CRTG

China Resources and Transportation Group Ltd
中 國 資 源 交 通 集 團 有 限 公 司

CHINA RESOURCES AND TRANSPORTATION GROUP LIMITED
中國資源交通集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 269

ANNUAL REPORT 2017

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cao Zhong *(Chairman)*
Mr. Fung Tsun Pong *(Vice-Chairman)*
Mr. Jiang Tao *(Chief Executive Officer)*
(appointed on 12 August 2016)
Mr. Tsang Kam Ching, David *(Finance Director)*
Mr. Gao Zhiping
Mr. Duan Jingquan

Non-executive Director

Mr. Suo Suo Stephen

Independent Non-executive Directors

Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming
Mr. Xue Baozhong
(appointed on 12 August 2016)

Audit Committee

Mr. Yip Tak On *(Chairman)*
Mr. Jing Baoli
Mr. Bao Liang Ming
Mr. Xue Baozhong

Remuneration Committee

Mr. Yip Tak On *(Chairman)*
Mr. Jing Baoli
Mr. Bao Liang Ming
Mr. Cao Zhong
Mr. Xue Baozhong

Nomination Committee

Mr. Cao Zhong *(Chairman)*
Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming
Mr. Xue Baozhong

COMPANY SECRETARY

Miss Ngan Wai Kam, Sharon

AUDITOR

Crowe Horwath (HK) CPA Limited

LEGAL ADVISOR

Sidley Austin
Louis K.Y. Pau & Company

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Bank of East Asia Limited
The Hong Kong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Sterling Trust (Cayman) Limited
Whitehall House
238 North Church Street
P.O. Box 1043
George Town
Grand Cayman
KY1-1102
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Room 1801-05, 18/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

SHARE REGISTRARS & TRANSFER OFFICE

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

STOCK CODE AT HONG KONG STOCK EXCHANGE

269

CONTACT DETAILS

Telephone no. : (852) 3176 7100
Facsimile no. : (852) 3176 7122

COMPANY WEBSITE

http://www.crtg.com.hk

STATEMENT OF CHAIRMAN

To all shareholders of the Company (the "Shareholders"),

On behalf of the board of directors (the "Board") of China Resources and Transportation Group Limited 中國資源交通集團有限公司 (the "Company"), I am delighted to present the Annual Report 2017 and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2017.

In 2016, the national economy of People's Republic of China (the"PRC") improved smoothly and has been steady amidst slowdown trend. The supply-side reform of the coal industry was proactively promoted and preliminary outcome was seen in the progress of resolving excess production capacities. Affected by dual influence of market and policy on adjusting production volume, there was improvement in the severe imbalance between the demand for and supply of coal while the market price has considerably rebounded, resulting in a better operating situation of coal enterprises. We have achieved an approximately 20% and 13% increase in average daily traffic volume and average daily revenue from Zhunxing Expressway, respectively. However, we are still in the process of recovering from the trough of the economic cycle and the past year is another difficult year for all the stakeholders of the Company.

Looking back at 2016, the staff at all levels of the Group have worked together and the Company has proactively taken measures to improve the capital and debt structure of the Group including, but not limited to, proactively working with debt holders of the Group to align the interests of all parties, arranging the proposed disposal of 71% equity interest in Zhunxing with buy-back obligation or buy-back options to pay back our borrowings, ceasing our forestry business in Guyana, South America and disposing our real estate business in the PRC.

The Group has recently announced its entering with CITIC AMC the memorandum of understanding which sets out the proposal under which the Company intends to acquire the pawn loan business from CITIC AMC and its other owners. If the proposed transactions materialise, it will represent a strategic move of the Group toward our next step. The Board has full confidence that this transformation, if materialises, will help on the sustainable growth of the Group and maximise the benefits of the Shareholders as a whole.

With the economy and market getting slowly recovered along with our new initiative, I am of the view that the Group will achieve its long-term development objective as the financial position of the Group is improved in the foreseeable future.

I wish to take this opportunity to extend my appreciation and gratitude to all Shareholders for their continued support and to thank my fellow Directors and colleagues for their tremendous energy, dedication and hard work in the past year.

Mr. Cao Zhong
Chairman

Hong Kong, 27 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2017, the Group was principally engaged in expressway operations, trading of petroleum and related products, compressed natural gas ("CNG") gas stations operations and timber operations.

BUSINESS REVIEW

Operation of Zhunxing Expressway

During the year, the Company's revenue was mainly contributed by toll income from the 265-kilometre heavy-haul toll expressway in Inner Mongolia ("Zhunxing Expressway") operated by Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited* (內蒙古准興重載高速公路有限責任公司) ("Zhunxing") which is indirectly held as to 86.87% by the Company.

For the year ended 31 March 2017, Zhunxing Expressway recorded an accumulated toll income of approximately RMB464.27 million (approximately HK$534.00 million), i.e. an average daily toll income of approximately RMB1.27 million (approximately HK$1.46 million) and an average daily traffic volume of approximately 4,293 vehicles (for the year ended 31 March 2016, was approximately RMB1.12 million (approximately HK$1.37 million) and the average daily traffic volume was approximately 3,585 vehicles).

Upon traffic opening and commencement of toll collection of Zhunxing Expressway on 21 November 2013, the Group actively introduced measures and promotions to build client base. Yet, a number of factors restrained the growth of both traffic volume and toll income of Zhunxing Expressway during the year:

(1) Under the influence of the national macroeconomic environment and environmental policy, the weak demand in coal and tightened supervision on coal output capacity by the PRC government of all levels caused the coal market to remain sluggish;

(2) following the implementation of coal capacity reduction policy which targets to cut a number of coal mines in the PRC by 2020, the initial output cuts posed negative impacts on the traffic volume of coal transport vehicles; and

(3) the auxiliary facilities of some service areas and major petrol and gas stations were not in full operation, which caused inconvenience to some users of Zhunxing Expressway.

In order to accelerate the growth in traffic volume and toll income of Zhunxing Expressway, Zhunxing is actively implementing a number of measures to promote and attract more coal transport vehicles to run on Zhunxing Expressway on a regular basis:

(1) closely keep track with competitors to cope with any new market changes brought by the toll collection network. Zhunxing continues to fine-tune its business strategies to seek revenue growth in this tough market environment:

   (i) promoting the advantageous features of Zhunxing Expressway including its tunnel-free nature and the absence of hazardous chemical transport restrictions to attract specific customers;

   (ii) offering discount plans to major customers to enhance the usage of Zhunxing Expressway;

   (iii) brand building with quality auxiliary services in catering and vehicle maintenance with the objective to maintain and grow customer loyalty and recognition;

   (iv) executing effective road maintenance program to preserve Zhunxing Expressway in its originally constructed condition, protect road users' safety and provide efficient and convenient travel along the route; and

   (v) reinforcing a safe and expedient driving environment by implementing a 24-hour patrol service which aims to swiftly resolve spontaneous traffic incidents and minimise the time to restore traffic fluency on Zhunxing Expressway;

BUSINESS REVIEW *(Continued)*

Operation of Zhunxing Expressway *(Continued)*

(2) timely update on any new market changes brought by the developments of the neighboring logistic bases. Zhunxing proactively liaises with the neighboring logistic bases and coal trading companies to keep up with industry trends and promotes Zhunxing Expressway's advantageous position in bringing together a coal transport process that reinforces traffic fluency, cost-saving and high efficiency; and

(3) push forward the licensing process of auxiliary facilities of service areas and major petrol and gas stations. The petrol and gas stations in the Hohhot section are expected to commence operation in December 2017. The additional services, such as petrol and gas dispensing and supply of food and beverages, are expected to bring convenience to road users and attract a steady cash flow of customers.

Petroleum and Related Products Business

As set out in the interim report of the Company for the period ended 30 September 2016 ("Interim Report 2016"), the Group through its wholly owned subsidiary, Shenzhenshi Qianhai Zitong Energy Company Limited* (深圳市前海資通能源有限公司) ("Zitong Energy") focused on the development of three ancillary business sectors under the petroleum and related products business segment, namely (1) traditional energy business sector based on refined petroleum trading ("Refined Petroleum Trading Business"), (2) clean energy business sector based on contemporary coal chemicals ("Clean Energy Business"), and (3) new energy business sector based on CNG ("New Energy Business").

In early 2017, the Company and the Company's wholly-owned subsidiary Guangdong Jinjing Energy Company Limited* (廣東金晶能源股份有限公司) ("Jinjing"), each received a demand notice from a commercial bank in the PRC, claiming for the immediate repayment for an outstanding amount borrowed and owed by Jinjing, where the Company acted as guarantor. The Company subsequently received a statutory demand under Section 327(4)(a) of the Companies (Winding up and Miscellaneous Provisions Ordinance (Cap 32)) from the commercial bank in relation to the above outstanding amount. On 31 March 2017, the Company, Zitong Energy, Jinjing and the aforesaid bank entered into a settlement agreement in relation to the restructuring and settlement of the outstanding amount and the subsequent arrangement thereunder. Further details on the borrowings are set out under the "Material Events" section below.

In light of the Group's imminent funding requirements in order to meet its short-term financial obligations, the Group has significantly reduced its activities and investments in the Refined Petroleum Trading Business and the Clean Energy Business. Subsequent to 31 March 2017, the refined petroleum trading business of Jinjing and Clean Energy Business were ceased as part of the Group's business strategy to improve its liquidity.

(1) Refined Petroleum Trading Business:

For the year ended 31 March 2017, Zitong Energy and Jinjing recorded sales of petroleum products of approximately 38,000 tons in total (2016: 291,000 tons), whereas revenue from principal business was approximately HK$163.35 million (2016: approximately HK$1,636.34 million).

In order to alleviate the Group's cash flow pressure, Zitong Energy and Jinjing limited their purchases on petroleum products for trading activities, leading to a reduction in trade volume of approximately 87%, and hence a decrease in income of approximately 90% recorded under the petroleum trading business as compared to the last financial year.

(2) Clean Energy Business:

Towards the fourth quarter of this financial year, with the priority on settling the Group's short-term financial obligations of the petroleum business sector, the Group's 85% owned subsidiary Shenzhenshi Qianhai Zitong Clean Energy Company Limited* (深圳市前海資通清潔能源有限公司) has held back its negotiation on the cooperation project with CNOOC Oil & Petrochemicals Company Limited (中海石油煉化有限責任公司) in relation to the partial oxidation coal-to-hydrogen plant under the Huizhou petrochemicals phase II project.

BUSINESS REVIEW *(Continued)*

Petroleum and Related Products Business *(Continued)*

(3) New Energy Business:

For the year ended 31 March 2017, the Group's wholly owned subsidiary Leshan Zhongshun Oil and Gas Company Limited* (樂山中順油汽有限公司) ("Leshan Zhongshun") realised sales of CNG of approximately 8,223m^3 in total (2016: 5,435m^3), amounted to approximately HK$24.99 million (2016: HK$19.76 million).

Forest Operation

During the year, the Group ceased its forest operation in Guyana, South America ("Guyana") in order to narrow the Group's business losses and conserve resources. During the fourth quarter of this financial year, the Group's exclusive forest concession rights in Guyana were suspended by the Guyana Forestry Commission, details of which are set out under the "Material Events" section below.

With an aim to increase the cashflows of the Group, the Company will continue to look for opportunity to dispose its forestry related businesses in the PRC.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2017 was approximately HK$727.62 million, representing a decrease of about 67.2% from approximately HK$2,221.56 million for the last financial year. The Group's income was recognised under three reportable segments of the Group, namely expressway operations, petroleum business and timber operations, contributing approximately HK$535.64 million (73.62%), HK$188.34 million (25.88%) and HK$3.64 million (0.50%) (2016: HK$501.05 million (22.55%), HK$1,663.07 million (74.86%) and HK$57.44 million (2.59%)) respectively to the Group's consolidated revenue.

Revenues from two businesses, i.e. HK$534.00 million toll income from expressway operation (2016: HK$500.72 million) and HK$163.35 million income from trading of petroleum and related product (2016: HK$1,636.34 million), constituted the revenue streams of the Group for the year ended 31 March 2017. The income recorded under the Group's petroleum trading business dropped by about 90% during the year due to reduction in trading of petroleum products as discussed in the above "Business Review" section. Nonetheless, the toll income from the expressway operations increased by about 7% during the year as the coal prices slightly recovered.

Cost of Sales

The Group's cost of sales for the year ended 31 March 2017 was approximately HK$878.44 million, representing a decrease of about 64.3% from approximately HK$2,463.50 million for the last financial year. The Group's cost of sales was primarily driven by (i) the reduced cost of sales of petroleum and related products amounted to approximately HK$164.25 million (2016: HK$1,613.70 million), (ii) the reduced amortisation of the concession intangible asset arising from expressway operations to approximately HK$552.02 million (2016: HK$617.14 million), and (iii) the reduced timber and logging costs to approximately HK$3.71 million (2016: HK$53.94 million).

Gross Loss

The Group's gross loss decreased by about 37.7%, from approximately HK$241.95 million for the previous financial year to approximately HK$150.82 million for the year ended 31 March 2017.

EBITDA

For the year ended 31 March 2017, the Group recorded a decreased EBITDA (defined as earnings before interest, tax, depreciation, amortisation and non-cash changes in values of assets and liabilities) amounted to approximately HK$185.21 million as compared to the EBITDA of approximately HK$396.47 million for the last financial year. The 53% decline in EBITDA was primarily driven by the reduced revenue from the Group's petroleum business as discussed above. Detailed segment revenue and contribution to loss before tax credit of the Group are shown in Note 6 to the financial statements.

