the ordinary shares is recognised to the share capital account while any excess of the subscription money over the nominal value of ordinary shares is taken into the share premium account.

Financial liabilities at amortised cost

Financial liabilities (including accounts payable, other payables, bank borrowings, bank overdrafts, notes payable and promissory notes) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 37 to the Group's consolidation financial statements.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss, with a corresponding increase in equity (share option reserve).

Share options granted to agents and consultants/vendors

Share options issued in exchange for goods or services are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period 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.

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

Estimated impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amounts of the cash generating units to which goodwill has been allocated and the individual assets using the income approach. The income approach requires the Group to estimate the future cash flows expected to arise from the cash generating unit and the individual assets and a suitable discount rate in order to calculate the present values. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2017, the carrying amounts of the goodwill and intangible assets are HK$16,391,000 (2016: HK$551,445,000) and HK$7,244,000 (2016: HK$135,973,000) respectively. Details of the recoverable amounts calculation are disclosed in notes 19 and 21.

Impairment of accounts receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2017, the carrying amounts of accounts receivable are HK$698,057,000 (2016: HK$425,684,000).

5. REVENUE

An analysis of the Group's revenue for the year from continuing operatings is as follows:

	2017 HK$'000	2016 HK$'000
Commission income from brokerage and related services	20,106	5,821
Commission income from underwriting, sub-underwriting, placing and sub-placing	6,737	4,255
Rental income	3,832	300
Interest income from provision of finance and securities margin financing	56,862	43,456
Dividend income on investment in listed equity securities	–	2,604
Interest income on investment in convertible bonds	–	616
	87,537	57,052

6. SEGMENT INFORMATION

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

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

- the brokerage and other related activities segment represents new business line of provision of brokerage services, proprietary trading, securities margin financing services and futures and options contracts dealing services to clients commencing in November 2015;
- the securities investment segment represents investment and trading activities in listed equity securities, warrants, convertible bonds and interest bearing notes;
- the provision of finance segment represents provision of short-term loan financing activities, of which the management has been proactively looking for the potential borrowers during the year; and
- the real estate segment represents trading properties, property investment and letting of properties.

The supply and procurement segment was discontinued in the current year. The segment information reported does not include any amounts for the discontinued operation, which are described with more details in note 14. Accordingly, the segment information for the year ended 31 March 2016 has been restated.

6. SEGMENT INFORMATION (continued)

Segment revenue and results

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

For the year ended 31 March 2017

	Brokerage and other related activities HK$'000	Securities investment HK$'000	Provision of finance HK$'000	Real estate HK$'000	Total HK$'000
Continuing operations					
Segment revenue	83,705	–	–	3,832	87,537
Segment results	(460,403)	(160,612)	–	9,720	(611,295)
Unallocated other income					12,584
Unallocated other gains and losses					(370,263)
Unallocated expenses					(43,106)
Finance costs					(24,337)
Loss before taxation					(1,036,417)

For the year ended 31 March 2016 (Restated)

	Brokerage and other related activities HK$'000	Securities investment HK$'000	Provision of finance HK$'000	Real estate HK$'000	Total HK$'000
Continuing operations					
Segment revenue	36,040	3,220	17,492	300	57,052
Segment results	(22,793)	(1,499,931)	17,607	5,300	(1,499,817)
Unallocated other income					50,140
Unallocated other gains and losses					(355,816)
Unallocated expenses					(99,679)
Finance costs					(23,422)
Loss before taxation					(1,928,594)

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

As at 31 March 2017

	Brokerage and other related activities HK$'000	Securities investment HK$'000	Provision of finance HK$'000	Real estate HK$'000	Total HK$'000
Assets					
Segment assets	843,921	379,107	–	410,971	1,633,999
Unallocated assets:					
– Property, plant and equipment					3,405
– Prepayments, deposits and other receivables					8,650
– Cash and bank balances					89,222
					101,277
Total					1,735,276
Liabilities					
Segment liabilities	164,264	–	–	177,624	341,888
Unallocated liabilities:					
– Other payables and accruals					35,269
– Notes payable					147,811
– Promissory notes					27,056
– Deferred tax liabilities					361
– Tax payable					34,042
					244,539
Total					586,427

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

As at 31 March 2016 (Restated)

	Brokerage and other related activities HK$'000	Securities investment HK$'000	Provision of finance HK$'000	Real estate HK$'000	Total HK$'000
Assets					
Segment assets	1,328,601	363,051	7,160	7,000	1,705,812
Unallocated assets:					
– Property, plant and equipment					32
– AFS investments					358,218
– Contingent consideration					67,934
– Prepayments, deposits and other receivables					2,665
– Cash and bank balances					75,139
					503,988
Assets relating to discontinued operation					2,057
Total					2,211,857
Liabilities					
Segment liabilities	349,567	70	195	–	349,832
Unallocated liabilities:					
– Other payables and accruals					4,323
– Notes payable					147,073
– Promissory notes					260,010
– Deferred tax liabilities					30,026
– Tax payable					2,500
					443,932
Liabilities relating to discontinued operation					907
Total					794,671

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by (loss from) each segment without allocation of central administrative costs, share based payment for consultants (other expenses), directors' emoluments, certain other income, certain other gains and losses and finance costs. This is the measure reported to the chief operating decision makers for the purpose of resources allocation and performance assessment.

Assets and liabilities, excluding intragroup receivables and payables, are allocated to reportable and operating segments other than the unallocated items listed above.

Other segment information

For the year ended 31 March 2017

Continuing operations

	Brokerage and other related activities HK$'000	Securities investment HK$'000	Provision of finance HK$'000	Real estate HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of property, plant and equipment	242	–	–	334	535	1,111
Addition of property, plant and equipment	174	–	–	645	3,933	4,752
Amortisation of intangible asset	24,133	–	–	–	–	24,133
Impairment loss reversed in respect of accounts receivable and gain on recovery of bad debts	39,072	–	–	–	–	39,072
Impairment loss recognised in respect of goodwill	535,054	–	–	–	–	535,054
Impairment loss recognised in respect of intangible assets	104,596	–	–	–	–	104,596
Change in fair value of Investment property	–	–	–	7,000	–	7,000
Loss on disposal of property, plant equipment	–	–	–	–	25	25
Net (gain) loss on investments at FVTPL	(103,917)	159,301	–	–	12,468	67,852

6. SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 31 March 2016 (Restated)

Continuing operations

	Brokerage and other related activities HK$'000	Securities investment HK$'000	Provision of finance HK$'000	Real estate HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of property, plant and equipment	174	–	–	–	14	188
Addition of property, plant and equipment	735	–	–	–	3	738
Amortisation of intangible asset	9,786	–	–	–	–	9,786
Impairment loss recognised in respect of accounts receivable	22,642	–	–	–	–	22,642
Impairment loss recognised in respect of other receivable	–	–	–	–	233	233
Gain on disposal of property, plant equipment	–	–	–	–	366	366
Net loss on invesments of FVTPL	7,651	1,501,560	–	–	–	1,509,211

Geographical information

The Group's continuing operations are carried out in Hong Kong.

The Group's revenue from continuing operation from external customers and its non-current assets are located in Hong Kong.

No customer contributed over 10% of the total revenue of the Group during both years.

7. OTHER INCOME

	2017 HK$'000	2016 HK$'000 (Restated)
Continuing operations		
Bank interest income	2	1
Dividend income from AFS investments	12,468	–
Trading gain from sale of property held for sale	–	5,000
Other income (Note)	5,180	51,538
	17,650	56,539

Note: Amount in prior period mainly represented other income from nomination of an independent third party to substitute the Group to complete the subscription of the shares of Mason Financial Holdings Limited (formerly known as Willie International Holdings Limited) ("Mason") of HK$50,000,000, details are set out in the Company's consolidation financial statements for the year ended 31 March 2015 published on 26 June 2015.

8. OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000 (Restated)
Continuing operations		
Impairment loss reversed (recognised) in respect of accounts receivable and gain on recovery of bad debts	39,072	(22,642)
Impairment loss recognised in respect of other receivables	–	(233)
Impairment loss recognised in respect of AFS investments (note 22)	(12,468)	(327,782)
Change in fair value of contingent consideration (note 20)	(67,934)	–
Change in fair value of investment property (note 18)	7,000	–
Loss on early settlement of promissory notes (note 31)	(41,428)	–
(Loss) gain on disposal of property, plant and equipment	(25)	366
Loss on disposal of AFS investments (note 22)	(235,750)	(28,400)
Net exchange (loss) gain	(198)	16
	(311,731)	(378,675)

9. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Continuing operations		
Interests on:		
Notes payable (note 30)	8,238	8,219
Promissory notes (note 31)	4,067	7,185
Borrowings and bank overdrafts	12,032	8,018
Total borrowing costs	24,337	23,422

10. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

	2017 HK$'000	2016 HK$'000
Loss before taxation from continuing operations is arrived at after charging:		
Staff costs (including directors' remuneration):		
Wages and salaries	18,798	13,067
Retirement benefits contributions	678	528
Equity-settled share option expense	–	1,988
Total staff costs	19,476	15,583
Auditor's remuneration	2,813	2,835
Depreciation of property, plant and equipment	1,111	188
Amortisation of intangible assets (included in cost of services)	24,133	9,786
Minimum lease payments in respect of land and buildings	12,051	3,957
Equity-settled share option expense for consultants (included in other expenses)	–	80,234

11. DIRECTORS' REMUNERATION

The remuneration paid or payable to the executive directors, chief executive officer and independent non-executive directors of the Company is disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, as follows:

For the year ended 31 March 2017

	Executive directors				Independent non-executive directors			
	Ms. Lin Yuehe HK$'000	Mr. Ng Kwok Leung HK$'000 Note (ii)	Mr. Wong Haixiong HK$'000 Note (iii)	Mr. Tam Tak Wah HK$'000 Note (iv)	Mr. Siu Siu Ling Robert HK$'000	Mr. Chan Kwan Pak HK$'000	Mr. Siu Gee Tai HK$'000	Total HK$'000
Fees	–	–	–	–	240	240	240	720
Other emoluments:								
Salaries and other allowances	390	634	1,128	980	–	–	–	3,132
Discretionary bonuses	–	–	–	–	–	–	–	–
Retirement benefits contribution	21	31	–	49	–	–	–	101
	411	665	1,128	1,029	240	240	240	3,953

For the year ended 31 March 2016

	Executive directors						Independent non-executive directors								
	Ms. Lin Yuehe HK$'000 Note (i)	Mr. Ng Kwok Leung HK$'000 Note (ii)	Mr. Tam Tak Wah HK$'000 Note (iv)	Mr. Suen Yick Lun Philip HK$'000 Note (v)	Mr. Lau King Hang HK$'000 Note (vi)	Mr. Kitchell Osman Bin HK$'000 Note (vii)	Mr. Siu Siu Ling Robert HK$'000 Note (viii)	Mr. Chan Kwan Pak HK$'000 Note (ix)	Mr. Siu Gee Tai HK$'000 Note (ix)	Dr. Leung Shiu Ki Albert HK$'000 Note (x)	Ms. Chen Wei HK$'000 Note (x)	Mr. Wong Yat Fai HK$'000 Note (x)	Mr. Man Wai Chuen HK$'000 Note (x)	Mr. Wong Kwok Tai HK$'000 Note (x)	Total HK$'000
Fees	–	–	–	–	–	–	165	161	161	160	80	80	160	80	1,047
Other emoluments:															
Salaries and other allowances	30	663	1,061	1,100	200	600	–	–	–	–	–	–	–	–	3,654
Discretionary bonuses	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Retirement benefits contribution	–	33	53	55	10	30	–	–	–	–	–	–	–	–	181
Equity-settled share option expense	–	568	1,420	–	–	–	–	–	–	–	–	–	–	–	1,988
	30	1,264	2,534	1,155	210	630	165	161	161	160	80	80	160	80	6,870

11. DIRECTORS' REMUNERATION (continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes:

(i) Ms. Lin Yuehe was appointed as director and chairlady on 1 March 2016.

(ii) Mr. Ng Kwok Leung was appointed as director and chief executive officer on 20 July 2015 and 29 February 2016, respectively and resigned as chief executive officer and director on 22 July 2016 and 22 November 2016, respectively.

(iii) Mr. Wang Haixiong is the director and chief executive officer of the Company. Mr. Wang was appointed as director and chief executive officer on 22 July 2016.

(iv) Mr. Tam Tak Wah was appointed as director on 20 July 2015 and resigned as director on 22 November 2016.

(v) Mr. Suen Yick Lun Philip resigned as director and acting chairman of the Company on 29 February 2016.

(vi) Mr. Lau King Hang resigned as director on on 21 July 2015.

(vii) Mr. Kitchell Osman Bin resigned as directors on 30 July 2015.

(viii) Mr. Siu Siu Ling Robert was appointed as director on 24 July 2015.

(ix) Mr. Chan Kwan Pak and Mr. Siu Gee Tai were appointed as directors on 30 July 2015.

(x) Dr. Leung Shiu Ki Albert, Ms. Chen Wei, Mr. Wong Kwok Tai, Mr. Wong Yat Fai and Mr. Man Wai Chuen resigned on 30 November 2015, 30 July 2015, 30 July 2015, 30 July 2015 and 27 November 2015, respectively.

Neither the chief executive officer nor any of the directors waived any emoluments in both years.

For directors appointed and resigned during the year, their remuneration is calculated on pro-rata basis.

12. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Of the five individuals with highest emoluments in the Group, two (2016: four) were directors of the Company whose remuneration are set out in note 11 above. Details of the remuneration of the remaining three (2016: one) non-director, highest paid employees for the year is as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other allowances	3,861	486
Discretionary bonuses	–	–
Retirement benefits contributions	45	8
	3,906	494

The remuneration of the five highest paid employees, including directors, for the year fell within the following bands:

	Number of individuals	
	2017	2016
Nil to HK$1,000,000	1	2
HK$1,000,001 to HK$1,500,000	3	2
HK$1,500,001 to HK$2,000,000	1	–
HK$2,500,001 to HK$3,000,000	–	1
	5	5

No emoluments were paid by the Group to any of the five highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office in both years.

13. TAXATION

	2017 HK$'000	2016 HK$'000
Continuing operations		
Current tax:		
Hong Kong Profits Tax	(34,564)	(3,053)
Under provision in prior years	(443)	–
	(35,007)	(3,053)
Deferred tax (note 32):		
Current year	29,665	58,866
	(5,342)	55,813

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

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

	2017 HK$'000	2016 HK$'000 (Restated)
Loss before taxation from continuing operations	(1,036,417)	(1,928,594)
Tax at the profit tax rate of Hong Kong of 16.5% (2016: 16.5%)	171,009	318,218
Tax effect of income not taxable for tax purpose	1,315	430
Tax effect of expenses not deductible for tax purpose	(149,670)	(73,115)
Tax effect of tax losses not recognised	(27,747)	(189,513)
Under provision in prior years	(443)	–
Others	194	(207)
Taxation for the year	(5,342)	55,813

14. DISCONTINUED OPERATION

During the year ended 31 March 2017, the Group entered into sale agreements to dispose of its 100% equity interest in Poly Resources (Asia) Limited and Poly Forestry International Limited (collectively the "Disposing Subsidiaries") that carried out all of the Group's supply and procurement operation at a consideration of HK$863,000. The disposal was completed on 29 September 2016, on which date the Group lost control of the Disposing Subsidiaries. There was no gain or loss resulted from the disposal since the net assets of the Disposing Subsidiaries are mainly bank balance and cash, of which amount is same as the consideration.

The loss for the year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the supply and procurement operation as a discontinued operation.

	2017 HK$'000	2016 HK$'000
Loss for the year	**(339)**	(2,243)

The results of the discontinued operation for the current and preceding years were as follows:

	2017 HK$'000	2016 HK$'000
Other income and losses	**–**	662
Administrative expenses	**(339)**	(2,905)
Loss before taxation	**(339)**	(2,243)
Taxation	**–**	–
Loss for the year	**(339)**	(2,243)

During the current and preceding years, the net operating cash flows contributed by supply and procurement operation to the Group are insignificant.

15. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2017 and 2016.

Subsequent to the end of the reporting period, a special dividend of HK$0.03255 per ordinary share, in aggregate amount of approximately HK$612,867,000, has been proposed by the directors of the Company and approved in the special general meeting ("SGM") on 28 April 2017. Details are set out in note 46(d).

16. LOSS PER SHARE

From continuing and discontinued operations

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

	2017 HK$'000	2016 HK$'000
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(1,042,098)**	(1,874,835)

	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**15,476,230**	10,115,275

16. LOSS PER SHARE (continued)

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following information:

	2017 HK$'000	2016 HK$'000
Loss figures are calculated as follow:		
Loss for the year attributable to the owners of the Company	**(1,042,098)**	(1,874,835)
Add: Loss for the year from discontinued operation	**339**	2,243
Loss for the purpose of basic and diluted loss per share from continuing operations	**(1,041,759)**	(1,872,592)

The denominators used are the same as those detailed above for the basic and diluted loss per share.

From discontinued operation

Basic and diluted loss per share from the discontinued operation is HK0.002 (2016: HK0.022) cents per share, based on the loss for the year from discontinued operation of HK$339,000 (2015: HK$2,243,000) and the denominators detailed above for the basic and diluted loss per share.

The computation of diluted loss per share for the year ended 31 March 2016 and 2017 does not assume the exercise of the Company's outstanding share options and warrants since their exercise would result in a decrease in loss per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2015	1,112	408	1,096	2,616
Acquired on acquisitions of subsidiaries (note 34)	–	701	–	701
Additions	–	37	–	37
Disposal	–	(193)	(1,096)	(1,289)
At 31 March 2016	1,112	953	–	2,065
Acquired on acquisitions of subsidiaries (note 34)	531	114	–	645
Additions	3,008	1,099	–	4,107
Disposal	–	(35)	–	(35)
At 31 March 2017	4,651	2,131	–	6,782
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 April 2015	1,112	312	1,096	2,520
Provided for the year	–	188	–	188
Eliminated on disposal	–	(141)	(1,096)	(1,237)
At 31 March 2016	1,112	359	–	1,471
Provided for the year	697	414	–	1,111
Eliminated on disposal	–	(10)	–	(10)
At 31 March 2017	**1,809**	**763**	**–**	**2,572**
CARRYING VALUES				
At 31 March 2017	**2,842**	**1,368**	**–**	**4,210**
At 31 March 2016	–	594	–	594

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum.

Leasehold improvements	20% or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	8% – 20%
Motor vehicles	20%

18. INVESTMENT PROPERTY

	HK$'000
FAIR VALUE	
At 1 April 2015 and 31 March 2016	–
Acquired on acquisitions of subsidiaries (note 34)	403,000
Increase in fair value recognised in profit or loss	7,000
At 31 March 2017	410,000
Unrealised gain on property revaluation included in fair value change on investment property:	
For the year ended 31 March 2017	7,000

The Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment property.