Increase in fair value of the biological assets

For the purpose of estimating the fair value of the Group's biological assets in the PRC as at 31 March 2017, an independent valuation was performed by LCH (Asia-Pacific) Surveyors Limited (the "Valuer"), a firm of qualified professional surveyors and international valuation consultants with over 20 years of valuation experience. The Board is satisfied that the Valuer is independent and competent to conduct the valuation. As at 31 March 2017, the Group recorded a gain on the change in fair value less costs to sell of biological assets amounted to approximately HK$11.49 million (2016: a loss of approximately HK$0.45 million (restated)). Further details on the qualifications of the Valuer, valuation methodology and assumptions, material input used in the valuations and sensitivity analysis in relation to the valuation of the biological assets are set out in Note 19 to the financial statements.

Loss for the year

The Group's net loss for the year ended 31 March 2017 was approximately HK$1,784.44 million, representing a drop of about 53.9% from approximately HK$3,869.31 million (restated) for the year ended 31 March 2016. Apart from the decrease in revenue for the year as discussed above, the Group's net loss for the year was primarily contributed by (i) the reduced finance cost of the Group amounted to approximately HK$977.21 million (2016: HK$1,462.21 million) mainly due to the disposal of a subsidiary under the petroleum business during the previous financial year and interest expense on the outstanding debt securities being accrued at default rate after the respective contractual maturity; (ii) an one-off impairment loss of approximately HK$362.08 million (2016: HK$Nil) recognised on interests in associates immediately prior to reclassification as disposal group being classified as held for sale; and (iii) the reduced Group's selling and administrative expenses amounted to approximately HK$265.03 million (2016: HK$270.48 million). The Group's 2.0% drop in selling and administrative expenses during the year was primarily contributed by (a) the reduced petroleum products freight charges to HK$2.71 million (2016: HK$34.72 million) as the trading activities in petroleum products reduced; (b) the reduced depreciation and amortisation to HK$14.72 million (2016: HK$50.74 million) following the recognition of impairment loss under the expressway operations business during the last financial year; and (c) an increased impairment loss of trade and other receivables to approximately HK$104.32 million (2016: HK$20.76 million).

The loss attributable to owners of the Company for the year was approximately HK$1,676.20 million (2016: HK$3,456.01 million (restated)). Both the basic and diluted loss per share attributable to owners of the Company for the year were HK$0.25 as compared with HK$1.15 for the last financial year.

LIQUIDITY REVIEW

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The Group's assets portfolio is mainly financed by its borrowings and debt securities.

As at 31 March 2017, the Group was in a net liabilities position of approximately HK$1,596.43 million as compared with a net assets position of approximately HK$209.78 million (restated) as at 31 March 2016. The gearing ratio of the Group, measured as total liabilities to total assets, was 109.8% (2016: 98.9%).

As at 31 March 2017, the Group had cash and bank balances of approximately HK$53.74 million (2016: HK$116.23 million) and its available banking facilities were amounted to approximately HK$11,704.72 million (2016: HK$12,769.82 million), out of which approximately HK$11,616.08 million (2016: HK$12,072.59 million) has been utilised.

LIQUIDITY REVIEW *(Continued)*

Borrowings

The Group's outstanding borrowings as at 31 March 2017, all being dominated in RMB, amounted to approximately HK$11,616.08 million (2016: HK$12,072.59 million). Approximately HK$614.64 million (2016: HK$1,151.67 million) of the Group's outstanding borrowings were charged at fixed rates. About 6% (2016: 7%) of the Group's outstanding borrowings were repayable within one year.

As expressway operation is a capital intensive industry, approximately 99% of the Group's outstanding borrowings amounted to RMB10,156.61 million (approximately HK$11,451.88 million), were obtained and drawn down primarily for the construction of Zhunxing Expressway as at 31 March 2017. The syndicated loan facilities of RMB8,786.22 million (approximately HK$9,906.73 million) granted by several PRC banks in December 2012, including short term loans of RMB57.00 million (approximately HK$64.27 million) and long term loans of RMB8,729.22 million (approximately HK$9,842.46 million), were secured by Zhunxing's receivables of toll income. Furthermore, Zhunxing obtained and drawn down short term loans of RMB457.75 million (approximately HK$516.13 million) and long term loans of RMB912.65 million (approximately HK$1,029.04 million) from several authorised financial institutions in the PRC, of which approximately RMB962.02 million (approximately HK$1,084.71 million) was secured by a combination of (i) Zhunxing's receivables of toll income, (ii) the Group's equity interests in Zhunxing and/or (iii) certain Zhunxing's investments.

Capital Commitments

The Group's outstanding capital commitments as at 31 March 2017 increased to approximately HK$236.69 million (2016: HK$25.04 million), representing the capital expenditure arising from acquisition of property, plant and equipment for the businesses in Inner Mongolia and the acquisition of 60% interest in Red Sino Investments Limited which was settled by the issue of consideration shares on 10 May 2017.

Going Concern

During the year, the Group suffered a loss of HK$1,784.44 million (2016: HK$3,869.31 million (restated)), and as at 31 March 2017, the Group had net current liabilities of HK$6,452.72 million (2016: HK$6,452.17 million) and net liabilities of HK$1,596.43 million (2016: net assets of HK$209.78 million (restated)), respectively. As at 31 March 2017, the Company's outstanding non-convertible debt securities (including the matured convertible bonds) were as follows:

Holder of non-convertible debt securities	**Principal amount** *(HK$)*	**Maturity date**
China Life Insurance (Overseas) Company Limited	800,000,000	10 February 2016
China Life Insurance (Overseas) Company Limited	700,000,000	24 January 2017
Cross-Strait Capital Limited	32,000,000	10 February 2016
Dr. Lo Ka Shui	36,000,000	3 March 2016
Dr. Lo Ka Shui	35,000,000	3 September 2016
Li Ka Shing (Canada) Foundation	464,000,000	3 March 2016
Li Ka Shing (Canada) Foundation	465,000,000	3 September 2016
Strait Capital Service Limited	800,000,000	24 January 2017
Strait CRTG Fund, L.P.	700,000,000	24 January 2017
Total	4,032,000,000	

LIQUIDITY REVIEW *(Continued)*

Going Concern *(Continued)*

As at 31 March 2017, the Group was due to repay the promissory note and all the above outstanding non-convertible debt securities (including the matured convertible bonds). In aggregate, the carrying amount of the non-convertible debt securities and promissory note with the accrued default interests which are immediately repayable amounted to approximately HK$5,086.44 million. These conditions indicate the existence of material uncertainties which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. However, having considered the measures set out in Note 3(b) to the financial statements and the section headed "Updates on Remedial Measures on Going Concern" below, the Board is of the view that, upon successful implementation of the measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future.

Treasury policy

The Group's business operations, assets and liabilities are denominated mainly in Hong Kong dollars, Renminbi, Australian dollars and US dollars. There was no significant foreign exchange gain or loss recognised during the year. The management will review from time to time of potential exchange exposure and will take appropriate measures to minimise the risk of foreign exchange exposure in the future.

The Group did not use any financial instruments for hedging purposes and did not have foreign currency investments being hedged by foreign currency borrowings and other hedging instruments.

MATERIAL EVENTS

Amendments to the Terms and Conditions of the Convertible Bonds Due 2016

On 10 February 2015, the Company issued 9% convertible bonds in the principal amount of HK$700 million and HK$800 million, maturing 24 October 2016 to Strait CRTG Fund, L.P. ("Strait Fund") and Strait Capital Service Limited ("Strait Capital"), respectively.

(a) On 13 June 2016, the Company and Strait Fund entered into an amendment agreement, pursuant to which the maturity date and conversion rights were extended to 24 January 2017 with the conversion price being reset to HK$0.20 per Share. Amendments became effective on 21 July 2016 upon satisfying all the conditions precedent set out in the amendment agreement, including approval by the Shareholders and the Stock Exchange in relation to (i) the amendments and (ii) the listing on the Stock Exchange of conversion shares arising from the convertible bonds during the extended period. Further details on the amendments were set out in the announcements dated 13 June 2016 and 19 July 2016, and the circular dated 29 June 2016 of the Company.

(b) On 10 August 2016, the Company and Strait Capital entered into an amendment agreement, pursuant to which the maturity date and conversion rights were extended to 24 January 2017 with the conversion price being reset to HK$0.20 per Share. The amendments were subject to (1) the approval by the Shareholders, (2) all necessary consents and approvals required to be obtained on part of Strait Capital in respect of the proposed amendments, and (3) the Stock Exchange approving (i) the amendments and (ii) the listing on the Stock Exchange of conversion shares arising from the convertible bonds during the extended period. Upon satisfying all the conditions precedent, the amendments came into effect on 12 September 2016. Details on the amendments were set out in the announcements dated 10 August 2016 and 8 September 2016, and the circular dated 23 August 2016 of the Company.

The Board considers that the extended time for the repayment to Strait Fund and Strait Capital was beneficial to the Company and its operation by alleviating the pressure on its cash flows. Furthermore, the amendment of conversion price would incentivise the two bondholders to convert all or part of the convertible bonds not previously converted by bringing it closer to the current market level of the share price.

MATERIAL EVENTS *(Continued)*

Amendments to the Terms and Conditions of the Convertible Bonds Due 2018

On 10 February 2015, the Company issued 9% convertible bonds in the principal amount of HK$700 million, maturing 12 February 2018 to China Life Insurance (Overseas) Company Limited ("China Life").

On 18 November 2016, the Company and China Life entered into an amendment agreement, pursuant to which the maturity date and conversion rights were amended to 24 January 2017 with the conversion price being reset as HK$0.20 per Share. The amendments were subject to (1) the approval by the Shareholders and (2) the Stock Exchange approving (i) the amendments and (ii) the listing on the Stock Exchange of conversion shares arising from the convertible bonds. Upon satisfying all the conditions precedent, the amendments came into effect on 29 December 2016. Further details on the amendments were set out in the announcement dated 18 November 2016 and the circular dated 8 December 2016 of the Company.

The Board considers that the amendment of conversion price would incentivise China Life to convert all or part of the convertible bonds not previously converted by bringing it closer to the current market level of the share price. The agreement to shorten the conversion period was agreed between China Life and the Company to align the interest of China Life with Strait Fund and Strait Capital, both of which amended the maturity date of their respective convertible bonds to 24 January 2017 as aforesaid.

Increase In Authorised Share Capital

In order to ensure that the authorised share capital of the Company will be sufficient for the issue of the conversion shares upon full conversion of the existing convertible bonds of the Company (as amended by the respective amendment agreements) and any potential issue of new Shares in the future, the Company announced on 18 November 2016 with a proposal to increase its authorised share capital from HK$3,000,000,000 to HK$4,000,000,000 by the creation of additional 5,000,000,000 new Shares (the "Increase in Authorised Share Capital"). The Increase in Authorised Share Capital was approved by Shareholders on 23 December 2016.

Proposed Disposal of 71% Equity Interests in Zhunxing and the Undertaking of the Buy-back Obligation

The disposal

On 28 June 2016, the Company entered into a letter of intent with a potential purchaser, pursuant to which the Company proposes to procure the sale of 86.87% equity interest of Zhunxing for the repayment of the principal amount of the Company's loans and borrowings together with accrued interests.

On 28 December 2016, the Company as guarantor and its wholly-owned subsidiary Cheer Luck Technology Limited acting as vendor (the "Vendor"), entered into a disposal agreement ("Disposal Agreement A") with 內蒙古源恒投資有限公司 (Inner Mongolia Yuanheng Investment Co. Ltd.*) ("Purchaser A"), pursuant to which the Vendor has conditionally agreed to sell, and Purchaser A has conditionally agreed to acquire 25% equity interest of Zhunxing at RMB1,125 million (equivalent to HK$1,260 million) (subject to adjustment according to a valuation report on Zhunxing to be prepared by an independent valuer) ("Consideration A"). The actual Consideration A will be equivalent to 25% of the net asset value of Zhunxing as at 31 December 2016 as assessed in such valuation report and will be satisfied in cash.

On 30 December 2016, the Company as guarantor and the Vendor entered into a disposal agreement with each of the following purchasers:

(i) 呼和浩特經濟技術開發區投資開發集團有限責任公司 (Hohhot Economic and Technological Development Zone Investment and Development Group Co. Ltd.*)("Purchaser B"), pursuant to which the Vendor has conditionally agreed to sell, and Purchaser B has conditionally agreed to acquire 18% equity interest of Zhunxing at a consideration equals to 18% of the net asset value of Zhunxing as at 31 December 2016 as assessed in a valuation report to be prepared by an independent valuer and will be satisfied in cash;

MATERIAL EVENTS *(Continued)*

Proposed Disposal of 71% Equity Interests in Zhunxing and the Undertaking of the Buy-back Obligation *(Continued)*

The disposal *(Continued)*

(ii) 呼和浩特惠則恒投資有限責任公司 (Hohhot Huizeheng Investment Co. Ltd.*) ("Purchaser C"), pursuant to which the Vendor has conditionally agreed to sell, and Purchaser C has conditionally agreed to acquire 18% equity interest of Zhunxing at a consideration equals to 18% of the net asset value of Zhunxing as at 31 December 2016 as assessed in such valuation report to be prepared by an independent valuer and will be satisfied in cash; and

(iii) 德源興盛實業有限公司 (Deyuan Xingsheng Industrial Co. Ltd.*) ("Purchaser D"), pursuant to which the Vendor was conditionally agreed to sell, and Purchaser D has conditionally agreed to acquire 10% equity interest of Zhunxing at a consideration equals to 10% of the net asset value of Zhunxing as at 31 December 2016 as assessed in such valuation report to be prepared by an independent valuer and will be satisfied in cash.

Guaranteed return to the Purchasers

Pursuant to the above disposal agreements, each purchaser will be entitled to a guaranteed return of 4.5% per annum of the actual consideration paid by that purchaser, till the fifth anniversary of the completion date of the transactions or the date when the Vendor fulfilling the buy-back obligation or exercising the respective buy-back options (as defined below), whichever is earlier.