The fair value of the Group's investment property at 31 March 2017 has been arrived at on the basis of valuation carried out by Ascent partners Valuation Service Limited, an independent qualified professional valuer not connected to the Group.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

18. INVESTMENT PROPERTY (continued)

The following table gives information about how the fair value of the investment property is determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment property held by the Group	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
At 31 March 2017				
Residential property	Level 3	Direct comparison method based on market observable transactions of comparable location and adjust to reflect the specific features of this property The key inputs are: (1) Location adjustment (2) Size adjustment (3) Building age adjustment (4) Facility adjustment	Location adjustment on the district of the property located ranged from -20% to 0%	The better the location, the higher the fair value
			Size adjustment on the saleable area of the property located ranged from 0% to 5%	The larger the size, the higher the fair value
			Building age adjustment on the year of completion of the property ranged from -5% to 10%	The younger the building age, the higher the fair value
			Facility adjustment on the garden and swimming pool built in of the property ranged from -10%to10%	The more facilities built in, the higher the fair value

There were no transfers into or out of Level 3 during the both years.

The Group's investment property is situated in Hong Kong and has been pledged to secure banking facilities granted to the Group.

19. GOODWILL

	HK$'000
COST	
At 1 April 2015	–
Arising on acquisition of subsidiaries (note 34)	551,445
At 31 March 2016 and 2017	551,445
IMPAIRMENT	
At 1 April 2015 and 31 March 2016	–
Impairment loss recognised in the year	535,054
At 31 March 2017	535,054
CARRYING VALUES	
At 31 March 2017	16,391
At 31 March 2016	551,445

For the purposes of impairment testing, goodwill has been allocated to a group of cash generating units (CGU), comprising Skyway Securities Investment Limited ("Skyway Securities") and its subsidiaries, Skyway Credit Service Limited ("Skyway Credit Service") and Skyway Asset Management Limited and Skyway Futures Limited ("Skyway Futures"), representing "the brokerage and other related activities segment", which is the lowest level within the Group at which the goodwill is monitored for internal management purposes.

19. GOODWILL (continued)

The aggregate carrying amount of the CGU comprises goodwill of HK$551,445,000 (2016: HK$551,445,000), trading rights of HK$960,000 (2016: HK$960,000) and customers' relationship of HK$6,284,000 (2016: HK$135,013,000) of which the impairment for the customers' relationship has been assessed individually as set out in note 21. The basis of the recoverable amount of the CGU and its major underlying assumptions are summarised below:

The recoverable amount of the CGU has been determined by the fair value less cost of disposal in respect of the above entities comprising the CGU. The fair value less cost of disposal was assessed by the management based on a business valuation performed by an independent professional qualified valuer using the income approach which uses cash flow projections covering a 5-year period and discount rate of 13.6% (2016: 13.5%), which is within level 3 fair value hierarchy. The cash flow projections has taken into account the deteriorating financial performance of the brokerage and other related activities due to the unfavourable changes in recent months and the actual net cash flows generating thereon worse than those estimated in the previous impairment assessment. Accordingly, the cash flow projections have been revised downwards. The cash flows beyond the 5-year period are extrapolated assuming 3% growth rate (2016: using a steady 3.5% growth rate). This growth rate is based on the expectation of long-term inflation in Hong Kong. The cash flows and discount rate reflect assumptions that market participants would use when pricing the CGU. Other key assumptions for the cash flow projections relate to the estimation of cash inflows/outflows which include estimated income generated from the CGU, such estimation is based on the past performance of the CGU and the expectation on the market development. The subsequent events relating to the change of shareholders and other corporate exercises have not been considered as those are not related to the CGU. As disclosed in note 45, these subsequent events have not been completed at the end of the reporting period.

For the purpose of impairment assessment, the fair value less cost of disposal of the CGU amounting to HK$23,635,000 has been determined by excluding the financial instruments held by the relevant entities within the CGU. By comparing the aforesaid aggregate carrying amount of the CGU with the fair value less cost of disposal of the CGU, the management determined that the recoverable amount of the CGU is estimated to be less than the aggregate carrying amounts of goodwill, trading rights and customers' relationship and impairment losses of HK$535,054,000 (2016: nil) in respect of goodwill are recognised in profit or loss during the year ended 31 March 2017.

20. CONTINGENT CONSIDERATION

	2017 **HK$'000**	2016 HK$'000
Profit guarantee	**–**	67,934

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

During the year ended 31 March 2017, the Profit Guarantee was fulfilled and no payment in respect of the Profit Guarantee was entitled to the Group. Accordingly, the Profit Guarantee has been derecognised and the decrease in the fair value is recognised in the profit or loss during the year ended 31 March 2017.

21. INTANGIBLE ASSETS

	Trading rights HK$'000	Customers' relationship HK$'000	Total HK$'000
COST			
At 1 April 2015	–	–	–
Acquired on acquisition of subsidiaries (note 32)	960	144,799	145,759
At 31 March 2016 and 2017	960	144,799	145,759
AMORTISATION AND IMPAIRMENT			
At 1 April 2015	–	–	–
Charge for the year	–	9,786	9,786
At 31 March 2016	–	9,786	9,786
Charge for the year	–	24,133	24,133
Impairment loss recognised in the year	–	104,596	104,596
At 31 March 2017	–	138,515	138,515
CARRYING VALUES			
At 31 March 2017	960	6,284	7,244
At 31 March 2016	960	135,013	135,973

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

Customers' relationship represents the customers' networks of brokerage and related business. Amortisation for customers' relationship with finite useful lives is recognised on a straight-line basis over its estimated useful lives of 6 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

21. INTANGIBLE ASSETS (continued)

In view that the cash flows generated from brokerage and other related activities are less than expected, the directors of the Company has carried out an impairment assessments of the customers' relationship at 31 March 2017. The recoverable amount of the customers' relationship is determined based on the fair value less cost of disposal. The fair value less cost of disposal was assessed by the management with reference to the valuation of the customers' relationship performed by an independent professional qualified valuer using the income approach which is based on the cash flows generated by the customers' relationship at a discount rate of 13.6% (2016: nil). The fair value measurement is classified as Level 3. As the carrying amount of customers' relationship exceeded its recoverable amount, the Group has recognised an impairment of HK$104,596,000 (2016: nil) in profit or loss.

The trading rights and customers' relationship also formed part of the assets included in the CGU for which goodwill impairment is assessed and details are set out in note 19.

22. AVAILABLE-FOR-SALE INVESTMENTS

AFS investments comprise:

	2017 HK$'000	2016 HK$'000
Unlisted investments:		
Equity securities, at cost	–	358,218

The investments in unlisted securities as at 31 March 2016 related to shares issued by two private entities. These investments were held for an identified long term strategic purpose. Both entities are principally engaged in investment holding and provision of financial services in Hong Kong.

The AFS investments were measured at cost less impairment at 31 March 2016 because the ranges of reasonable fair value estimates were so significant that the directors of the Company were of the opinion that their fair values could not be measured reliably.

During the year ended 31 March 2016, the investees had incurred significant losses due to the diminution of the value of their investment portfolio with reference to the latest financial information of the investee available to the Group at 31 March 2016. Accordingly, impairment of HK$327,782,000 was recognised to profit or loss for the year ended 31 March 2016 in respect of these AFS investments.

22. AVAILABLE-FOR-SALE INVESTMENTS (continued)

In addition, the Group disposed of the entire unlisted equity securities of one private entity with carrying amount of HK$103,400,000, which had been carried at cost less impairment before disposal in the year ended 31 March 2016. A loss on disposal of HK$28,400,000 had been recognised in profit or loss for the year ended 31 March 2016.

During the year ended 31 March 2017, the net assets of one of the investees has been decreased due to the distribution in specie of certain convertible notes to the Group, details of which were set out in note 25. An impairment of HK$12,468,000 is recognised to profit or loss in respect of that AFS investee based on revision of future cash flows..

On 6 March 2017, the Group entered into the agreements with these two private entities in relation to the repurchase of their shares held by the Group for a total cash consideration of HK$110,000,000, details of which are set out in the announcement of the Company dated 6 March 2017. With carrying amount of the relevant unlisted investments of HK$345,750,000, a loss on disposal of HK$235,750,000 had been recognised in profit or loss for the year ended 31 March 2017.

23. ACCOUNTS RECEIVABLE

	2017 HK$'000	2016 HK$'000
Accounts receivable arising from the ordinary course of business of securities brokerage services dealing in securities transactions:		
– Clearing house	13,572	10,037
– Cash clients	23,313	31,383
– Margin clients	647,879	373,098
– A broker	2,007	–
	686,771	414,518
Accounts receivable arising from the ordinary course of business of dealing in futures and options contracts:		
– HKFE Clearing Corporation Limited ("HKCC")	5,206	678
– A broker	6,080	10,488
	698,057	425,684

23. ACCOUNTS RECEIVABLE (continued)

Accounts receivable arising from the business of dealing in securities

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

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

Accounts receivable due from cash clients are secured by clients' securities, which are publicly traded equity securities listed in Hong Kong. The fair values of the securities as at 31 March 2017 approximate HK$812,078,000 (2016: HK$277,436,000). As at 31 March 2017, 88% (2016: 86%) of the balance were secured by sufficient collateral on an individual basis. Included in the accounts receivable from cash clients are debtors with a carrying amount of approximately HK$16,587,000 (2016: HK$23,133,000) as at 31 March 2017, which are past due at the end of reporting period but which the directors of the Company consider not to be impaired as there has not been a significant change in credit quality and a substantial portion of the carrying amount is subsequently settled. The accounts receivable from cash clients with a carrying amount of approximately HK$6,726,000 (2016: HK$8,250,000) are neither past due nor impaired and the directors of the Company are of the opinion that the amount are recoverable. Cash client receivables which were past due but not impaired bear interest at interest rates by reference to Hong Kong prime rate plus certain basis points based on management's discretion.