Buy-Back Obligation by the Vendor

Pursuant to the Disposal Agreement A, the Vendor agreed to buy back all equity interest transferred to Purchaser A within five (5) years after the completion, at a consideration which equals the actual Consideration A paid by Purchaser A ("Buy-back Obligation"). A formal buy-back agreement will be entered into at the time when the Vendor fulfilling the Buy-back Obligation to fix the detailed terms and conditions (including but not limited to the payment terms) of such transaction.

Buy-Back Options of the Vendor

Pursuant to above disposal agreements (except Disposal Agreement A), the Vendor has the option to buy back all equity interests being sold within five (5) years after the completion from Purchaser B, Purchaser C and Purchaser D, at a consideration equivalent to the actual consideration paid by the purchasers.

A formal buy-back agreement will be entered into to fix the detailed terms and conditions (including but not limited to the payment terms) of such transaction when the Vendor serves its formal notice in writing of its intention to exercise the buy-back options.

Listing rules implications on the disposal

As one of the applicable percentage ratios calculated under the Listing Rules in respect of the disposal of a total of 71% equity interests of Zhunxing is more than 75%, the disposal constitutes a very substantial disposal of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one of the applicable percentage ratios in respect of the Buy-back Obligation is more than 100%, the undertaking of the Buy-back Obligation will constitute a very substantial acquisition for the Company under the Listing Rules. Accordingly, the undertaking of the Buy-back Obligation is subject to, among other things, the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

MATERIAL EVENTS *(Continued)*

Use of proceeds of the disposal of Zhunxing

Each of the above disposal agreements is not inter-conditional and shall be completed separately. The entire proceeds from the disposals of 71% equity interests in Zhunxing will be used to repay partially the principal amount of the outstanding non-convertible debt securities (including the matured convertible bonds) of the Company. In case there is any surplus, it will be used as general working capital of the Group.

At 31 March 2017 and up to the date of approval of the consolidated financial statement, the valuations for the net assets of Zhunxing as at 31 December 2016 were not yet finalised by the purchasers' valuers and certain conditions precedent to the completion of the disposal agreements were yet to satisfy.

Details on the arrangement of proposed disposals and buy-backs of the 71% equity interests in Zhunxing are set out in the announcements of the Company dated 9 January 2017 and 30 March 2017.

Suspension of Forest Concession Rights

On 11 January 2017, each of Jaling Forest Industries Inc. ("Jaling") and Garner Forest Industries Inc. ("Garner"), being a wholly-owned subsidiary of the Company, received a letter dated 10 January 2017 from the Guyana Forestry Commission in relation to the suspension of its exclusive timber concession rights with effect from 10 January 2017. Nevertheless, the Company has fully impaired its forest concession rights in Guyana and the forest operation in Guyana was ceased during the year ended 31 March 2017.

Details on the suspension of the forest concession rights in Guyana were set out in the announcement of the Company dated 11 January 2017.

Bank Borrowings

On 27 January 2017, the Company received two demand notices both dated 23 January 2017 and addressed to the Company and Jinjing, respectively, from a commercial bank in the PRC (the "Bank").

On 2 January 2017 and 9 January 2017, certain bank borrowings of Jinjing in the sum of RMB60.02 million had fallen due. Jinjing was unable to pay the said amount by the due date and resulted in the default in repayment of bank borrowings. The above defaults triggered cross-default provisions in other bank borrowings with the Bank. As a result, the Bank issued a demand notice to each of Jinjing and the Company ("Demand Notice(s)"), claiming for the immediate repayment by Jinjing of an aggregate sum of outstanding principal of RMB145.62 million and interest of approximately RMB0.54 million accrued up to 23 January 2017 ("Outstanding Amounts"), being the total amount of the outstanding principal and accrued interest for all the outstanding bank borrowings with the Bank where Jinjing is the borrower and the Company acts as a guarantor. As such, the Company has been negotiating with the Bank in respect of the repayment of the aforesaid sums with a view to reach a consensus on repayment proposal.

On 6 February 2017, the Company received a statutory demand (the "Statutory Demand") under Section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap 32)) from the Bank, requiring the Company to pay the Outstanding Amounts within 3 weeks from the date of service of the Statutory Demand.

On 31 March 2017, the Company, Jinjing, Zitong Energy and the Bank entered into a settlement agreement in relation to the restructuring and settlement of the Outstanding Amounts and the subsequent arrangement thereunder. Upon entering into the settlement agreement, the Bank will not apply to the court for a winding up petition of the Company.

Details on the Demand Notices were set out in the announcements of the Company dated 3 February 2017, 7 February 2017, 22 February 2017, 14 March 2017 and 31 March 2017 of the Company.

On 1 June 2017, the Outstanding Amounts were fully settled by part of the proceed arising from disposal of the Group's 45% equity interest in associates which was completed on 1 June 2017.

MATERIAL EVENTS *(Continued)*

Acquisition of 60% Interest in Red Sino Investments Limited

On 16 March 2017, Cheer Luck Innovest Limited, a wholly-owned subsidiary of the Company acting as purchaser ("Cheer Luck"), and Epoch Luck Investments Limited as vendor ("Epoch") entered into a sale and purchase agreement pursuant to which Epoch conditionally agreed to sell, and Cheer Luck conditionally agreed to acquire 60% of the entire issued share capital of Red Sino Investments Limited (the "Target Company"), for an aggregate consideration of HK$138,000,000, which was satisfied in full by the allotment and issue of 690,000,000 consideration shares at the issue price of HK$0.20 per Share by the Company to Epoch.

The operating subsidiary of the Target Company is Ar Horqin Banner Xinze Agricultural & Animal Husbandry Company Limited* (阿魯科爾沁旗鑫澤農牧業有限公司), which is incorporated in the PRC and is principally engaged in growing and sales of forage and agriculture products. The acquisition was completed on 10 May 2017.

Details on the acquisition are set out in the announcements of the Company dated 16 March 2017 and 10 May 2017.

Disposal of 45% Interest in Associates

On 28 April 2017, the Company and Shuren Wood (Shenzhen) Company Limited* (樹人木業(深圳)有限公司), a wholly-owned subsidiary of the Company, as vendors and Zhongxiang Zhengxing (Beijing) Technology Development Company Limited* (中翔正興(北京)科技發展有限公司), as a purchaser, entered into a sale and purchase agreement pursuant to which the purchaser has conditionally agreed to purchase, and the vendors have conditionally agreed to sell 45% of the issued share capital of Beijing Kaiyuanwanjia Management Consulting Company Limited* (北京開元萬嘉管理咨詢有限公司) ("Beijing KMCC") and its subsidiaries together with any shareholder's loan at the total consideration of RMB200.0 million (equivalent to HK$226.0 million).

Beijing KMCC and its subsidiaries are principally engaged in property development, asset management and building management. The primary assets of Beijing KMCC is its 100% equity interests in Yichang Xinshougang Property Development Company Limited* (宜昌新首鋼房地產開發有限公司) and 70% equity interests in Yichang Zhongxiang Building Management Company Limited* (宜昌中翔物業管理有限公司).

The said disposal was completed on 1 June 2017 when the sale proceeds were fully settled. The net proceeds from the said disposal, after deducting the expenses directly attributable thereto, was approximately RMB190.0 million (equivalent to approximately HK$214.7 million) and approximately HK$164 million of the net proceeds was applied for repaying the Group's bank borrowings, and the remaining net proceeds will be applied for general working capital of the Group.

Details on the disposal are set out in the announcement of the Company dated 28 April 2017.

PROSPECTS

At present, the domestic coal industry is struggling with overcapacity. Output cuts are imposed in the PRC to rebalance the supply and demand of the commodity. Forthcoming developments of Zhunxing Expressway, which includes new interconnection with other expressway is expected to commence in October 2017 to enhance road users' convenience and interconnection with Zhangjiakou city facilitating direct passage from Zhunxing Expressway to Hebei province is expected to commence in 2019, are expected to boost the growth of both traffic volume and toll income of Zhunxing Expressway. The commencement of power plant operation near the Qingshuihe area in early 2018 is also expected to lift the traffic flow of Zhunxing Expressway. Following the improvements on the macroeconomy and the effective implementation of coal capacity reduction policy in the PRC, the coal price is expected to gradually recover, which in turn will stimulate the growth in the traffic volume and toll income of the Zhunxing Expressway, bringing a turnaround to profit in the long run.

PROSPECTS *(Continued)*

The Board is committed to protect the interests of all stakeholders of the Company. As at 31 March 2017, non-convertible debt securities (including the matured convertible bonds) with aggregate carrying amount of HK$4,032 million was overdue. Given the fluctuating market conditions and the Company's imminent funding needs to meet its short-term financial obligations, the Company entered into disposal agreements with several purchasers in late December 2016 in relation to the financing arrangement of proposed disposals and buy-backs of its 71% equity interest in Zhunxing, the proceeds of which is intended to be used to repay partially the principal amount of the Company's outstanding non-convertible debt securities. The Board believes that if the said disposal is fully materialised during the next financial year, the Company will be able to realise cash, repay part of its liabilities, and improve the financial and cash flow position of the Group. The Company will continue to explore different avenues (including but not limited to disposal of remaining interests in Zhunxing) to generate sufficient funds to fully repay the outstanding non-convertible debt securities. Upon recovering the financial and cash flow position of the Group, the Board will further consider and explore opportunities to strengthen the Group's financial position.

The Group has commenced its business in the growing and sales of forage and agriculture products in May 2017 upon Ar Horqin Banner Xinze Agricultural & Animal Husbandry Company Limited* (阿魯科爾沁旗鑫澤農牧業有限公司) ("Xinze") becoming a non-wholly owned subsidiary of the Group after the acquisition was completed on 10 May 2017. The Board considers the acquisition to be a valuable opportunity to allow the Group to capture the growth of the forage industry in northern PRC as driven by the government policies, and the investment in modern agricultural business is expected to receive substantial support from the state and local governments of the PRC. Under the growing momentum of the agriculture and animal husbandry industry in Inner Mongolia Autonomous Region, Xinze will continue to focus its main business on silage cultivation. Going forward, Xinze will strive to enhance its productivity and product competitiveness by (1) improving its cultivation technique, (2) cultivating fine species and (3) strengthening its sales team.

The Board will continue to look out for opportunities to make investments in any new business when suitable opportunities arise in the future to diversify revenue streams of the Group and strengthen the Group's financial position, maximising the benefits of the Shareholders as a whole.

UPDATES ON REMEDIAL MEASURES ON GOING CONCERN

Further to the remedial measures as set out in the section headed "Updates on Remedial Measures on Going Concern" in the Interim Report 2016, the Company wishes to highlight the relevant remedial measures taken or to be taken by the management up to the date of this annual report to improve the Company's financial position.

Amendments of the convertible bonds due in 2016 and 2018

Particulars of the amendments of the convertible bonds due 2016 and 2018, that were made during the current year ended 31 March 2017, are set out in the section headed "Material Events".

The Board considers that the extended time for the repayment to the holders of the convertible bonds due in 2016 was beneficial to the Company and its operation by alleviating the pressure on its cash flows.

Furthermore, the amendment of conversion price of the convertible bonds due in 2016 and 2018 would incentivise the bondholders to convert all or part of the convertible bonds not previously converted by bringing it closer to the current market level of the share price. All of the conversion rights were lapsed upon the maturity of these bonds during the year ended 31 March 2017.

UPDATES ON REMEDIAL MEASURES ON GOING CONCERN *(Continued)*

Debt Restructuring

(i) Bank borrowings

As aforementioned in the above "Material Events" section on bank borrowings, certain bank borrowings of Jinjing in the sum of RMB60.02 million have fallen due on 2 January 2017 and 9 January 2017. The Bank issued a Demand Notice and subsequently a Statutory Demand to the Company in early 2017 in relation to the repayment of the Outstanding Amount, where Jinjing is the borrower and the Company acts as a guarantor.

With the assistance of the financial advisors and legal counsel, the Company had negotiated with the Bank since February 2017 with a view to reach a consensus on a repayment proposal in respect of the Outstanding Amounts. On 31 March 2017, the Company, Jinjing and Zitong Energy and the Bank entered into a settlement agreement in relation to the restructuring and settlement of the Outstanding Amounts and the subsequent arrangement thereunder. Upon entering into the settlement agreement, the Bank did not apply to the court for a winding up petition of the Company.

On 1 June 2017, the Outstanding Amounts were fully settled by part of the proceed arising from disposal of the Group's 45% equity interest in associates which was completed on 1 June 2017.

(ii) Non-convertible debt securities

The Company is due to repay non-convertible debt securities (including the matured convertible bonds) with aggregate principal amount of HK$4,032 million as at 31 March 2017 ("Outstanding Debt Securities").

With the assistance of the financial advisors and legal counsel, the Company has been actively in discussions with these debt holders for potential restructuring of the Outstanding Debt Securities. Up to the date of this annual report, management of the Company has maintained ongoing dialogues with the financial advisers and the holders of the Outstanding Debt Securities. These discussions remain constructive, and the Board is of the opinion that default on partial settlement could be rectified and new repayment schedule could be agreed.

Proposed financing arrangement through disposals and buy-backs of 71% equity interest in Zhunxing

In late December 2016, the Company as guarantor and its wholly-owned subsidiary Cheer Luck Technology Limited acting as vendor, entered into a disposal agreement with each of the four purchasers in relation to the disposals and buy-backs of 71% equity interest in Zhunxing. Details of the arrangement for the disposal and buy-backs are set out in the section headed "Material Events".

The disposals will generate funds for the Group and the entire proceeds from the disposals will be used to repay partially the principal amount of the aforesaid Outstanding Debt Securities. The expected total proceeds from the disposals would be less than HK$4,032 million and therefore the entire proceeds from the disposals will be used to repay the Outstanding Debt Securities. In the event that the net proceeds from the disposals exceed HK$4,032 million, the surplus, if any, will be used as general working capital of the Group. The Company will continue to explore different avenues (including but not limited to disposal of the Group's remaining interests in Zhunxing) to generate sufficient funds to fully repay the Outstanding Debt Securities.

The Board believes that the financing arrangement through disposals and buy-backs of the 71% equity interests in Zhunxing will help to reduce the indebtedness level of the Group and help the management to re-focus on strategy formulation, resources allocation and operation management to enhance the performances of the Group.

UPDATES ON REMEDIAL MEASURES ON GOING CONCERN *(Continued)*

Disposal of 45% equity interest in Associates

Details of the disposal of 45% equity interest in Beijing Kaiyuanwanjia Management Consulting Company Limited* (北京開元萬嘉管理咨詢有限公司) and its subsidiaries are set out in the section headed "Material Events".

The said disposal was completed on 1 June 2017. The net proceeds from the said disposal was approximately RMB190 million (equivalent to approximately HK$214.7 million), of which HK$164 million was applied to settle the Outstanding Amounts of the bank borrowings, and the remaining net proceeds will be applied as general working capital of the Group.

The Directors are of the view that the disposal has enabled the Company to realise cash, to repay part of its outstanding liabilities, and improve the financial and cash flow position of the Group.

Acquisition of 60% Interest in Red Sino Investments Limited

Details of the acquisition of 60% interest in Red Sino Investment Limited ("Target Company") are set out in the section headed "Material Events".

With the ultimate goal of enhancing Shareholders' value, the Group has been consistently seeking business opportunities to diversify its revenue streams and strengthen its financial position. The operating subsidiary of the Target Company specialises in the growing and sales of forage and agriculture products. From its incorporation in May 2016, the operating subsidiary of the Target Company has demonstrated high profit margin. Upon completion of the acquisition on 10 May 2017, the Target Company has become a non-wholly owned subsidiary of the Company. The results of the Target Company and its subsidiaries will be consolidated into the consolidated financial statements of the Group, thus improving the profitability and financial position of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that are considered to be of significance to affect the Group's businesses, operational performance and financial conditions include but not limited to the followings:

Business Risk

The expressway operations business and the petroleum and related products business are closely related to the national macroeconomic environment and environmental policy. Growth in the traffic volume and toll revenue of Zhunxing Expressway and the sales volume and revenue arising from sales of CNG remain uncertain as they are dependent on the macroeconomic performance.

Liquidity Risk

The Group's short and long term liquidity requirements are detailed in Note 48 to the financial statements. The Group has been implementing various measures as set out in the above section headed "Updates on Remedial Measures on Going Concern" to improve its liquidity. The ability of the Group to meet its short and long term liquidity requirements is highly dependent on the future outcomes of the proposed remedial measures.

Interest Rate Risk

The Group's interest rate risk mainly arises from borrowings issued at variable rates and fixed rates, exposing the Group to cash flow interest rate risk and fair value interest risk respectively. At 31 March 2017, it is estimated that a general increase of 100 basis point in interest rate, with all other variables held constant, would increase the Group's loss and accumulated loss of the year by approximately HK$109.56 million.

The above list is non-exhaustive as there may be other risks and uncertainties arise resulting from changes in the prevailing market conditions, laws and regulations and other conditions over time.

COMPLIANCE WITH LAWS AND REGULATIONS

While the Company is listed on the Stock Exchange, the Group's main operations, namely the toll expressway business and the petroleum and related products business, are conducted by the Company's subsidiaries in the PRC. Accordingly, the Group's main operations shall comply with the relevant laws and regulations in the PRC and Hong Kong. During the year ended 31 March 2017 and up to the date of this annual report, the Group was not aware of any non-compliance with any applicable laws and regulations that had a significant impact on it.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to environmental protection by conducting its operations and activities in an environmentally responsible and sustainable manner. The Group's environmental policy encourages its employees to maintain green offices by means of conservation on energy and other natural resources, reduction in materials consumption, waste reduction, recycling and green procurement under reasonable circumstances. During the year ended 31 March 2017 and up to the date of this annual report, the Group's environmental performance has been monitored on a regular basis.

KEY RELATIONSHIP WITH STAKEHOLDERS

Employees

The Group places significant emphasis on building strong connection with its employees. To strengthen employee engagement, the Group provides a fair workplace together with competitive remuneration and a range of opportunities for career advancement to ensure its employees are rewarded on performance-related basis.

Customers

With a view to strengthen business growth and profitability in the long run, the Group is dedicated to build long lasting relationship with its customers by addressing their needs and concern in a timely manner.

Creditors

The Group recognises the importance in maintaining good relationship with its creditors. With the assistance of the legal counsel and financial advisors, the Group continues to work with its creditors on restructuring the outstanding debts of the Group.

DIRECTORS' REPORT

The directors present herewith their annual report together with the audited financial statements for the year ended 31 March 2017.

PRINCIPAL PLACE OF BUSINESS

The Company is an exempted Company incorporated in the Cayman Islands with limited liability. The address of its registered office is the office of Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, P.O. Box 1043, George Town, Grand Cayman, KY1-1102, Cayman Islands. Its principal place of business is located at Room 1801-05, 18/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

During the year under review, the Company is principally engaged in investment holding.

The activities of the Company's subsidiaries as at 31 March 2017 are set out in Note 23 to the financial statements. During the year under review, the Group was principally engaged in expressway operations, trading of petroleum and related products, CNG gas stations operations and timber operations.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, are set out on pages 4 to 17 of this annual report. This discussion forms part of the Directors' report.

SEGMENT INFORMATION

Details of the segment information are set out in Note 6 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major customers and suppliers are as follows:

Purchases	
– the largest supplier	52.6%
– five largest suppliers in aggregate	98.7%
Sales	
– the largest customer	7.1%
– five largest customers in aggregate	22.3%

The Group's five largest customers and suppliers are originated from the petroleum business segment.

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued shares) had any interest in these major customers and suppliers.

RESULTS AND DIVIDENDS

The results of the Group are set out in the consolidated statement of profit or loss on page 54 of this annual report and in the accompanying notes to the financial statements.

The Directors do not recommend any payment of final dividend for the year ended 31 March 2017 (2016: HK$Nil).

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Group and the Company during the year are set out on pages 58 to 59 of this annual report and Note 42 to the financial statements respectively.

Under the Cayman Islands Companies Law, the funds in share premium account are distributable to Shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. As at 31 March 2017, the Company had no reserves available for distribution to Shareholders (2016:Nil).

PROPERTY, PLANT AND EQUIPMENT

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

PROPERTIES

Particulars of properties of the Group as at 31 March 2017 are set out on page 162 of this annual report.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Group as at 31 March 2017 are set out in Note 23 to the financial statements.

CHARGES ON ASSETS

As at 31 March 2017, the Group has pledged the equity interests of (a) Inner Mongolia Berun New Energy Company Limited* (內蒙古博源新型能源有限公司), (b) Inner Mongolia Zhunxing Expressway Service Areas Management Company Limited* (內蒙古准興高速服務區管理有限責任公司) and (c) Zhunxing to secure part of the Group's borrowings.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any material contingent liabilities.

BORROWINGS

Particulars of borrowings of the Group as at 31 March 2017 are set out in Note 33 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in Note 38 to the financial statements. There were no movements in the share capital of the Company during the year.

CONSIDERATION ISSUE

Details on the consideration issue including the sale and purchase agreement dated 16 March 2017 are set out in the "Material Events" section on page 13 of this annual report.

CONVERTIBLE BONDS

All conversion rights attached to the HK$3,032 million convertible bonds issued by the Company on 10 February 2015 have lapsed prior to 31 March 2017. There was no conversion of convertible bonds during the year ended 31 March 2017.

Details of convertible bonds of the Company are shown in Note 35 to the financial statements.

NON-CONVERTIBLE DEBT SECURITIES

Details of non-convertible debt securities of the Company are shown in Note 36 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 161 of this annual report. The summary does not form part of the financial statements.

RELATED PARTY TRANSACTIONS

The related party transactions in Note 46 to the financial statements have been disclosed in accordance with the Hong Kong Accounting Standard 24 "Related Party Disclosures" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and did not constitute connected transactions nor continuing connected transactions under the definition of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Listing Rules").

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2017.

DIRECTORS

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

Executive Directors:
Mr. Cao Zhong
Mr. Fung Tsun Pong
Mr. Jiang Tao *(appointed on 12 August 2016)*
Mr. Tsang Kam Ching, David
Mr. Gao Zhiping
Mr. Duan Jingquan

Non-executive Director:
Mr. Suo Suo Stephen

Independent Non-executive Directors:
Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming
Mr. Xue Baozhong *(appointed on 12 August 2016)*

In accordance with Article 117 of the Company's Articles of Association, the Directors of the Company, including the executive and independent non-executive Directors, are subject to retirement by rotation and, being eligible, may offer themselves for re-election. Accordingly, Messrs Cao Zhong, Fung Tsun Pong, Yip Tak On and Bao Liang Ming shall retire at the forthcoming annual general meeting, and being eligible, shall offer themselves for re-election. Moreover, Mr. Bao Liang Ming has served the Company as an independent non-executive Director ("INED") for more than 9 years, thus the Company is seeking approval from Shareholders for his reappointment.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the INED as regards to their independence to the Company and considered that each of them is independent to the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Cao Zhong, aged 57, has been appointed as an executive Director and the chairman of the Board of the Company since 19 November 2010. Mr. Cao was graduated from Zhejiang University and the Graduate School of the Chinese Academy of Social Sciences with a bachelor degree in engineering and a master degree in economics, respectively. Since 1988, Mr. Cao had served various institutions such as the National Development and Reform Commission of China, Guangdong Province Huizhou Municipal People's Government, Beijing International Trust and Investment Company Limited, Shougang Corporation and the Development Research Centre of the State Council of China.

Mr. Cao is currently an executive director, chief executive officer and chairman of FDG Electric Vehicles Limited (Stock Code: 729), and an executive director and chairman of FDG Kinetic Limited (formerly known as CIAM Group Limited) (Stock Code: 378), both being companies whose shares are listed on the Hong Kong Stock Exchange.

Mr. Fung Tsun Pong, aged 57, has been appointed as an executive Director since 22 September 2004. Mr. Fung has over 20 years of experience in property development, logistics, investment banking and company management. Mr. Fung has held senior management positions in various companies incorporated in Hong Kong, British Virgin Islands and Samoa.

Mr. Jiang Tao, aged 36, has been appointed as the chief executive officer of the Company since 12 May 2016 and an executive Director since 12 August 2016. Mr. Jiang graduated from the University of International Business and Economics (對外經濟貿易大學) in the People's Republic of China with a bachelor degree in economics. Prior to joining the Company, Mr. Jiang has over ten years' experience in the banking industry and was the president of a fund management company in the People's Republic of China.

Mr. Tsang Kam Ching, David, aged 60, has been appointed as an executive Director since 17 February 2004. Mr. Tsang has extensive financial management experience over the past 20 years which covers merchant banking, stock broking and corporate finance business. Mr. Tsang is also a fellow member of the Chartered Association of Certified Accountants in the United Kingdom and a member of the HKICPA.

Mr. Gao Zhiping, aged 55, has been appointed as an executive Director since 17 June 2013. Mr. Gao was graduated from China Europe International Business School (中歐國際工商學院) with a Master of Business Administration and is a Senior Economist certified by the State Grid Corporation of China (國家電網公司). He has received the awards of Distinctive Young Enterprise Management Personnel and Distinctive Pilot Project Construction Personnel of Henan Province. From 1979 to 1994, he served various departments in the local administrative office of Nanyang Prefecture in Henan as secretary of finance office as well as the chief officer of the finance office of Nanyang city government. From 1994 to 2009, he was positioned as the deputy general manager and the secretary of the party committees of Nanyang YaHeKou Electricity Company Limited (南陽鴨河口發電有限責任公司) and Nanyang Tianyi Power Generation Co., Ltd. (南陽天益發電有限責任公司), both being subsidiary of Henan Investment Group (河南投資集團). He also took up the post as the deputy general manager of Tianjin Hangfa (Jinji) Expressway Company Limited (天津航發(津薊)高速公路有限公司) and the chairman of the board of directors of Nan Yang WDX Expressway Construction Co., Ltd.(南陽宛達昕高速公路建設有限責任公司) in 2010. From October 2010 to February 2014, he has been appointed as the general manager of Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited(內蒙古准興重載高速公路有限責任公司)("Zhunxing"), an indirect subsidiary of the Company. Since the end of February 2014, he has been appointed as the chairman of the board of directors of Zhunxing, and has made great contribution to the management of Zhunxing and construction of the expressway of Zhunxing.

BIOGRAPHICAL DETAILS OF DIRECTORS *(Continued)*

Executive Directors *(Continued)*

Mr. Duan Jingquan, aged 61, has been appointed as an executive Director since 7 November 2011. He was the managing director of the Accounting Society of China, a member of the Specialist Advisory Committee of the China Association of Actuaries, an adjunct professor of The Peking University HSBC Business School and a member of the Steering and Consultation Committee for Innovative Development of Shenzhen Insurance Industry. Mr. Duan graduated from Dongbei University of Finance and Economics (formerly known as Liaoning Institute of Finance and Economics) in 1982. He served the Ministry of Finance for around 20 years and assumed different positions, including as the chief officer of the Commerce Bureau of the Finance Department, the deputy head and the head of the Central Planning Office from 1982 to 1994, the deputy head of the Supervision Department from 1994 to 1998, the head of the Finance Supervision Department and the Supervision and Inspection Department from 1998 to 2002. Between 2002 and 2005, he was positioned as the deputy general manager of China Export and Credit Insurance Corporation.