Accounts receivable due from margin clients are repayable on demand and carry interest at Hong Kong Prime Rate plus 4% to 8% (2016: 4% to 8%) per annum during the year ended 31 March 2017. They are generally included in "Neither past due nor impaired" category. The fair values of the pledged securities as at 31 March 2017 approximate HK$3,366,705,000 (2016: HK$2,000,772,000). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited. As at 31 March 2017, 92% (2016: 85%) of the balance were secured by sufficient collateral on an individual basis. Management has assessed the market value of the pledged securities of each individual customer that has margin shortfall as at the year end, and considered that an impairment of Nil (2016: HK$22,523,000) is necessary. Further details are disclosed in note 41. The collateral held can be repledged by the Group up to 140% of the margin receivable amounts in the search of short-term financing, if necessary. The amount of collateral being repledged by the Group as at 31 March 2017 could be referred to note 29. The corresponding collateral held can be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients.

23. ACCOUNTS RECEIVABLE (continued)

Accounts receivable arising from the business of dealing in securities (continued)

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

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

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

	Cash clients HK$'000	Margin clients HK$'000	Total HK$'000
Balance at 1 April 2015	–	–	–
Impairment loss recognised during the year	119	22,523	22,642
Balance at 31 March 2016	119	22,523	22,642
Impairment loss reversed during the year	(119)	(22,523)	(22,642)
Balance at 31 March 2017	–	–	–

Subsequent to the end of the reporting period, the Group received settlements of all previously impaired account receivables of HK$39,072,000, of which HK$16,430,000 were impaired before the acquisition of Skyway Securities and Skyway Futures. Accordingly, a reversal of allowance for impairment loss on account receivables amounting to HK$22,642,000 was recognised in the profit or loss while a gain on recovery of bad debts amounting to HK$16,430,000 was recognised in profit or loss.

23. ACCOUNTS RECEIVABLE (continued)

Accounts receivable arising from the business of dealing in securities (continued)

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

	2017 HK$'000	2016 HK$'000
Less than one month	1,763	2,376
More than one month and within three months	1,619	7,031
More than three months	13,205	13,726
Total	16,587	23,133

The Group offset certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances; and intends to settles on a net basis, or to realise the balances simultaneously. Details are set out in note 41.

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

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

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

The accounts receivable are neither past due nor impaired.

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

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Prepayments and deposits	**2,228**	3,641
Other receivables	**14**	3,380
	2,242	7,021
Less: Impairment loss recognised	**–**	(2,367)
	2,242	4,654

Movement of impairment loss recognised:

	2017 HK$'000	2016 HK$'000
Balance at the beginning of the year	**2,367**	2,225
Impairment loss recognised	**–**	375
Amount written off as uncollectible	**(2,367)**	(233)
Balance at the end of the year	**–**	2,367

During the year ended 31 March 2016, the Group recognised an impairment loss for other receivable of HK$375,000 which was individually determined to be impaired. The individually impaired receivable was outstanding for more than 180 days at 31 March 2016 and was due from a customer with financial difficulties.

25. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK$'000	2016 HK$'000
Held for trading:		
Equity securities listed in Hong Kong	**379,107**	406,355
Designated as at FVTPL:		
Convertible bonds	**–**	–
	379,107	406,355

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

The fair values of the listed equity securities investments were determined based on the quoted market closing prices available on the Stock Exchange. Details of the Group's investments at FVTPL are as follows:

Stock code	Company name	% of shareholding in the respective investee as at 31 March 2017	Net (loss) gain on investments at FVTPL HK$'000	Fair value as at 31 March 2017 HK$'000	Fair value as at 31 March 2016 HK$'000
139	China Soft Power Technology Holdings Limited ("CSPT")	11.8%	(163,653)	189,692	369,056
572	Future World Financial Holdings Limited ("FW")	4.9%	104,830	189,415	36,173
1004	China Smarter Energy Group Holdings Limited	–	574	–	–
1282	China Goldjoy Group Limited	–	(429)	–	1,126
1370	Hengshi Mining Investments Limited	–	4,210	–	–
263	GT Holdings Limited	–	(916)	–	–
			(55,384)	379,107	406,355

In addition, during the year ended 31 March 2017, one of the investees of the Group declared distribution in specie of the convertible notes issued by Up Energy Development Group Limited ("Up Energy"), a company listed in the Stock Exchange (the "Distribution") to all the shareholders of such investee. Prior to the Distribution, the investee held principal amount of HK$230 million of the convertible notes. The Distribution was completed on 25 April 2016. The Group designated the entire convertible notes received from the Distribution as financial assets designated at fair value through profit and loss at initial recognition. The fair value of the convertible notes of HK$12,468,000, with principal amount of approximately HK$33 million held by the Group, was determined by reference to a valuation carried out on the distribution date by an independent qualified valuer, Peak Vision Appraisals Limited, which is not connected with the Group. Subsequent to the Distribution, Up Energy received winding up petitions filed by its creditor and currently under liquidation and second delisting stage under Practice Note 17 to the Listing Rules. Accordingly, the fair value of convertible notes issued by Up Energy is negligible at 31 March 2017.

26. CASH AND BANK BALANCES

Segregated accounts

From the Group's ordinary business in provision of brokerage and related services, the Group receives and holds money deposited by clients in the course of the conduct of the regulated activities. These clients' monies are maintained in segregated bank accounts at market interest rates. The Group has recognised the corresponding accounts payable to respective clients. As at 31 March 2017, the segregated accounts with authorised institutions in relation to its brokerage business totalled HK$75,655,000 (2016: HK$158,729,000).

House accounts

Cash and bank balances comprise cash held by the Group and bank deposits at variable interest rate with original maturity of three months or less.

27. ACCOUNTS PAYABLE

	2017 HK$'000	2016 HK$'000
Trade payables arising from supply and procurement business	–	857
Accounts payable arising from the ordinary course of business of securities brokerage services and dealing in futures and options contracts:		
– Cash clients	65,045	74,508
– Margin clients	41,058	113,614
– Clearing house	–	3,323
	106,103	192,302

27. ACCOUNTS PAYABLE (continued)

Trade payables arising from supply and procurement business

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

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

	2017 HK$'000	2016 HK$'000
Over 180 days	–	857

Accounts payable arising from the business of dealing in securities

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

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

Settlement arrangements with clients follow the same settlement mechanism with HKCC or a broker as disclosed in note 23 and profits or losses arising from mark-to-market settlement arrangement were included in accounts payables with clients.

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

28. OTHER PAYABLES AND ACCRUALS

	2017 HK$'000	2016 HK$'000
Other payables	**14,930**	14,946
Accruals	**10,954**	1,528
Deposits received (Note)	**22,000**	–
	47,884	16,474

Note: The Group has received a deposit of HK$22,000,000 related to the disposal of Sky Eagle Global Limited ("Sky Eagle") and Metro Victor Limited ("Metro Victor") as disclosed in note 46(b).

29. BANK BORROWINGS AND BANK OVERDRAFTS

	2017 HK$'000	2016 HK$'000
Secured bank loans	**638**	80,000
Mortgaged bank loans	**177,624**	–
	178,262	80,000
The carrying amounts of the above borrowings are repayable:		
Within one year	**8,455**	80,000
Within a period of more than one year but not exceeding two years	**8,143**	–
Within a period of more than two years but not exceeding five years	**25,800**	–
With a period of more than five years	**135,864**	–
	178,262	80,000
Less: Amount due within one year shown under current liabilities	**(8,455)**	(80,000)
Amount shown under non-current liabilities	**169,807**	–

Bank borrowings and overdrafts are secured by marketable securities and investment property. The mortgaged bank loans are also guaranteed by a substantial shareholder. Bank borrowings and overdrafts carry variable interest rates ranging from 2.3% to 5% (2016: 2.3% to 4%) per annum.

30. NOTES PAYABLE

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

In 2013, the Company further issued notes in the aggregate principal amount of HK$50,000,000 to independent third parties. The notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the notes.

As at 31 March 2017, the aggregate principal amount of the notes payable was HK$150,000,000 (2016: HK$150,000,000).

The movement of the notes payable for the years ended 31 March 2017 and 2016 are set out below:

	2017 **HK$'000**	2016 HK$'000
At the beginning of the year	**147,073**	146,375
Interest charged at effective interest rate from 5% to 5.91% (2016: 5% to 5.91%) per annum (note 9)	**8,238**	8,219
Interest payable	**(7,500)**	(7,521)
At the end of the year	**147,811**	147,073

31. PROMISSORY NOTES

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

On 3 May 2016, the Company entered into the subscription agreement with Capital Union Inc., an existing holder of promissory notes, pursuant to which Capital Union Inc. has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,450,000,000 new shares at the subscription price of HK$0.18 per subscription share. There was no net proceeds from the subscription as the subscription was settled by way of set off against the outstanding promissory notes. The transaction was completed on 13 May 2016. The early settlement of the promissory notes has resulted in a loss of HK$41,428,000, being the difference between the carrying amount of the promissory notes amounting to HK$260,172,000 and the fair value of the shares amounting to HK$301,600,000 based on the market price of the Company's share on 13 May 2016, recognised in the profit or loss for the year ended 31 March 2017.

In addition, upon the acquisition of subsidiaries as disclosed in note 34, the Company has issued promissory notes in the principal amount of HK$29,000,000 as a part of the consideration during the current year. The promissory notes bear interest rate of 2% per annum and will be redeemed on the second anniversary from the issue date. The Company may at its option early repay the promissory notes with outstanding interest accrued thereon in whole or in part in integral multiples of principal amount of HK$1 million by giving a prior ten business day's written notice to the bondholder. The early repayment option is not closely related to the host contract and the fair value is determined as negligible by an independent professional valuer. The fair value of promissory notes is HK$25,885,000 at 15 July 2016 and the effective interest rate ranges from 7.84% to 8.08% per annum based on the valuation carried out by an independent professional valuer.

As at 31 March 2017, the aggregate principal amount of promissory notes was HK$29,000,000 (31 March 2016: HK$285,000,000).