From 2005 to 2009, he was appointed as the secretary of the party committees, general manager and director of Mingsheng Life Insurance Company Limited. In August 2009, Mr. Duan joined Sino Life Insurance Company Limited ("Sino Life") and served as its general manager and director and he was then appointed as the vice chairman of Sino Life in October 2010. From October 2011 to April 2013, he took up the role as the Chairman of the Supervisory Committee of Sino Life. Mr. Duan was the major author of "Introduction to Financial and Political Supervision"《財政監督學概論》, his first treatise on finance and politic. He has been selected by China Insurance Journal as one of the"Top Ten Persons of 2009 in the Insurance Industry". Mr. Duan has over 20 years' experience in management of state agencies and enterprises. While he was with the Ministry of Finance, he developed and implemented various state finance management mechanisms which still exert significant influences nowadays. During his years with commercial enterprises, he pushed forward various reform programs, exercised assiduity at company management and operation, thus remarkably enhanced the performance of the enterprises.

Non-executive Director:

Mr. Suo Suo Stephen, aged 45, has been appointed as a non-executive Director since 2 July 2014. He is a CFA charterholder and an asset manager with over 18 years' experience in banking, private equity and asset management sectors. Mr. Suo received his Master in Business Administration from University of Rochester in the United States in March 2000. During the period from June 2011 to 2014, he was the Asia Head and Executive Director of EIG Global Energy Partners ("EIG"), a global private equity fund. Before joining EIG, Mr. Suo was a portfolio manager of Trust Company of the West from 2005 to 2011. From late 1999 to 2005, Mr. Suo worked for Fortis Capital Corp. in the United States and had served as Group Head of its United States Leveraged Finance team.

BIOGRAPHICAL DETAILS OF DIRECTORS *(Continued)*

Independent Non-executive Directors

Mr. Yip Tak On, aged 70, has been appointed as an INED since 22 September 2004. Mr. Yip is a fellow member of the Association of Chartered Certified Accountants, HKICPA, Taxation Institute of Hong Kong, and a full member of the Hong Kong Securities and Investment Institute. Mr. Yip has founded his own Certified Public Accountants firm for more than 30 years and he is the managing director of T. O. Yip & Co., Limited. Mr. Yip is the president of a charitable institution, the Neighbourhood Advice-Action Council. Mr. Yip has not held directorships in other listed company in the last three years.

Mr. Jing Baoli, aged 52, has been appointed as an INED since 28 February 2006. Mr. Jing was graduated from Beijing University Law School with a Bachelor's degree in Laws in 1987 and acquired a Master's degree in Laws from Lanzhou University in 1997. After graduation from Beijing University, he was assigned to the High Court of Gansu Province and worked in various positions till 1997. In 1997, Mr. Jing joined Gansu Tianhe Law Firm as a partner and in 1999, he joined Beijing Shuang Cheng Law Firm as an attorney-at-laws. In August 2007, Mr. Jing joined China Commercial Law Company, Guangdong.

Mr. Bao Liang Ming, aged 61, has been appointed as an INED since 1 February 2007. Mr. Bao has vast executive and management experience. He has held various directorships in state owned enterprises in Tianjin and Beijing of the People's Republic of China.

Mr. Xue Baozhong, aged 62, has been appointed as INED since 12 August 2016. Mr. Xue graduated from Lan Zhou Commerce School (蘭州商學院) in the People's Republic of China, majoring in corporate management. Mr. Xue was the chairman and general manager of Gansu Province Zhongbao Economic and Trade Co., Ltd. (甘肅省中寶經貿有限公司) and Shanghai Wanye Economic and Trade Co., Ltd. (上海萬野經貿有限公司) for the periods from 1996 to 1998 and from 1999 to 2012, respectively. During the period from 2013 to June 2016, he was the vice president of Copower Enterprise Group Limited (長和實業集團有限公司).

DIRECTORS' SERVICE CONTRACTS

None of the existing Directors has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' EMOLUMENT, THE FIVE HIGHEST PAID EMPLOYEES AND THE GROUP'S EMOLUMENT POLICY

Details of the Directors' emolument and of the five highest paid employees in the Group are set out in Note 12 to the financial statements. The Group ensures that pay scales of its employees are rewarded on performance-related basis within the general framework of the Group's remuneration strategy. The Directors' remuneration is determined by the Company with reference to their responsibilities to undertake the Company's performance and profitability, remuneration benchmark, prevailing market conditions and recommendation of the remuneration committee of the Company.

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

Save as disclosed below, as at 31 March 2017, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interest or short positions on the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning or Part XV of the SFO) which (i) where required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules, to be notified to the Company and Stock Exchange.

(i) Long positions in issued shares and underlying shares of the Company

	Number of Shares		Number of underlying Shares			
Name of Director	Personal interests	Corporate interests	Personal interests	Corporate interests	Total number of Shares and underlying Shares held	Approximate percentage (%) of issued Shares *(Note 5)*
Mr. Cao Zhong ("Mr. Cao")	33,800,000	948,325,000 (Note 1)	NIL	NIL (Note 2)	982,125,000	14.54
Mr. Fung Tsun Pong ("Mr. Fung")	310,590,610	647,755,000 (Note 3)	NIL	NIL	958,345,610	14.19
Mr. Tsang Kam Ching, David	7,581,224	NIL	3,111,111 (Note 4)	NIL	10,692,335	0.15
Mr. Duan Jingquan	NIL	NIL	3,111,111 (Note 4)	NIL	3,111,111	0.04
Mr. Gao Zhiping	NIL	NIL	3,111,111 (Note 4)	NIL	3,111,111	0.04
Mr. Yip Tak On	NIL	NIL	555,555 (Note 4)	NIL	555,555	0.01
Mr. Jing Baoli	NIL	NIL	555,555 (Note 4)	NIL	555,555	0.01
Mr. Bao Liang Ming	NIL	NIL	555,555 (Note 4)	NIL	555,555	0.01

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES *(Continued)*

(i) Long positions in issued shares and underlying shares of the Company *(Continued)*

Notes:

1. Champion Rise International Limited ("Champion Rise") being wholly owned by Mr. Cao was interested in 948,325,000 Shares, representing approximately 14.04% in the issued share capital of the Company. Champion Rise is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders".

2. On 25 January 2016, Cottonfield Enterprises Limited ("Cottonfield") as the lender entered into a loan agreement with Leftover Most Holdings Limited ("Leftover Most") and Strait Capital Service Limited ("Strait Capital") as the borrowers (the "Loan"). To secure the Loan, Strait Capital has charged an aggregate principal amount of HK$400 million of the convertible bonds due 24 January 2017 (as amended by the amendment agreement dated 10 August 2016) which were convertible into 2,000 million Shares at HK$0.20 per Share ("Conversion Rights") issued by the Company (the "Charged Convertible Bonds") in favour of Cottonfield and Leftover Most.

   Mr. Cao being the sole shareholder of Leftover Most was deemed to be interested in the Charged Convertible Bonds. The Conversion Rights attached to the Charged Convertible Bonds expired during the year ended 31 March 2017.

3. Ocean Gain Limited ("Ocean Gain") being wholly owned by Mr. Fung was interested in 647,755,000 Shares, representing approximately 9.59% in the issued share capital of the Company. Ocean Gain is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders".

4. The interests in underlying shares of the Company represent interests in options granted to the directors to subscribe for ordinary shares of HK$0.20 each of the Company at the subscription price of HK$4.05 per Share, further details of which are set out in the section headed "Share Option Scheme".

5. Based on 6,752,395,970 shares of HK$0.20 each in issue as at 31 March 2017.

(ii) Long Position in debentures of the Company

Name of director	Capacity	Amount of debentures held *(HK$)*
Mr. Cao	Corporate interest	400,000,000 of the Charged Convertible Bonds

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the paragraphs headed "Directors' Interests and Short Positions in Shares, Underlying Shares, and Debentures" above, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 March 2017, according to the register of interest kept by the Company, under section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provision of Divisions 2 and 3 of part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group.

Long Position in Shares

	Number of Shares		Number of underlying Shares			
Name of shareholder	Personal interests	Corporate interests	Personal interests	Corporate interests	Total number of Shares and underlying Shares held	Approximate percentage (%) of issued Shares *(Note f)*
Champion Rise *(Note a)*	NIL	948,325,000	NIL	NIL	948,325,000	14.04
Mr. Miao Zhenguo ("Mr. Miao") *(Note b)*	693,000,000	24,500,000	NIL	NIL	717,500,000	10.62
Bondic International Holdings Limited *(Note c)*	NIL	650,000,000	NIL	NIL	650,000,000	9.62
Ocean Gain *(Note d)*	NIL	647,755,000	NIL	NIL	647,755,000	9.59
Turbo View Investment Limited *(Note e)*	NIL	375,000,000	NIL	NIL	375,000,000	5.55

Notes:

a. Champion Rise is wholly owned by Mr. Cao, the Chairman and an executive Director of the Company whose interest in shares or underlying shares of the Company is set out in the above section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".

b. Goldtex Group Limited being wholly owned by Mr. Miao was interested in 24,500,000 Shares, representing 0.36% in the issued share capital of the Company.

c. Bondic International Holdings Limited is wholly owned by Mr. Cheung Chung Kiu.

d. Ocean Gain is wholly owned by Mr. Fung, an executive Director and the Vice Chairman of the Company whose interest in shares or underlying shares of the Company is set out in the above section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures"

e. Turbo View Investment Limited is wholly owned by Mr. Gao Xiao Rui.

f. Based on 6,752,395,970 shares of HK$0.20 each in issue as at 31 March 2017.

g. Epoch Luck Investments Limited ("Epoch") being wholly owned by Mr. Chan Wun Lun ("Mr. Chan") was deemed to be interested in 690,000,000 Shares ("Consideration Shares") to be issued by the Company pursuant to the Sale and Purchase Agreement dated 16 March 2017 set out in the "Material Events" section on page 13 of this annual report. Upon the issuance of the Consideration Shares, both Epoch and Mr. Chan will become interested in or be deemed to be interested in 690,000,000 Shares, representing 9.27% of the Company's issued share capital as enlarged by the issue of the Consideration Shares.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 16 July 2004 (the "Old Scheme") expired on 15 July 2014. No further options can be granted under the Old Scheme; however, the options granted under the Old Scheme before 15 July 2014 remains exercisable.

A new share option scheme of the Company was adopted on 28 August 2014 (the "New Scheme"). Directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any companies in the Group, to take up options to subscribe for a maximum number of 135,249,419 shares of HK$0.20 each of the Company, which represents 10% of the issued shares of the Company as at the date of adoption after taking into account the effect of Share Consolidation (as defined in Note 38(a)(i) to the financial statements) implemented on 5 November 2015. The purpose of the scheme is to provide the Company with a flexible means of giving incentives and rewards to eligible participants to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The New Scheme shall be valid and effective for a period of 10 years ending on 27 August 2024, unless otherwise terminated or amended.

The subscription price in respect of each share issued pursuant to the exercise of options granted is at least the highest of (a) the nominal value of a share, (b) the closing price of the shares on Stock Exchange on the date of grant and (c) the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant.

After accounting for the implementation of Share Consolidation on 5 November 2015 and the completion of Rights Issue (as defined in Note 38(a)(iii) to the financial statements) on 9 December 2015, the maximum number of securities available for issue under the New Scheme and any other share option scheme of the Company as at 31 March 2017 was 173,193,854 shares (including options for 37,944,435 shares that have been granted under the Old Scheme but not yet lapsed or exercised) which represented 2.56% of the ordinary shares of the Company in issue at 31 March 2017. The total number of Shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period shall not exceed 1% of the Company's total ordinary shares in issue.

As at 31 March 2017, the options to subscribe for 37,944,435 shares are valid, outstanding and exercisable till 15 October 2018 under the Old Scheme. No options under the Old Scheme were exercised and thus no securities were issued during the year ended 31 March 2017.

SHARE OPTION SCHEME *(Continued)*

At 31 March 2017, the Directors and employees of the Company had the following interests in options to subscribe for Shares granted for HK$1.00 by way of consideration under the Old Scheme:

	Date of grant being approved	No. of options outstanding as of 01/04/2016	No. of options granted during the period	No. of options exercised	No. of options cancelled/ lapsed *(Note 2)*	No. of options outstanding as of 31/03/2017	Exercise period	Exercise price per share of HK$0.20 each (HK$) *(Note 1)*	Market value per share of HK$0.20 each at date of approval of grant (HK$) *(Note 1)*
Directors									
Mr. Duan Jingquan	16 October 2013	3,111,111	–	–	–	3,111,111	23 May 2014 to 15 October 2018	4.05	8.40
Mr. Tsang Kam Ching, David	16 October 2013	3,111,111	–	–	–	3,111,111	23 May 2014 to 15 October 2018	4.05	8.40
Mr. Gao Zhiping	16 October 2013	3,111,111	–	–	–	3,111,111	23 May 2014 to 15 October 2018	4.05	8.40
Mr. Jing Baoli	16 October 2013	555,555	–	–	–	555,555	23 May 2014 to 15 October 2018	4.05	8.40
Mr. Yip Tak On	16 October 2013	555,555	–	–	–	555,555	23 May 2014 to 15 October 2018	4.05	8.40
Mr. Bao Liang Ming	16 October 2013	555,555	–	–	–	555,555	23 May 2014 to 15 October 2018	4.05	8.40
Employees	16 October 2013	27,499,992	–	–	(555,555)	26,944,437	23 May 2014 to 15 October 2018	4.05	8.40
		38,499,990	–	–	(555,555)	37,944,435			

Note:

1. Each option entitles a grantee to subscribe for one ordinary share of HK$0.20 each of the Company (market value per share as at 31 March 2017 was HK$0.152) at the subscription price of HK$4.05 per share. The options are unlisted. Assuming that all the options outstanding as at 31 March 2017 are exercised, the Company will receive proceeds, before expenses, of approximately HK$153.67 million.