31. PROMISSORY NOTES (continued)

The movement of the promissory notes are set out below:

	HK$'000
On 4 November 2015	520,204
Early settlement of promissory notes	(265,000)
Interest charged at effective interest rate at 6.3%	7,185
Interest paid	(2,379)
At 31 March 2016	260,010
Early settlement of promissory notes	(260,172)
Issue of promissory note (note 34)	25,885
Interest charged at effective interest rates	4,067
Interest paid	(2,734)
At 31 March 2017	27,056

32. DEFERRED TAX LIABILITIES

The following are the major deferred tax (asset) liabilities recognised and movements thereon during the current and prior years:

	Deferred tax asset	Deferred tax liabilities			
	Tax loss HK$'000	Unrealised gain on investment at FVTPL HK$'000	Notes payable HK$'000	Customers relationship HK$'000	Total HK$'000
At 1 April 2015	(91,071)	155,473	598	–	65,000
Acquired on acquisition of subsidiaries	–	–	–	23,892	23,892
Debited (credited) to profit or loss	90,681	(147,817)	(115)	(1,615)	(58,866)
At 31 March 2016	(390)	7,656	483	22,277	30,026
Debited (credited) to profit or loss	390	(7,656)	(122)	(22,277)	(29,665)
At 31 March 2017	–	–	361	–	361

At the end of the reporting period, the Group has unused tax losses of HK$1,408 million (2016: HK$1,290 million) available for offset against future profits while HK$48 million of estimated unused tax losses was reduced due to loss of control of the Disposing Subsidiaries as set out in note 14. A deferred tax asset had been recognised in respect of HK$2 million of such losses at 31 March 2016. No deferred tax asset has been recognised in respect of the remaining HK$1,408 million (2016: HK$1,288 million) due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

33. SHARE CAPITAL

	Notes	Number of shares 2017 '000	Number of shares 2016 '000	Amount 2017 HK$'000	Amount 2016 HK$'000
Authorised:					
Ordinary shares at HK$0.01 each		100,000,000	100,000,000	1,000,000	1,000,000
Issued and fully paid:					
At the beginning of the year		12,664,197	6,417,865	126,641	64,178
Exercise of warrants	(i)	2,408,961	868,497	24,090	8,685
Issue of shares	(ii)	1,300,000	3,450,000	13,000	34,500
Placing of shares	(iii)	1,450,000	1,500,000	14,500	15,000
Exercise of share options	(iv)	196,655	427,835	1,967	4,278
At the end of the year		18,019,813	12,664,197	180,198	126,641

Notes:

(i) As disclosed in the announcements of the Company dated 28 November 2014 and 1 December 2014, the Company proposed to distribute interim dividend by a way of the bonus warrants on the basis of one warrant for every five shares held on 12 January 2015, a total of 855,670,100 warrants were issued accordingly ("2016 Warrants"). Each warrant will entitle the holder thereof to subscribe in cash for one new share to be issued by the Company at an initial subscription price of HK$0.1, subject to adjustment, at any time during the period on or after 27 January 2015 but no later than 26 January 2016. During the year ended 31 March 2016, 822,500,234 new shares were issued as a result of exercise of warrants. The net proceeds from the exercise of warrants was approximately HK$82,250,000. As at 31 March 2016, the Company had no 2016 Warrants outstanding as the remaining warrants were lapsed on 26 January 2016.

Further disclosed in the announcement of the Company dated 7 December 2015, 22 January 2016, 12 February 2016 and 17 February 2016 and the circular of the Company dated on 23 December 2015, the Company proposed the bonus warrant issue on the basis of one bonus warrant for every five existing shares held on 12 February 2016, a total of 2,523,640,250 warrants were issued accordingly ("2017 Warrants"). Each bonus warrant will entitle the holder thereof to subscribe in cash for one new share to be issued by the Company at an initial subscription price of HK$0.1 per new share, subject to adjustments, at any time during the period on or after 12 February 2016 but no later than 13 February 2017. During the year ended 31 March 2017, 2,408,961,281(2016: 45,997,196) new shares were issued as a result of exercise of warrants. The net proceeds from the exercise of warrants was approximately HK$240,897,000 (2016: HK$4,600,000). As at 31 March 2017, the Company had no 2017 Warrants outstanding as the remaining warrants were lapsed on 13 February 2017.

33. SHARE CAPITAL (continued)

Notes: (continued)

(ii) As disclosed in the announcement of the Company dated 16 February 2015, Million Brilliance Limited ("Million Brilliance"), an indirect wholly-owned subsidiary of the Company entered into a conditional agreement with Qualipak Development Limited ("Qualipak Development") pursuant to which Million Brilliance agreed to purchase the entire issued shares in Empire New Assets Limited ("Empire New Assets"), which is principally engaged in holding of property, and assignment of the loan between Empire New Assets and Qualipak Development of HK$32,216,000 at a consideration of HK$90,000,000 as determined by the fair value of the relevant property. The consideration was satisfied by (i) HK$10,100,000 payable in cash and (ii) HK$79,900,000 payable by issue of 850,000,000 consideration shares of the Company. The acquisition of trading assets was completed on 20 May 2015.

On 7 May 2015 and 11 May 2015, the Company entered the sale and purchase agreement with Vendors in relation to acquisitions of the subsidiaries, Skyway Securities and Skyway Futures, as set out in note 34, pursuant to which the Company agreed to allot and issue a total of 2,600,000,000 consideration shares at the issue price on the completion date as the part of consideration of the acquisition. Details of the consideration shares are set out in the Company's announcement dated on 11 May 2015 and the circular of the Company dated 26 August 2015. The acquisitions was completed on 4 November 2015 and the Company had issued 2,600,000,000 consideration share at the market price of HK$0.196 at the completion date of acquisition, totally amounting to HK$509,600,000.

On 4 March 2016, Gold Mission Limited ("Gold Mission"), an indirect wholly owned subsidiary of the Company, entered the sale and purchase agreement with FW (formerly known as Central Wealth Financial Group ("Central Wealth")) in relation to acquisition of Sky Eagle, as set out in note 34, pursuant to which the Company agreed to allot and issue a total of 1,300,000,000 consideration shares as the part of consideration of the acquisitions. Details of the consideration shares are set out in the Company's announcement dated on 4 March 2016. The acquisitions was completed on 15 July 2016.

(iii) On 17 March 2015, the Company and Mason entered into a subscription agreement that the Company agreed to issue 1,500,000,000 shares of the Company, subject to the fulfillment of the agreed conditions, including but not limited to obtaining approval from the Stock Exchange and shareholders of the Company at the special general meeting. The Company completed the issue of 1,500,000,000 ordinary shares to Mason on 17 June 2015. Details are set out in the Company's announcements dated 17 March 2015, 5 May 2015, 11 May 2015 and 17 June 2015 and the circular of the Company dated 1 June 2015.

On 3 May 2016, the Company entered into the subscription agreement with Capital Union Inc., as set out in note 31, pursuant to which Capital Union Inc. subscribed for and the Company allotted and issued 1,450,000,000 new shares with an aggregate fair value of HK$301,600,000. Details are set out in the Company's announcement dated 3 May 2016.

(iv) The share options of 427,835,050 outstanding as at 1 April 2015 were granted by the Company on 2 March 2015 under the share option scheme adopted by the shareholders of the Company on 24 September 2012 (the "Share Option Scheme") to eligible participants. The share options could be exercised to subscribe for ordinary shares of HK$0.01 each in the share capital of the Company at any time during the period on or after 2 March 2015 but not later than 1 March 2025. During the year end 31 March 2016, 427,835,050 new shares were issued as a result of exercise of all these outstanding share options. Details are disclosed in note 37.

During the year ended 31 March 2016, the Company granted 1,005,598,000 (2015: 427,835,050) share options to subscribe for ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme on 18 September 2015 and 12 October 2015 to eligible participants. The share options granted on 18 September 2015 and 12 October 2015 can be exercised at any time during the period on or after the grant dates but not later than 17 September 2018 and 11 October 2018 respectively. During the year end 31 March 2017, 196,655,000 (2016: nil) new shares were issued as a result of exercise of share options. Details are disclosed in note 37.

34. ACQUISITION OF SUBSIDIARIES

On 15 July 2016, the Group acquired 100% of the entire issued share capital of Sky Eagle at a consideration of HK$219,674,000 of which HK$7,000,000 will be satisfied in cash as deposit and as to the remaining balance of HK$212,674,000 shall be satisfied by the allotment and issue of the 1,300,000,000 consideration shares by the Company to the Central Wealth and by issue of the promissory notes in the principal amount of HK$29,000,000. Sky Eagle is principally engaged in investment holding and owns 100% of a subsidiary, Metro Victor which in turn holds a property. The acquisition was completed on 15 July 2016 and accounted for as acquisition of assets and associated liabilities.

The net assets acquired in the transaction are as follows:

	HK$'000
Net assets acquired:	
Plant and equipment	645
Investment property	403,000
Prepayments, deposits and other receivables	313
Bank and cash balances	277
Other payables and accruals	(1,177)
Bank borrowings	(183,384)
	219,674
Total consideration satisfied by:	
Cash deposit paid and included in other assets as at 31 March 2016	7,000
Issue of promissory notes (Note i)	25,885
Issue of new ordinary shares of the Company (Note ii)	186,789
	219,674
Net cash inflow arising on acquisition:	
Bank balance and cash acquired	277

Notes:

(i) The fair values of the promissory notes in aggregate of HK$25,885,000 at the date of completion of acquisitions are based on the valuation carried out by Peak Vision Appraisals Limited, an independent professional valuer not connected with the Group. The fair values of the liability component of the promissory notes is determined by discounting the estimated contractual cash flows over the remaining contractual terms of the promissory notes at the discount rates that appropriately reflect the riskiness of the promissory notes. The fair value of early repayment option of the Company is determined with reference to similar derivative. The fair value of the early repayment option is negligible at 15 July 2016 and 31 March 2017.