2. Options to subscribe for 555,555 shares of HK$0.20 each of the Company were lapsed during the year ended 31 March 2017 following the cessation of a grantee to be an employee of the Company.

Save as aforesaid, no share option has been granted, exercised, cancelled or lapsed under the Old Scheme and the New Scheme as at 31 March 2017.

Particulars of the above share options offered are set out in Note 39 to the financial statements.

EMPLOYEES AND RETIREMENT BENEFIT SCHEMES

The Group had approximately 483 employees in Hong Kong and the PRC as at 31 March 2017. The Group implements remuneration policy, bonus and share options schemes to ensure that pay scales of its employees are rewarded on performance-related basis within the general framework of the Group's remuneration policy.

The employees of the Company's subsidiaries in the PRC participate in retirement benefits schemes operated by the local government authorities in the PRC. The Company's subsidiaries are required to make contributions to the schemes at a certain percentage of the basic salaries of their PRC employees and have no further obligation for post-retirement benefits.

The employees of the Company in Hong Kong are enrolled in a Mandatory Provident Fund ("MPF") scheme in accordance with the requirements of the Mandatory Provident Fund Scheme Ordinance (Chapter 485) and the Mandatory Provident Fund Schemes (General) Regulation (Chapter 485A). Contributions are made based on a percentage of the employee's basic salaries.

MANAGEMENT CONTRACTS

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

PUBLIC FLOAT OF THE LISTED SECURITIES

Based on the publicly available information to the Company and within the knowledge of the Board, none of the Directors, up to the date of this annual report, is aware of any information which would indicate the Company has not maintained sufficient public float of its Shares in the open market.

PERMITTED INDEMNITY PROVISION

During this financial year, the Company has maintained the Directors and officers' liability insurance for Directors to provide protection against claims arising from the lawful discharge of duties by the Directors (subject to policy terms and conditions).

THE MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 of the Listing Rules and the Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

AUDITORS

Following the resignation of BDO Limited as auditors of the Company on 23 March 2017, Crowe Horwath (HK) CPA Limited ("Crowe Horwath") was appointed as new auditors of the Company with effect from 24 March 2017 to fill the casual vacancy, and to hold office until the conclusion of the next annual general meeting of the Company.

Save as disclosed above, there were no other changes in the auditors of the Company during the past three years.

The consolidated financial statements of the Group for the year ended 31 March 2017 were audited by Crowe Horwath while the consolidated financial statements for the three preceding years ended 31 March 2014, 2015 and 2016 were audited by BDO Limited.

Crowe Horwath will retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Crowe Horwath as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Mr. Cao Zhong
Chairman

Hong Kong, 27 June 2017

CORPORATE GOVERNANCE REPORT

The Board hereby presents to the Shareholders the Corporate Governance Report of the Group for the year ended 31 March 2017.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices with emphasis on enhancing accountability and transparency of the management of the Company to safeguard the long-term interest of the Shareholders as a whole. The Company's corporate governance practices are based on the principles of good corporate governance set out in the Corporate Governance Code in Appendix 14 of the Listing Rules (the "CG Code").

The Board is of the view that throughout the year ended 31 March 2017, the Company has complied with all the code provisions as set out in the CG Code except for the deviation from code provision A1.1 as detailed in the section headed "Attendance Record of Directors" of this report.

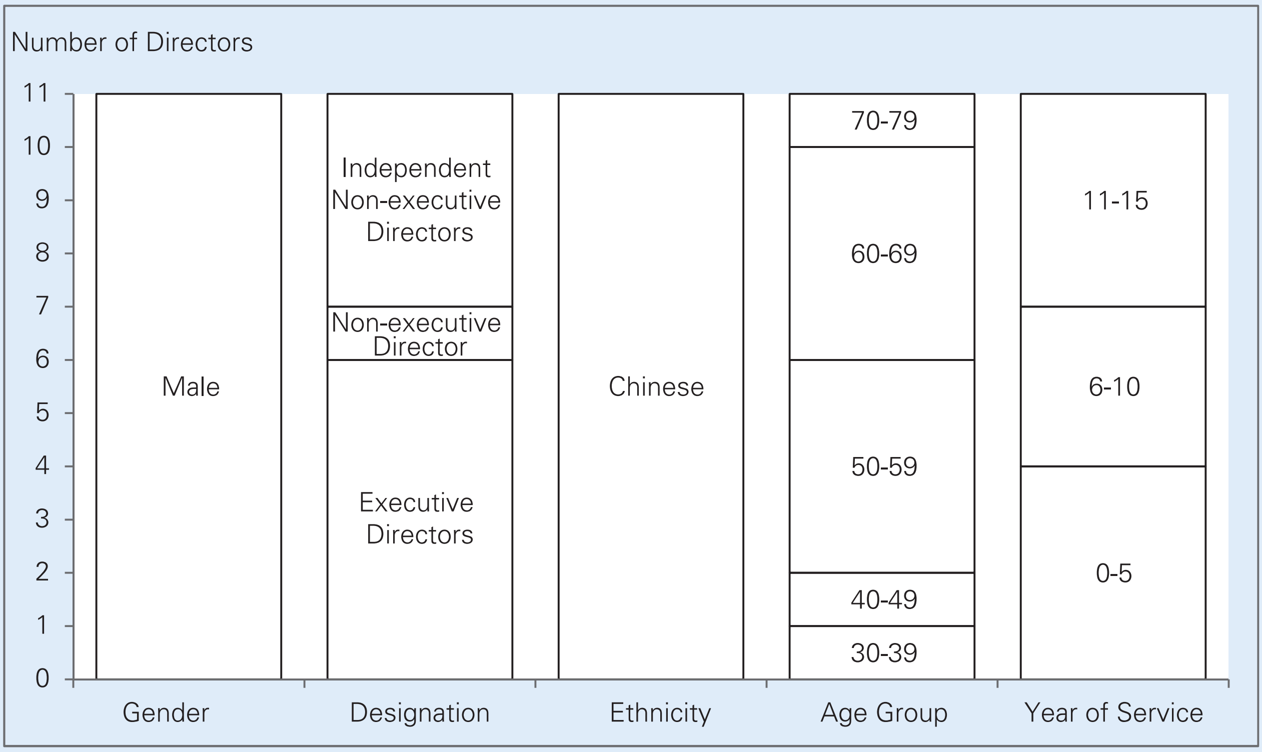
THE BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for shaping and guiding corporate strategy over the long term, risk management, monitoring the performance of management and optimizing return for Shareholders by seizing opportunity and overcoming market challenges. Directors, as members of the Board, jointly share responsibility for the proper direction and management of the Group in the best interest of the Shareholders.

Board Composition

As at 31 March 2017, the Board comprised six executive Directors, one non-executive Director and four INEDs. The names and brief biographies of the Directors are set out on pages 21 to 23 of this annual report. A list setting out the names of the Directors and their roles and functions is updated on the websites of the Company and the Stock Exchange from time to time.

The diversity profile of the Board as at 31 March 2017 is as follows:



THE BOARD OF DIRECTORS *(Continued)*

Board Composition *(Continued)*

Each new Director appointed by the Board during the year shall hold office until the next following general meeting and thereafter the same Director, if re-elected, shall be subject to retirement by rotation. Mr. Jiang Tao and Mr. Xue Baozhong were both appointed as Directors on 12 August 2016, and subsequently re-elected as Directors upon passing the ordinary resolutions by the Shareholders at the extraordinary general meeting ("EGM") held on 8 September 2016. There exists no relationship among Board members, including financial, operational, family or other relevant material relations.

The Roles of the Chairman and the Board

The Chairman of the Board ("Chairman"), Mr. Cao Zhong, is responsible for providing leadership for the Board to ensure that the Board acts in the best interests of the Group and addresses all key and appropriate issues in a timely manner. During the year, the role of the Chairman is segregated from the chief executive officer ("CEO") and performed by different individual to ensure balance of power and authority.

The Board is responsible for the formulation of overall business strategy, business development direction, investment policies, management objectives, and internal control policy of the Group. Matters reserved for the Board are those affecting the Group's overall strategic direction, management, finance, corporate governance, and shareholders rights. These include, but not limited to, deliberation of investment plans, staff management, annual budgets, financing arrangements, internal controls, risk management, material contracts, dividend policy, financial statements, environmental policy, corporate governance practices and other major corporate activities. Clear directions have been given to the management on the matters that must be approved by the Board and the Board reviews the arrangement periodically.

The Board regularly reviews its composition and structure to ensure its expertise and independence align with the requirements of the Group's business. With the support of the Company's secretarial staff, the Board ensures that all Board members receive sufficient, complete and reliable information and are properly briefed on issues to be discussed at Board meetings by dispatching materials to the Directors in advance, such that the Directors could work effectively and discharge their responsibility.

The Board performed the following functions during regular Board meetings:

– reviewed the Group's policies on risk management and internal control;

– reviewed the Group's overall development direction;

– reviewed and monitored the training and continuous professional development of Directors and senior management;

– reviewed and monitored the Group's policies and practices on compliance with the CG Code, legal and regulatory requirements; and

– reviewed the code of conduct for employees and Directors.

All Directors are provided upon reasonable request made to the Board with means, at the Company's expense, to take independent professional advice in furtherance of their duties if necessary.

The Company also engages external service provider as its company secretary to assist the Board and the primary contact person of the Company is its finance Director, Mr. Tsang Kam Ching, David.

During this financial year, the Company has maintained the Directors and officers' liability insurance for members of the Board to provide protection against claims arising from the lawful discharge of duties by the Directors.

THE BOARD OF DIRECTORS *(Continued)*

The Roles of the Chief Executive Officer and its Management Team

With effect from 12 May 2016, Mr. Jiang Tao was appointed as the CEO following the resignation of Mr. Duan Jingquan ("Mr. Duan") from the position. Mr. Duan remains as an executive Director.

The CEO was responsible for overseeing the day-to-day management, administration and operation of the Group and the implementation of policies decided by the Board during the financial year. The functions and tasks delegated to the CEO were supervised and periodically reviewed by the Board to ensure efficiency of management.

The management, under the leadership of the CEO, is responsible for implementing the strategies and policies established by the Board; and reports on the Group's operation to the Board with timely information to ensure effective discharge of the Board's responsibilities.

The independent non-executive Directors

The INEDs are professions or executive of high caliber with diversified industry expertise and bring a wide range of skills and experience to the Group. They bring to the Company independent judgment on issues of strategy, performance, key appointments, risk management and internal control through their contribution at Board meetings, thus safeguarding the interests of Shareholders and the Company as a whole. Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed Mr. Yip Tak On whom has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received, from each of the INEDs, an annual confirmation of his independence and the Board considers that the four INEDs are independent in character and judgment and they also meet the independence criteria set out in Rule 3.13 of the Listing Rules. All the INEDs are appointed for a specific term of two years and all Directors are required to submit themselves for re-election at least once every three years under the Company's Articles of Association. In view of the fact that Mr. Bao Liang Ming has served more than nine years in the Company, his further appointment will be subject to Shareholders' approval at the forthcoming annual general meeting of the Company as required under the code provision A4.3.

In addition, the Chairman is a member and the chairman of the Remuneration Committee and Nomination Committee respectively, as such, the Chairman is well positioned to meet with the INEDs regularly without the executive Directors present to encourage active discussion and effective contribution of the INEDs.

THE BOARD OF DIRECTORS *(Continued)*

Attendance Record of Directors

The attendance record of each Director at the Board meetings and general meetings of the Company held during the financial year ended 31 March 2017 is set forth below:

	Attendance/Number of Meetings		
Name of Directors	**Board Meeting**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors			
Mr. Cao Zhong	9/9	1/1	1/3
Mr. Fung Tsun Pong	9/9	1/1	3/3
Mr. Jiang Tao	4/4	1/1	1/2
Mr. Tsang Kam Ching, David	9/9	1/1	3/3
Mr. Gao Zhiping	9/9	1/1	1/3
Mr. Duan Jingquan	8/9	0/1	1/3
Non-executive Director			
Mr. Suo Suo Stephen	7/9	1/1	1/3
Independent non-executive Directors			
Mr. Yip Tak On	4/9	1/1	2/3
Mr. Jing Baoli	9/9	1/1	2/3
Mr. Bao Liang Ming	8/9	1/1	2/3
Mr. Xue Baozhong	4/4	1/1	2/2

Notes:

1) The annual general meeting of the Company was held on 8 September 2016 (the "AGM").

2) The extraordinary general meetings of the Company were held on 19 July 2016, 8 September 2016 and 23 December 2016.

The procedures for convening all Board meetings were in compliance with the Company's Articles of Association. Amongst the Board meetings held during the financial year, two were regular Board meetings with written notice of the meeting dispatched to all Directors at least fourteen days before the meeting and an agenda with all supporting documents at least three days in advance of the meeting. The regular Board meetings have achieved active participation of the Directors. The Directors note that the code provision A1.1 requires the Board to hold at least four regular meetings a year at approximately quarterly intervals. However, in view of the fact that two regular meetings and seven ad hoc meetings were convened during the year and the ad hoc meetings have achieved an average participation rate of over 74%, the Directors considered holding four regular meetings at quarterly intervals to be unnecessary. Save for the aforesaid deviation from the CG Code, the Company has complied with all the code provisions set out in the CG Code for this financial year.