(ii) The consideration shares issued were accounted for as a share-based payment transaction and the fair value is determined by reference to the aggregate of fair values of assets and liabilities acquired.

34. ACQUISITION OF SUBSIDIARIES (continued)

On 7 May 2015 and 11 May 2015, the Company entered the sale and purchase agreement with Vendors for acquisition of 100% of the share capital of Skyway Securities and Skyway Futures. The total consideration of the acquisition should be settled by issuance of an aggregation of 2,600,000,000 new ordinary share of the Company, issuance of promissory notes with total face value of HK$550,000,000 and contingent consideration arrangement. The acquisition was completed on 4 November 2015.

Consideration transferred

	HK$'000
Issue of new ordinary shares of the Company (Note a)	509,600
Issue of promissory notes (Note b)	520,204
Contingent consideration arrangement (Note c)	(67,934)
	961,870

Notes:

(a) The fair value of the ordinary shares of the Company issued as consideration is determined by reference to the quoted market price of HK$0.196 per each of the ordinary shares of the Company at the date of completion of acquisition.

(b) The fair values of the promissory notes in aggregate of HK$520,204,000 at the date of completion of acquisition are based on the valuation carried out by Roma Appraisals Limited, an independent professional valuer not connected with the Group. The fair values of the liability component of the promissory notes by discounting the estimated contractual cash flows over the remaining contractual terms of the promissory notes at the discount rates that appropriately reflect the riskiness of the promissory notes. The fair value of early repayment option of the Company is determined with reference to similar derivative. The fair value of the early repayment option is negligible at 4 November 2015 and 31 March 2016.

(c) The contingent consideration arrangement represents the Profit Guarantee and net asset values guarantee jointly and severally made by the Vendors pursuant to the sales and purchase agreements. The fair value of the contingent consideration of HK$67,934,000 at the date of completion of acquisition is estimated based on the valuation carried out by Roma Appraisals Limited, an independent professional valuer not connected with the Group. The fair value of the net asset values guarantee is negligible at date of completion of acquisition. The fair value of the Profit Guarantee is determined by using the probabilistic method with reference to the projected net profits before tax of the Skyway Securities and Skyway Futures for the two financial years ended 31 December 2015 and ending 31 December 2016 and probability of different scenario estimated by the management after taking into account the discount rates that appropriately reflect the riskiness of the Profit Guarantee.

34. ACQUISITION OF SUBSIDIARIES (continued)

Assets acquired and liabilities recognised at the date of acquisitions are as follows:

	HK$'000
Property, plant and equipment	701
Intangible assets	145,759
Deposits	1,950
Accounts receivable	390,332
Deposits, prepayments and other receivables	14,578
Investments at fair value through profit or loss	43,653
Bank balances and cash	
– segregated accounts	105,423
– house accounts	4,419
Accounts payable	(120,529)
Accrual and other payables	(6,466)
Borrowings	(145,503)
Deferred tax liabilities	(23,892)
	410,425

Goodwill arising:

	HK$'000
Consideration transferred	961,870
Less: Identifiable net assets acquired	(410,425)
	551,445

The fair values as well as the gross contractual amounts of the accounts receivable and other receivables acquired amounted to HK$390,332,000 and HK$12,708,000 respectively at the date of completion of acquisitions. The best estimate at acquisition date of the contractual cash flows not expected to be collected is nil at the date of completion of acquisition.

Goodwill arose in the acquisition of Skyway Securities and Skyway Futures because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to revenue growth, future market development and the assembled workforce of Skyway Securities and Skyway Futures. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

34. ACQUISITION OF SUBSIDIARIES (continued)

Net cash inflow arising on acquisitions during the year ended 31 March 2016:

	HK$'000
Bank balances and cash acquired	4,419

Included in the profit for the year ended 31 March 2016 is a loss of HK$14,751,000 attributable to Skyway Securities and Skyway Futures. Revenue for the year ended 31 March 2016 includes HK$28,797,000 generated from Skyway Securities Investment and Skyway Futures.

Had the acquisition been completed on 1 April 2015, total group revenue for the year would have been HK$116,170,000 and loss for the year would have been HK$1,838,575,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future results.

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to shareholders through the optimisation of debt and equity balance.

The capital structure of the Group consists of debts, which include notes payable, promissory notes, bank borrowings and overdrafts and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and other sources of funds other than issuance of shares, including bank borrowings and overdrafts and issue of notes. Based on the recommendation of the directors of the Company, the Group will balance its overall capital structure through raising or repayment of borrowings.

Certain subsidiaries, Skyway Securities and Skyway Futures are registered by the Hong Kong Securities and Futures Commission (the "SFC") and are subject to the liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R") adopted by the SFC. Under the SF(FR)R, a regulated entity must maintain liquid capital (assets and liabilities adjusted as determined by the SF(FR)R) in excess of HK$3 million or 5% of the total adjusted liabilities, whichever is higher. Skyway Securities and Skyway Futures have complied with the liquid capital requirements imposed by the SF(FR)R during the year.

35. CAPITAL RISK MANAGEMENT (continued)

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total debt divided by capital and total debt. During the years ended 31 March 2017 and 2016, the Group's strategy was to maintain a reasonable gearing ratio. The gearing ratio at 31 March 2017 and 2016 were as follows:

	2017 HK$'000	2016 HK$'000
Notes payable	**147,811**	147,073
Promissory notes	**27,056**	260,010
Bank overdrafts	**44,908**	66,286
Bank borrowing	**178,262**	80,000
Total debt	**398,037**	553,369
Equity attributable to owners of the Company	**1,148,849**	1,414,925
Capital and total debt	**1,546,886**	1,968,294
Gearing ratio	**0.26**	0.28

The Group overall strategy remains unchanged during the year.

36. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
At FVTPL	**379,107**	474,289
Loans and receivables	**906,474**	675,652
AFS investments	**–**	358,218
Financial liabilities		
At amortised cost	**541,622**	762,043

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's major financial instruments include AFS investment, accounts receivable, deposits and other receivables, loans receivable, investments at FVTPL, bank balances, accounts payables, other payables, bank borrowings, bank overdrafts, promissory notes and notes payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Price risk

The Group is exposed to equity price risk through its investment in equity securities listed in Hong Kong (2016: equity securities listed in Hong Kong and unlisted equity investments). The management manages its exposure by maintaining a portfolio of investments with different risk profiles.

Sensitivity analysis

No sensitivity analysis at 31 March 2016 had been presented on equity price risk arising from unlisted equity investments because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that fair value cannot be measured reliably.

The sensitivity analysis below has been determined based on the exposure to equity price risk arising from equity securities listed in Hong Kong at the end of the reporting period.

If equity prices of equity securities listed in Hong Kong had been 5% higher/lower (2016: 5% higher/lower), post-tax loss for the year would decrease/increase by approximately HK$15,828,000 (2016: HK$16,965,000).

In the opinion of directors of the Company, the sensitivity analysis is unrepresentative of the price risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Cash flow interest rate risk

The Group's exposure to changes in interest rates primarily relates to its certain variable rate accounts receivable arising from the business dealing in securities, bank balances and borrowings. The management monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank saving balances and bank deposits where necessary.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for certain variable rate accounts receivable arising from the business dealing in securities, bank balances and borrowings at the end of the reporting period. The analysis is prepared assuming these balances outstanding at the end of the reporting period were held/outstanding for the whole year. A 50 basis points (2016: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2016: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2017 would decrease/increase by HK$1,466,000 (2016: HK$1,181,000).

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

The Group's credit risk is primarily attributable to accounts receivable, other receivables, investments at FVTPL and bank balances as at 31 March 2017 and 2016.

The Group's maximum exposure to credit risk in the event of counterparties' failure to perform their obligations as at 31 March 2017 and 2016 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In order to manage the credit risk in the accounts receivable due from clients arising from businesses of dealing in securities, individual credit evaluation are performed on all clients including cash and margin clients. Accounts receivable from cash clients generally settled in two days after trade date, credit risk arising from the accounts receivable due from cash clients is considered minimal. For margin clients, the Group normally obtains liquid securities as collateral based on the margin requirements. The Group has not granted any committed facility amount to each of the margin clients and the margin loan is granted by the Group depending on the assessment of the quality of the collateral and credit risk of the respective client. The margin requirement is closely monitored on a daily basis by the designated team. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced. Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties.

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

In respect of accounts receivable from clearing houses arising from businesses of dealing in securities and futures and options contracts, credit risks are considered low as the Group normally enters into transactions with clearing houses or agents which are registered with regulatory bodies. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong. As at 31 March 2017, the Group has concentration risk on its accounts receivable as the balance with the largest client represent 18% (2016: 8%) of the total accounts receivable from cash and margin clients and the three largest clients represent 8%, 6% and 5% (2016: 8%, 6% and 5%) respectively, of the accounts receivable from cash and margin clients. The Group has no other significant concentration risk.

For the other financial assets, the management has closely monitored their status and it believes that the Group's credit risk exposure on them is minimal.

Liquidity risk

The Group manages liquidity risk by maintaining sufficient bank balances and cash and the availability of funding through an adequate amount of committed credit facilities. The Group also aims at maintaining flexibility in funding by arranging and keeping committed banking facilities and other external financing available.

The Group's primary cash requirements have been for operations, investments and repayment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations and cash reserve.

The following tables detail the Group's liquidity analysis for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual cash outflows on the financial liabilities. To the extent that interest flows are floating rate, the undiscounted amount is derived from the prevailing market rate at the end of the reporting period.

36. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
2017							
Accounts payables	–	106,103	–	–	–	106,103	106,103
Other payables	–	37,482	–	–	–	37,482	37,482
Bank borrowings and overdrafts	2.3% – 5%	46,587	3,123	8,329	210,016	268,055	223,170
Notes payable	5% – 5.9%	–	–	7,500	167,500	175,000	147,811
Promissory notes	7.8% – 8.1%	–	–	580	29,290	29,870	27,056
		190,172	3,123	16,409	406,806	616,510	541,622

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
2016							
Accounts payables	–	192,302	–	–	–	192,302	192,302
Other payables	–	16,372	–	–	–	16,372	16,372
Bank borrowings and overdrafts	2.3% – 4%	146,286	–	–	–	146,286	146,286
Notes payable	5% – 5.9%	–	–	7,500	175,000	182,500	147,073
Promissory notes	6.3%	–	3,438	10,313	297,469	311,220	260,010
		354,960	3,438	17,813	472,469	848,680	762,043

36. FINANCIAL INSTRUMENTS (continued)

Fair value measurement

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value		Fair value hierarchy	Valuation techniques	Significant unobservable input
	2017 HK$'000	2016 HK$'000			
Held for trading investments – listed equity securities	379,107	406,355	Level 1	Quoted market closing prices in an active market	N/A
Profit Guarantee	–	67,934	Level 3	Probabilistic method	Estimated profits generated by relevant acquirees for year ending 31 December 2016 Discount rate: 12.97%

During the year ended 31 March 2017 and 2016, there were no transfers between Level 1 and Level 2.

Fair value of financial assets and liabilities that are not measured at fair value

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised at amortised cost approximate their fair values, which determined in accordance with generally accepted pricing models based on undiscounted cash flow analysis, as at 31 March 2017 and 2016.

37. SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 24 September 2012. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions. Eligible participants of the Share Option Scheme include any individual being an employee, officer, agent, consultant or representatives of any member of the Group (including any executive or non-executive director of any member of the Group) who, as the Board of Directors may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his/her performance and/or years of service, or is regarded to be a valuable human resource of the Group based on his/her working experience, knowledge in the industry and other relevant factors. The offer of a grant of share options may be accepted within thirty days from the date of grant. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00.

The subscription price for the shares on the exercise of options under the Share Option Scheme shall be a price determined by the Board of Directors and notified to the relevant participant at the time of grant of the options (subject to any adjustments made pursuant to the Share Option Scheme and the relevant provisions of the Rules Governing the Listing of securities on the Stock Exchange) is made to (subject to acceptance by) the participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the share. The exercise period of the share options granted is determinable by the directors but in any event, not longer than ten years from the date of grant.

The total number of shares issued and to be issued upon exercise of the options granted to each participant, together with all options granted and to be granted to him/her under any other share option scheme(s) of the Company within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the shares in issue as at the proposed date of grant. Any further grant of options to a participant in excess of the 1% limit shall be subject to the shareholders' approval of the Company with such participant and his/her associates abstaining from voting.

37. SHARE OPTION SCHEME (continued)

The limit on the total number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company (excluding lapsed and cancelled options) must not exceed 30% of the total number of the shares in issue from time to time. In addition, the total number of the shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company (excluding lapsed options), must not represent more than 10% of the total number of the shares in issue as at the date of approval of the Share Option Scheme (the "Scheme Mandate Limit") or as at the date of approval of the refreshed Scheme Mandate Limit as the case maybe.

The following table discloses movements of the Company's share options:

				Number of share options						
Category of grantee	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding as at 1 April 2015	Granted during the year	Exercised during the year	Outstanding as at 1 April 2016	Reallocated upon change of directorship	Exercised during the year	Outstanding as at 31 March 2017
Directors										
Mr. Tam Tak Wah	18 September 2015	18 September 2015 to 17 September 2018	0.234	–	15,945,000	–	15,945,000	(15,945,000)	–	–
Mr. Ng Kwok Leung	18 September 2015	18 September 2015 to 17 September 2018	0.234	–	6,378,000	–	6,378,000	(6,378,000)	–	–
				–	22,323,000	–	22,323,000	(22,323,000)	–	–
Employee	18 September 2015	18 September 2015 to 17 September 2018	0.234	–	–	–	–	6,378,000	–	6,378,000
Agent/consultants	2 March 2015	2 March 2015 to 1 March 2025	0.123	427,835,050	–	(427,835,050)	–	–	–	–
	18 September 2015	18 September 2015 to 17 September 2018	0.234	–	491,637,500	–	491,637,500	15,945,000	(196,655,000)	310,927,500
	12 October 2015	12 October 2015 to 11 October 2018	0.231	–	491,637,500	–	491,637,500	–	–	491,637,500
				427,835,050	983,275,000	(427,835,050)	983,275,000	15,945,000	(196,655,000)	802,565,000
				427,835,050	1,005,598,000	(427,835,050)	1,005,598,000	–	(196,655,000)	808,943,000

37. SHARE OPTION SCHEME (continued)

Notes:

(a) The share options were vested upon granted.

(b) The exercise price of the share options was subject to adjustments in the case of capitalisation of profits or reserve, rights or bonus issues, consolidation, subdivision or reduction of the share capital or other changes in the capital structure of the Company.

(c) In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$0.335 (2016: HK$0.166).

(d) As disclosed in the announcement dated 28 January 2016, in respect of the share options granted on 18 September 2015, the numbers of outstanding share options and exercise price per share had been adjusted from 483,500,000 to 513,960,500 and from HK$0.249 to HK$0.234 respectively. In respect of the share options granted on 12 October 2015, the number of outstanding share options and exercise price per share had been adjusted from 462,500,000 to 491,637,500 and HK$0.246 to HK$0.231 respectively.

(e) During the year ended 31 March 2017, 196,655,000 (2016: 427,835,050) options were exercised with aggregate fair value of HK$17,797,000 (2016: 38,975,000) in share option reserve had been transferred to share premium.

During the year ended 31 March 2016, the Company granted 1,005,598,000 share options under the Share Option Scheme on 18 September 2015 and 12 October 2015. The fair value of the options determined at the date of grant using the Binomial Lattice model was HK$82,222,000.

The fair values for the share options granted on 18 September 2015 and 12 October 2015 during the year ended 31 March 2016 were calculated by Peak Vision Appraisal Limited and Cushman & Wakefield Valuation Advisory Services (HK) Limited respectively, independent qualified professional valuers using the Trinomial Model and Binomial Lattice Model. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model were as follows:

	18 September 2015	12 October 2015
Grant date share price	HK$0.249	HK$0.246
Exercise price (Note)	HK$0.249	HK$0.246
Option life	3 years	3 years
Expected volatility	57.79%	51.97%
Expected dividend yield	Nil	Nil
Risk-free interest rate	0.63%	0.625%

Note: The exercise prices of share options granted on 18 September 2015 and 12 October 2015 were adjusted as disclosed above.

37. SHARE OPTION SCHEME (continued)

The Group recognised the total expense of approximately HK$82,222,000 in relation to share options granted by the Company for the year ended 31 March 2016. The corresponding amount of HK$82,222,000 had been credited to share-based payment reserve.

The share options granted to individuals were on a discretionary basis for their past services rendered to the Group, who rendered management service for the Group and consultancy services in respect of securities trading, financing and potential corporate exercises for the Group.

38. RETIREMENT BENEFITS SCHEMES

The Group participates in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of the trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by the employee. The Group follows the minimum contribution requirement of 5% of eligible employees' relevant aggregated income with a cap of HK$1,500 per employee per month since 1 June 2014.

The contributions made by the Group to the MPF Scheme are charged to the consolidated statement of profit or loss and other comprehensive income when employees have rendered service to the Group.

39. PLEDGE OF ASSETS

At the end of the reporting period, investment property of approximately HK$410,000,000 (2016: nil) and marketable securities portfolio of approximately HK$60,562,000 (2016: HK$225,191,000) were pledged to banks to secure borrowings.

40. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases for office premises and staff quarters which fall due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**13,229**	2,681
In the second to fifth years, inclusive	**16,930**	–
	30,159	2,681

Leases are negotiated for terms of one to two years. Rentals are fixed for one to two years.

41. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's statement of financial position; or
- not offset in the consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC on the same settlement date and are settled simultaneously. In addition the Group has a legally enforceable right to set off all clients accounts receivable and payable at any time without prior notice to clients and the Group intends to settle these balances on a net basis.

Except for above, amounts due from/to HKSCC that are not to be settled on the same date, accounts receivable and payable from clients not intends to settle on a net basis, financial collateral including cash and securities received by the Group, deposit placed with HKSCC do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

41. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	At 31 March 2017					
				Related amounts not set off in the consolidated statement of financial positons		
Type of financial assets	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Financial instrument HK$'000	Collateral received* HK$'000	Net amount HK$'000
Accounts receivables arising from the business of dealing in securities	2,048,313	(1,361,542)	686,771	(17,666)	(596,759)	72,346

	At 31 March 2016					
				Related amounts not set off in the consolidated statement of financial positons		
Type of financial assets	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Financial instrument HK$'000	Collateral received* HK$'000	Net amount HK$'000
Accounts receivables arising from the business of dealing in securities	443,196	(28,678)	414,518	(14,787)	(380,377)	19,354

* The item "collateral received" represents the securities pledged in the clients' account which are not recognised in the consolidated statements of financial position. The amounts are capped at the lower of the market value of securities and the net receivable amounts on a client by client basis.

41. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	At 31 March 2017					
Type of financial liabilities	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial positons: Financial instrument HK$'000	Collateral received HK$'000	Net amount HK$'000
Accounts payables arising from the business of dealing in securities	1,467,555	(1,361,452)	106,103	(17,666)	–	88,437

	At 31 March 2016					
Type of financial liabilities	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial positons: Financial instrument HK$'000	Collateral received HK$'000	Net amount HK$'000
Accounts payables arising from the business of dealing in securities	220,123	(28,678)	191,445	(14,787)	–	176,658

42. RELATED PARTY TRANSACTIONS

Compensation to key management personnel of the Group which represents directors of the Company is set out in note 11.