In addition to the regular Board meetings, the Chairman had meetings with the INEDs without the presence of the executive Directors during the financial year.

The Directors have access to the advice and services of the Company's secretarial team and all applicable rules and regulations in respect of the Board meetings are followed. Drafts with sufficient details and final versions of the minutes of Board and the various committees were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at office hours on reasonable notice by any Director.

THE BOARD OF DIRECTORS *(Continued)*

Directors' Training and Professional Development

On appointment, every newly appointed Director has been given a comprehensive, formal and tailored induction including the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and the business and governance policies of the Group.

During this financial year, the Company has provided training materials prepared by qualified professions to all the Directors and relevant staff. The training materials covered areas such as the disclosure requirements on notifiable transactions under Chapter 14 of the Listing Rules. The Company has received confirmation from all Directors upon their completion of the training. In addition, Messrs Tsang Kam Ching, David and Yip Tak On also attended other external seminars or briefings and read relevant materials on regulatory updates.

BOARD COMMITTEES

The Board has established the following committees: the Audit Committee, the Remuneration Committee and the Nomination Committee, with the participation of all the INEDs. The written terms of reference of the Board committees, which have been reviewed from time to time by the Board to keep them in line with the most up-to-date requirements, are available on the websites of the Company and the Stock Exchange.

Audit Committee

The terms of reference of the Audit Committee was revised on 28 November 2011 and 30 June 2016 to bring them in line with the revised CG Code. The Audit Committee is accountable to the Board and consists of all the four INEDs namely Messrs Yip Tak On (the chairman), Jing Baoli, Bao Liang Ming and Xue Baozhong.

The primary responsibilities of the Audit Committee are set out below:

– oversee the Company's relationship with the external auditors including (but not limited to) the approval of their remuneration and their terms of engagement, and assessing their independence and objectivity;

– review the Group's financial reports and accounts, and provide assurance to the Board that the reviewed documents comply with the respective accounting policies, the standards and practices, the Stock Exchange and legal requirements; and

– maintain oversight of the Group's financial reporting system, risk management and internal control systems.

The Audit Committee held 3 meetings during the financial year, the attendance of which is as follows: Mr. Yip Tak On (2/3), Mr. Jing Baoli (3/3), Mr. Bao Liang Ming (3/3) and Mr. Xue Baozhong (1/1).

The scope of the work performed by the Audit Committee for the financial year ended 31 March 2017 is set out below:

– made recommendation to the Board on the re-appointment of the former external auditors and appointment of the new external auditors;

– approved the remuneration and terms of engagement of the external auditors on audit and non-audit services, reviewed their independence and the effectiveness of the audit process and recommended appropriate actions required;

– reviewed with the Finance Director and the external auditors the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual and interim financial statements before submission to the Board;

– reviewed the external audit findings and audit plan;

THE BOARD OF DIRECTORS *(Continued)*

Audit Committee *(Continued)*

- reviewed the effectiveness of the financial control, internal control, risk management functions of the Group; and

- reviewed the Group's financial and accounting policies and practices.

The Group's annual results for the year ended 31 March 2017 have been reviewed by the Audit Committee.

Special attention of the Audit Committee was drawn to Note 3(b) to the financial statements that the Group suffered a loss of HK$1,784.44 million, and as at 31 March 2017, the Group had net current liabilities of HK$6,452.72 million and net liabilities of HK$1,596.43 million, respectively. As at 31 March 2017, the Group was due to repay the promissory note and all the outstanding non-convertible debt securities (including the matured convertible bonds) and promissory note with the accrued default interests which are immediately repayable amounted to approximately HK$5,086.44 million. These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

The Audit Committee noted that the Board has been implementing various measures as described in Note 3(b) to the financial statements and pages 14 to 16 to improve the Group's financial position. Based on the cash flow forecast of the Group for a period covered not less than twelve months from 31 March 2017 which has assumed the successful implementation of the above measures, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligation as and when they fall due in the next twelve months from 31 March 2017.

Remuneration Committee

The terms of reference of the Remuneration Committee was revised on 28 November 2011 to bring them in line with the revised CG Code. The Remuneration Committee comprises all the four INEDs (with Mr. Yip Tak On as the Chairman) and Mr. Cao Zhong, i.e. a majority of the members are INEDs.

The primary objectives of the Remuneration Committee are to make recommendations on the Company's remuneration policy and structure for all Directors and senior management, assess performance of executive directors and approve the terms of their service contracts, review and determine management's remuneration proposals, and to ensure that no Director or any of his associates is involved in determining his own remuneration.

The Remuneration Committee held 3 meetings during this financial year, the attendance of which is as follows: the Chairman, Mr. Yip Tak On (2/3), Mr. Jing Baoli (3/3), Mr. Bao Liang Ming (3/3), Mr. Xue Baozhong (0/0) and Mr. Cao Zhong (3/3).

During the year, the Remuneration Committee was responsible for, among others, making recommendations to the Board on the remuneration packages of all Directors and senior management, assessing their performance and reviewing individual remuneration package including bonuses, incentive payments and share options within the terms of reference.

In order to be able to attract and retain staff of suitable calibre, the Company provides a competitive remuneration package. This comprises salary, provident fund, share options, leave passage and discretionary bonus. The remuneration policy has contributed considerably to the maintenance of a stable, motivated and high-calibre management team in the Company.

No Director has taken part in any discussion about his own remuneration. The remuneration of INEDs is determined by the Board in consideration of their responsibility involved. Each of the INEDs is appointed for a fixed term of service and entitled to an annual director's fee of HK$120,000.

THE BOARD OF DIRECTORS *(Continued)*

Nomination Committee

The terms of reference of the Nomination Committee was revised on 29 November 2013 to bring them in line with the revised CG Code. The Nomination Committee is chaired by the Chairman of the Board, Mr. Cao Zhong, with all the four INEDs as members, i.e. a majority of the members are INEDs.

The primary function of the Nomination Committee is to determine the policy for the nomination of new directors, conduct interviews with qualified candidates, make recommendations to the Board on appointment of new Directors and advise the Board on the independency of INEDs.

The Nomination Committee held 2 meetings during this financial year, the attendance of which is as follows: the Chairman, Mr. Cao Zhong (2/2), Mr. Yip Tak On (1/2), Mr. Jing Baoli (2/2), Mr. Bao Liang Ming (2/2) and Mr. Xue Baozhong (0/0).

A summary of the work performed by the Nomination Committee for the financial year ended 31 March 2017 is set out below:

– reviewed the size, composition and diversity policy of the Board;

– made recommendations on the appointment of (a) Mr. Jiang Tao as the CEO and executive Director and (b) Mr. Xue Baozhong as an INED and a member of the Audit Committee, Remuneration Committee and Nomination Committee;

– advised on the re-appointment of Directors;

– assessed the independence of INEDs,

– conducted interviews with qualified candidates; and

– ensured that all nominations were fair and transparent.

The Company recognises and embraces the benefits of a Board that possesses a balance of skills, experience and diversity of perspectives appropriate to the business nature of the Company. The Board has adopted a board diversity policy since November 2013. Selection of candidates of board members will be based on a range of diversity perspectives, including but not limited to educational background, professional experience, industry expertise, knowledge and skills. The ultimate decision will be based on merit as well as complementing and expanding the skills, knowledge and experience of the Board as a whole. The Board will review and monitor from time to time the implementation of this policy to ensure its effectiveness and will set measurable objectives for achieving board diversity when appropriate.

The Nomination Committee is of the view that the educational background, expertise and experience of the current Board members are well diversified to serve the requirements of the Company’s business and safeguard the interests of the Shareholders.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its overall responsibility for overseeing the risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness. The management has been delegated the responsibility of identifying and evaluating the risks faced by the Group and of designing, operating and monitoring an effective internal control system on material issues covering financial, operational and compliance controls and risk management functions.

The Group's system of risk management and internal control includes a defined management structure with limits of authority, and is designed to safeguard the Group's assets against unauthorised use or misappropriation, ensure the maintenance of proper accounts, and ensure compliance with applicable laws and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate the risk of failure to achieve the Group's business objectives.

The Company has a risk management process in place to identify, evaluate and manage significant risks and to resolve material internal control defects, if any. Risks are compiled, rated and mitigation plans are proposed and documented in a risk template by the departmental managers of the Company and its subsidiaries. The risk assessment is reviewed and evaluated by the management of the Company. The identified risks are managed by the Company through (i) implementing controls that eliminate the risk entirely, (ii) implementing mitigation plans to reduce the severity of the risk to an acceptable level, or (iii) taking no action if the risk is acceptable for the Company (as the case may be). The risk assessments are presented to the Audit Committee and the Board for their review semi-annually.

During this financial year, the Board have conducted two reviews on the effectiveness of the risk management and internal control systems of the Group, and considered such systems are effective and adequate to safeguard the interests of the stakeholders.

The Company does not have an internal audit function for the year ended 31 March 2017. The Board has reviewed the need for an internal audit function and is of the view that in light of the Group's internal resources and the required costs of setting up an internal audit function, the Board considers that there is no immediate need to set up an internal audit function as the existing supervision of the management could provide adequate risk management and internal control for the Group. However, the Board will regularly review the need to set up an internal audit function or engage an external service provider to review the Group's internal control and risk management system.

The Company has a policy on the principles and procedures for handling and disseminating the Company's inside information in compliance with the inside information provisions under Part XIVA of the SFO (Chapter 571, Laws of Hong Kong) and the Listing Rules. The company secretarial department of the Company works closely with the management and/or Directors in identifying potential inside information and assess the materiality thereof, and where appropriate, to escalate such information to the Board for further actions complying with the applicable laws and regulations.

The Company has applied reasonable measures from time to time to ensure all inside information is kept strictly confidential before it is fully disseminated to the general public:

- strictly prohibit unauthorised use of confidential or inside information;
- restrict access to inside information to a limited number of employees within the Group;
- implement procedures for responding to external enquiries about the Group's affairs; and
- ensure appropriate non-disclosure agreements in place before entering into any significant discussion with third parties.

SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the securities transactions by Directors (the "Securities Code") on terms no less than the required standard set out in the Model Code in Appendix 10 of the Listing Rules. A copy of the Securities Code has been sent to each Director first on his appointment and thereafter reminders were sent to the Directors twice annually, with a notice that the Directors cannot deal in the securities and derivatives of the Company until after the results announcement has been published. The Company has made specific enquiries on Directors' dealings in the securities of the Company and all Directors have confirmed that they have complied with the required standard set out in the Securities Code throughout the year.

Under the Securities Code, Directors are required to notify the Chairman and receive a dated written acknowledgement before dealing in any securities of the Company and, in the case of the Chairman himself, he must notify the Board at a Board meeting or alternatively, another executive Director and receive a dated written acknowledgement before any dealing. Directors' interests as at 31 March 2017 in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) are set out on pages 24 and 25 of this annual report.

EXTERNAL AUDITORS

The external auditors are primarily responsible for auditing and reporting on the annual financial statements. Nevertheless, the Directors acknowledged that they have the primary duties on preparing the accounts of the Company. In this financial year, the total remuneration paid to the external auditors was approximately HK$1.98 million, of which HK$1.75 million and HK$0.23 million were respectively paid for audit service and advice performed by the new external auditors, and other non-audit services performed by the former external auditors.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company continues to enhance relationships and communication with its investors and Shareholders. Corporate communications providing extensive information about the Company's performance and activities are published on the website of the Company in a timely manner. Information on financial statements, transactions or activities of the Company which are required to be disclosed under the Listing Rules are also published on the website of the Stock Exchange and if necessary, delivered to Shareholders.

Amendments to the Memorandum and Articles of Association

At the AGM, amendments on the Memorandum and Articles of Association of the Company (the "M&A") to reflect (a) the change in the address of the Company's registered office in Cayman Islands (as set out in the announcement of the Company dated 16 June 2016) and (b) the changes to the authorised share capital of the Company (which was approved by Shareholders at the extraordinary general meeting held on 4 November 2015), were approved and passed by Shareholders. An updated version of the M&A is available on the Company's and the Stock Exchange's respective websites.

Save as disclosed above, no change on the constitution documents has been made by the Company during the financial year.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Procedures for sending enquiries to the Board

In order to maintain an on-going dialogue with Shareholders, all Shareholders are encouraged to attend the general meetings of the Company to discuss matters relating to the Company. Shareholders may at any time send their enquiries and concerns to the Board by addressing them to its principal place of business in Hong Kong by post, email or facsimile. The details of contact are as follows:

Company Secretarial Department of China Resources and Transportation Group Limited

Address:	Rooms 1801-05, 18/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Fax:	(852) 3176-7122
Email:	info@crtg.com.hk

Procedures for Shareholders to convene an extraordinary general meeting

Shareholders may request an extraordinary general meeting to be convened in accordance with Article 73 of the Articles of Association of the Company, which provides that members holding at the date of deposit of the requisition not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be convened by the Board for the transaction of any business specified in such requisition.

If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors shall be reimbursed to them by the Company. The procedure for Shareholders to convene an extraordinary general meeting is also posted on the official website of the Company.

Procedures for Shareholders to put forward proposals at Shareholders’ meeting

There are no provisions allowing Shareholders to propose new resolutions at general meetings under the Cayman Islands Companies Law. However, Shareholders who wish to propose a resolution may request to convene an extraordinary general meeting following the procedures set out above.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CHAPTER 1 ABOUT THIS REPORT

1.1 Introduction

As a responsible corporate citizen, China Resources and Transportation Group Limited (the "Company", also the "Group" or "We" when referred to together with affiliated companies) is committed to pursuing sustainable development and fulfilling its corporate social responsibilities (CSR). We have paid close attention to the economic, environmental and social impact of our business and developed positive relations with all stakeholders in a joint effort to create a sustainable future.