43. NON-CASH TRANSACTION

During the year ended 31 March 2017, the dividend distributed from an investee was settled by convertible notes issued by Up Energy with a fair value of HK$12,468,000 as set out in note 25.

44. DETAILS OF SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are set out below.

Name	Place of incorporation and operations	Paid up registered capital	Proportion of ownership interest held by the Company Direct 2017	Direct 2016	Indirect 2017	Indirect 2016	Principal activities
Magnum Pacific Limited	The British Virgin Islands	Ordinary US$1	-	-	100%	100%	Investment in securities
Magnum Pacific Limited	Hong Kong	Ordinary HK$1	-	-	100%	100%	Investment in securities
Skyway Securities	Hong Kong	Ordinary HK$350,000,000	100%	100%	-	-	Provision of brokerage services and securities margin financing services
Skyway Futures	Hong Kong	Ordinary HK$10,000,000	100%	100%	-	-	Provision of futures and options dealing services
Skyway Credit Service	Hong Kong	Ordinary HK$1,000,000	-	-	100%	100%	Provision of finance
Metro Victor	Hong Kong	Ordinary HK$10,000	-	-	100%	-	Property investment and letting of properties

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2017 HK$'000	2016 HK$'000
Non-current assets		
Property, plant and equipment	3,405	–
Investment in subsidiaries	461,342	1,001,870
Contingent consideration	–	67,934
Amount due from subsidiaries	–	358,488
Rental deposit	6,943	–
	471,690	1,428,292
Current assets		
Prepayments, deposits and other receivables	1,707	2,090
Investment at fair value through profit or loss	379,107	–
Amounts due from subsidiaries	320,153	363,167
Cash and bank balances	89,222	70,587
	790,189	435,844
Current liabilities		
Amount due to subsidiaries	691,568	432,019
Other payables and accruals	33,039	2,040
Tax payable	2,500	2,500
	727,107	436,559
Net current assets (liabilities)	63,082	(715)
Total assets less current liabilities	534,772	1,427,577
Non-current liabilities		
Notes payable	147,811	147,073
Promissory notes	27,056	260,010
Deferred tax liabilities	361	483
	175,228	407,566
Net assets	359,544	1,020,011
Capital and reserves		
Share capital	180,198	126,641
Reserves (note)	179,346	893,370
Total equity	359,544	1,020,011

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated (losses) HK$'000	Total HK$'000
At 1 April 2016	1,625,244	388,137	38,975	(356,801)	1,695,555
Loss for the year and total comprehensive expense for the year	–	–	–	(1,700,747)	(1,700,747)
Placing of shares	135,000	–	–	–	135,000
Issue of shares	555,000	–	–	–	555,000
Exercise of share options	87,320	–	(38,975)	–	48,345
Exercise of warrants	78,165	–	–	–	78,165
Recognition of share based payment	–	–	82,222	–	82,222
Transaction cost directly attributable to issue of shares	(170)	–	–	–	(170)
At 31 March 2016	**2,480,559**	**388,137**	**82,222**	**(2,057,548)**	**893,370**
Loss for the year and total comprehensive expense for the year	**–**	**–**	**–**	**(1,435,728)**	**(1,435,728)**
Placing of shares	**287,100**	**–**	**–**	**–**	**287,100**
Issue of shares	**173,789**	**–**	**–**	**–**	**173,789**
Exercise of share options	**61,848**	**–**	**(17,797)**	**–**	**44,051**
Exercise of warrants	**216,807**	**–**	**–**	**–**	**216,807**
Transaction cost directly attributable to issue of shares	**(43)**	**–**	**–**	**–**	**(43)**
At 31 March 2017	**3,220,060**	**388,137**	**64,425**	**(3,493,276)**	**179,346**

46. EVENTS AFTER THE REPORTING PERIOD

(a) Group reorganisation

As disclosed in the Company's announcement dated 7 March 2017 and circular dated 10 April 2017, on 7 March 2017, two of the Company's substantial shareholders, Mr. Lam Hoi Sze and Ms. Ai Qing (the "Selling Shareholders"), entered into the sale and purchase agreements with CMBC International Investment Limited (the "Offeror"), an indirect wholly-owned subsidiary of China Minsheng Banking Corporation Limited whose shares are listed on the Stock Exchange, and Brilliant Decent Limited ("Brilliant Decent"), an indirect owned subsidiary of China Huarong Asset Management Co., Limited whose shares are listed on the Stock Exchange, pursuant to which the Mr. Lam Hoi Sze conditionally agreed to sell 2,527,200,000 shares of the Company to the Offeror and Ms. Ai Qing conditionally agreed to sell 900,000,000 shares of the Company to Brilliant Decent, both at the price of HK$0.06 per share. The shares sold by the Selling Shareholders represent approximately 19% of the shares in issue at 31 March 2017.

In addition, on 7 March 2017, the Company, the Offeror and Brilliant Decent entered into a subscription agreement that the Company agreed to issue 26,950,000,000 new ordinary shares of the Company, at the price of HK$0.032 per share for an aggregate consideration of HK$862,400,000, of which 25,000,000,000 new shares will be subscribed by the Offeror and 1,950,000,000 new shares will be subscribed by Brilliant Decent (the "Subscription"). The Subscription is subject to the fulfillment of the agreed conditions, including but not limited to, the striking off or disposal of the Group companies other than the three licensed corporations comprising Skyway Securities, Skyway Futures and Skyway Asset Management (the "Remaining Group"), archiving certain financial targets by the Group and obtaining approval from the Stock Exchange, SFC and independent shareholders of the Company at the special general meeting. Accordingly, the Group does not consider that the operations other than the Remaining Group to be discontinued at 31 March 2017.

Upon the completion of the above transactions, the Offeror will be interested in approximately 61.21% of the enlarged issued shares capital of the Company and will become the controlling shareholder of the Company. The transactions were approved in the SGM on 28 April 2017 and completed on 31 May 2017.

46. EVENTS AFTER THE REPORTING PERIOD (continued)

(b) Disposal of Sky Eagle and Metro Victor

On 28 November 2016 and 7 March 2017, Gold Mission, entered into the sale and purchase agreement and a supplemental agreement with Celestial Lodge Limited, a company wholly owned by CSPT who is also a substantial shareholder of the Company, respectively, in relation to the sale of one share in the share capital of the Sky Eagle ("CSPT Disposal"), representing 100% of the entire issued share capital of Sky Eagle and a loan amounting to approximately HK$181,000,000 at cash consideration of HK$227,000,000 of which HK$22,000,000 will be paid as deposit. The only significant asset of Sky Eagle and its subsidiary, Metro Victor is the investment property disclosed in note 18. The CSPT Disposal is subject to the fulfillment of the agreed conditions, including but not limited to obtaining approval from the Stock Exchange and independent shareholders of the Company at the SGM. Details are set out in the Company's announcements dated on 28 November 2016 and 7 March 2017 and circular dated 10 April 2017.

At 31 March 2017, none of the conditions of the CSPT Disposal are fulfilled nor approved in the SGM. Accordingly, the Group continues to classify the property as investment property in the consolidated statement of financial position as at 31 March 2017. The CSPT Disposal was approved in the SGM on 28 April 2017 and completed on 9 May 2017.

(c) Distribution in Specie in listed securities

As disclosed in the Company's announcements dated 7 March 2017 and 28 April 2017 and circular dated 10 April 2017, the Group proposed and distributed in specie of all the shares of CSPT and FW held by the Group (the "Distribution") to the shareholders whose names are registered on the register of members of the Company on 10 May 2017. As at 31 March 2017, the Group held 1,215,971,647 shares of CSPT and 315,692,000 shares of FW with carrying amounts of approximately HK$189,692,000 and HK$189,415,000. The distribution was completed on 26 May 2017.

(d) Special cash dividend

As disclosed in the Company's announcements dated 7 March 2017 and 28 April 2017 and circular dated 10 April 2017, the Group proposed and distributed a special dividend of HK$0.03255 per share to be paid in cash to the shareholders whose names are registered on the register of members of the Company on 10 May 2017. The special dividend in aggregate amount of approximately HK$621,867,000 was paid on 24 May 2017.

(e) Exercise of share options

In April 2017, all of the outstanding share options at 31 March 2017 were exercised by the option holders. Upon the exercise of these share options, 808,943,000 new ordinary shares of the Company were issued and the net proceeds from the exercise of share options was approximately HK$187,818,000.

Financial Summary

	For the year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULT					
Continuing operations					
Revenue	**87,537**	57,052	300,700	1,369,188	757,600
(Loss) profit before taxation	**(1,036,417)**	(1,928,594)	551,402	417,153	(68,099)
Taxation	**(5,342)**	55,813	(64,345)	(70)	(1,025)
(Loss) profit for the year from continuing operations	**(1,041,759)**	(1,872,781)	487,057	417,083	(69,124)
Discontinued operations					
(Loss) profit for the year from discontinued operations	**(339)**	(2,243)	–	–	7,930
(Loss) profit for the year	**(1,042,098)**	(1,875,024)	487,057	417,083	(61,194)
Attributable to:					
Owners of the Company	**(1,042,098)**	(1,874,835)	487,057	417,083	(60,928)
Non-controlling interests	**–**	(189)	–	–	(266)
	(1,042,098)	(1,875,024)	487,057	417,083	(61,194)

	As at 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**1,735,276**	2,211,857	2,719,745	1,885,139	1,307,541
Total liabilities	**(586,427)**	(794,671)	(391,010)	(291,714)	(176,904)
	1,148,849	1,417,186	2,328,735	1,593,425	1,130,637
Equity attributable to					
Owners of the Company	**1,148,849**	1,414,925	2,328,735	1,593,425	1,130,637
Non-controlling interest	**–**	2,261	–	–	–
	1,148,849	1,417,186	2,328,735	1,593,425	1,130,637