As a major service provider in expressway operation, trade in petroleum and related products, operation of compressed natural gas (CNG) stations and timber products, the Group is focused on caring for the environment and protecting public interests. We have formulated action plans relating to environment management, labour practices, product quality, corporate credibility and community participation, and delivered our CSR goals.

This report reviews the Group's annual CSR performance as of 31 March 2017 and bears witness to our sustained commitment to a better future.

1.2 Basis for Reporting

This report is prepared in accordance with Appendix 27 Environmental, Social and Governance (ESG) Reporting Guide of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The information disclosed in this report is taken from the Group's internal statistical results and analysis of its internal management system.

1.3 Scope of Reporting

This is our first annual ESG Report, which describes the environmental, social and governance issues of the Group and how they are implemented during the reporting period from 1 April 2016 to 31 March 2017.

The Group's primary business locations include: Hong Kong office, Inner Mongolia and Shenzhen operating units.

Unless otherwise noted, all figures contained in this report are in absolute value. Subcontractors are not considered as employees of the Group.

Other ESG data, including financial data and corporate governance documents, have been published in the Group's annual report.

This report has been approved by the board of directors of the Company (the "Board"). The Group hereby expresses appreciation to all the staff and organizations involved in the preparation of this report.

CHAPTER 2 OVERVIEW OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

The annual CSR guidelines of the Group as of 31 March 2017 are as follows:

Subject areas	Aspects	Policies/compliance with laws and regulations	Guidelines
Environmental	Emissions	✔	Cancelling unnecessary business trips as a way to reduce carbon emissions
	Use of Resources	✔	Using energy-efficient products to reduce energy consumption
	Environment and Natural Resources	✔	Building rainwater collection system to use rainwater for irrigation
Social – Employment and Labour Practices	Employment	✔	We do not discriminate against persons with disabilities, and all candidates that meet our requirements would be considered.
	Health and safety	✔	We strived to achieve zero accident in workplace.
	Development and Training	✔	We asked our senior employees to share their work experience with junior colleagues.
	Labour Standards	✔	We promised not to force our employees to work overtime.
Social – Operating Practices	Supply Chain Management	✔	We requested suppliers to be well informed about our Code of Conduct for Suppliers.
	Product Responsibility	✔	Setting up customer hotline to seek the opinions of customers
	Anti-corruption	✔	Our corporate governance policies prohibited all senior management staff from engaging in bribery and corruption
Social – Community	Community Investment	✔	We reviewed the opinions of community groups on a yearly basis.

CHAPTER 3 ENVIRONMENT

3.1 Emissions Control

Given the new normal of the PRC's economic and social development and the trend of green, recycling and low-carbon development, environmental protection is vitally important for the sustainable growth of the Group's business. Therefore, we have taken into consideration various environmental factors in making operation decisions. From planning and procurement to operation, we have integrated the resources of various departments, organizations and business partners, and taken a series of steps to mitigate environmental impact. Through efforts aimed at reducing exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, we are honouring our sustainable commitment to environmental protection with actions.

The following emissions control methods were being applied in the operation of our offices:

– Waste sorting and recycling;

– Water conservation;

– Improving indoor air quality; and

– Reducing carbon emissions.

We would first conduct waste sorting, and all glass wastes would be recycled. In our daily operations, we advised our employees and visitors to conserve water use. We have set up non-smoking offices to improve indoor air quality. We avoided travelling long distance for meetings and instead choose conference calls or video conferences in order to reduce carbon emissions of public transport.

Total GHG emissions

Volume	Scope 1	Scope 2	Total	Intensity (tonne/employee)
CO_2 equivalent (tonne)	591.88	1,916.07	2,507.95	5.19

Note: Scope 1 includes mobile source emissions; scope 2 includes energy indirect emissions; scope 3 includes electricity consumed for sewage treatment and business air travel of employees, which is limited in volume and negligible in counting.

In terms of hazardous waste, we first divided them into hazardous and non-hazardous wastes, then put them in garbage bags with the right label, and finally arranged for recycling.

Total waste generation

	Hazardous waste	Non-hazardous waste
Tonne	0	386
Intensity (tonne/employee)	0	1.11

Note: data collected from Inner Mongolia unit

During the reporting period, the Group has complied with all relevant laws and regulations on major environmental issues currently applicable in Hong Kong and the PRC, including laws and regulations relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, and we have not been subject to any punishment for violating applicable laws and regulations.

3.2 Efficient Use of Resources

The Group has established rigorous policies on the use of resources, and adopted administrative measures to conserve energy, water and other raw materials with the goal of achieving efficient use of resources, reducing waste and promoting resource cycling.

In terms of energy conservation, we have used energy-efficient products to reduce energy consumption and met the company's energy-saving targets. In terms of water consumption, we encouraged our employees and visitors to use less water and avoid waste in daily operations.

In addition, our green office policy calls for less paper usage and more computer storage and double-sided copying, and paper used only on one side would be recycled. We encouraged employees to reuse empty ink boxes by refilling powdered ink. Office supplies of various departments were provided on an old-for-new basis to promote recycling and reuse.

We consistently encouraged the relevant departments to follow our energy-saving recommendations in the use of air-conditioning, lighting, computer, photocopier, printer and electricity.

The following is a summary of the relevant measures and the results achieved:

– Maintaining and keeping indoor air-conditioning at 25.5C^{o} or agreed temperature;

– Using energy-efficient lights to save electricity;

– Cleaning light bulbs more frequently to raise light efficiency;

– Turning off computers when leaving workplace or after work to reduce energy consumption; and

– Procuring electrical appliances with energy-efficiency label.

Total energy consumption

Electricity (kWh in '000s)	Gas (kWh in '000s)	Total (kWh in '000s)	Intensity (kWh in '000s/ employee)
1,743.89	339.61	2,083.50	5.99

Note: data collected from Inner Mongolia unit

We have given priority to the management of office and potable water resources, and introduced different water conserving and recycling measures to ensure efficient use and recycling of water. The measures adopted include the following:

– Putting water conservation labels in toilets, employee canteens and dormitories, such as "please turn off the faucet after washing hands" etc;

– Replacing bottled water with reusable water containers during meetings;

– Flushing toilets with reused water; and

– Building rainwater collection system to collect rainwater for irrigation.

Total water consumption

Total (tonne)	Intensity (tonne/employee)
3,560.50	10.23

Note: data collected from Inner Mongolia unit

3.3 Environment and Natural Resources

To reduce the impact of our daily operations on the environment and natural resources, the Group has identified the sources of emission and waste in the business flow and the environmental impact of the use of resources, and introduced specific measures to deal with the situation. In the meantime, as demonstrated by the energy policy of the Group, we have been taking concrete steps to promote energy conservation and support the purchase of energy-conserving equipment, which would help reducing greenhouse gas emissions resulted from energy consumption.

Paper usage in our operation is identified as an activity with significant environmental impact. We have taken steps to reduce paper waste and protect the forest, including using PEFC paper and keeping the Company's internal and external documents mainly in electronic form instead of printed copies.

CHAPTER 4 EMPLOYMENT

4.1 Respecting Labour Rights

Employees are valuable assets of the Group and essential to the Group's success. We have adopted management policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, benefits and welfare in accordance with the relevant laws and regulations of the places where we operate, giving full protection and respect for employee rights and strived to build an ideal workplace for our employees.

We followed the principles of fairness, impartial and openness in recruiting and promoting the right employees. We have not discriminated candidates for reasons of race, skin colour, social status, birthplace, nationality, religion, disability, gender, sexual orientation, labour union affiliation and political status or age.

We have offered a competitive package of compensation, benefits and welfare to our employees. The compensation package of our employees mainly includes salary, discretionary bonus and share option scheme. Generally speaking, the salaries of our employees are determined on their qualifications, experience, job title and performance. In the Inner Mongolia and Shenzhen units, we have subscribed to social welfare plans in accordance with applicable PRC laws and regulations, which include endowment, medical, work-related injury, maternity, and unemployment insurances. In the Hong Kong office, all our human resources policies are established in accordance with Chapter 57 – Employment Ordinance, Chapter 282 – Employee's Compensation Ordinance, Chapter 486 – Personal Data (Privacy) Ordinance, Chapter 480 – Sex Discrimination Ordinance and Chapter 487 – Disability Discrimination Ordinance, and the employees could also benefit from the Company's medical plan. In addition, all our employees might choose to resign from their jobs with reasonable prior notification to the Company.

We understand the importance of balance between work and life and prohibited the use of child labour. We have never taken or supported illegal or inhumane punitive measures against employees or engaged in forced labour. We have a full range of measures in place to review recruitment practices such as child and forced labour and rectify such practices once discovered. We organised entertainment programs for our employees on a regular basis to help them relieve pressure from work, as well as sports activities such as badminton, squash, table tennis and yoga. The employees were also entitled to take vacations as prescribed in their labour contract.

To attract talents from all quarters is our corporate culture. We have been opened to persons with all backgrounds. We treated all employees equally in recruitment, salary, entitlement, training opportunities and work arrangements, and made sure they would not be subject to any unfair discrimination.

During the reporting period, the Group has complied with all the laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, benefits and welfare, child and forced labour applicable in places where we operate. There has been no major recruitment or labour dispute that obstructed our normal business operation, nor have we been subjected to any punishment for violating applicable laws and regulations.

Total number of employees as of 31 March 2017

	Operating Units			
	Hong Kong	**Inner Mongolia**	**Shenzhen**	**Total**
Gender				
Male	18	182	65	265
Female	10	166	42	218
Type of Job				
Full-time	28	348	107	483
Part-time	0	0	0	0
Age Group				
18 – 30	4	263	26	293
31 – 45	13	62	67	142
46 – 60	10	20	14	44
= 61/>61	1	3	0	4

Employee attrition rate during the year ended 31 March 2017

	Hong Kong	Operating Units Inner Mongolia	Shenzhen
Gender			
Male	0%	7.14%	32.31%
Female	20.00%	11.45%	16.67%
Age Group			
18 – 30	0%	6.84%	15.38%
31 – 45	15.38%	22.58%	34.33%
46 – 60	0%	0%	7.14%
= 61/>61	0%	0%	0%
Overall	7.14%	9.16%	26.17%

4.2 Health and Safety

The Group is committed to upholding health and safety standards and complying with laws and regulations on labour, safety and work-related accidents. We have given safety protection to our employees, including distribution of protective work tools, and provided health and safety trainings to help identify risks in the workplace and familiarise themselves with our health and safety procedures and policies in an effort to achieve zero work-related accident.

To ensure construction safety, the safety and environmental department of the Inner Mongolia unit offered employees training courses on construction safety, and conducted performance evaluation every half a year to maintain safety awareness of the employees. The Hong Kong office arranged for its employees to take part in regular health and safety meetings to discuss safety and health issues and encouraged reading reference materials on occupational health and safety to build a culture of occupational health and safety in the workplace.

Statistics of work injuries during the year ended 31 March 2017

	Result
Work-related fatalities	
Number of persons	0
Rate (%)	0
Work injuries	
Lost days	90

Note: data collected from Inner Mongolia unit

During the reporting period, the Group has complied with the relevant regulations on workplace safety applicable in Hong Kong and the PRC. We have not experienced any accident or received any complaint that has a significant adverse impact on our operations, nor have we been subject to any punishment for violating applicable laws and regulations.

4.3 Education, Training and Career Development

To ensure high-quality employees and prepare management staff for the future, the Group has introduced a comprehensive career development and training program to improve employees' knowledge of operation and safety standards and provided training to individual employee based on the specific requirements of their work. Our internal course, which is for the purpose of training employees and discovering talents, aims to provide promotion opportunities in the Group and increase employee loyalty, thereby building the foundation for the sustainable development of the Group.

During their service with the Company, employees would receive opportunities of training provided by their departments according to the needs of their jobs. Senior management staff and personnel with professional qualifications would be invited to training sessions organised by academic societies to improve professional knowledge of their jobs.

We strived to provide adequate career opportunities to our employees. By reviewing the capability and performance of employees who meet the criteria for promotions and position transfers, we would make reasonable adjustment according to the needs of the Group's business development and the personal will of the employees to facilitate their career development.

CHAPTER 5 OPERATING PRACTICES

5.1 Product Responsibility

Our ability to consistently deliver high-quality expressway management services and products to our customers is vitally important for our business. Therefore, we have always given top priority to quality and safety control and adopted stringent quality and safety standards to eliminate the possibility of physical injuries or property losses caused by road quality to public consumers and kept our management services and products up to the standards prescribed in PRC laws and regulations. To ensure reliable management services as well as product quality and safety, our operating team has been closely monitoring all crucial stages in the operation process, in the selection of suppliers and the inspection of road safety to the provision of customer services.

Our road management and maintenance departments conducted routine inspections on road conditions to clear snow and waste from the road, and arranged for maintenance and repair. We have established a four-staged process, i.e. security surveillance, construction, completion inspection, and delivery, to ensure adequate road conditions for vehicles and protect the safety of road users. In addition, the relevant departments inspected the staff of toll stations on a regular basis to assess whether they have the proper attire, service language and job responsibilities to offer services of high standard. We have also set up a customer hotline to collect the opinions of the customers. In case of complaints, the staff of the market service department must give a proper response to the customers within 24 hours. Unless consents were given by the customers, we would not use collected customer information for other purposes. This would be regularly monitored by our market service department. During the reporting period, we have no record of customer compliant and we have abided by all privacy-related laws and regulations applicable in the places where we operate.

In addition, during the reporting period, we have no record of product recalling for safety and health reasons. We have not had any health and safety accident caused by major product defects, nor have we been subject to any penalty, product recall order or punishment imposed by the PRC government or other regulators.

In terms of intellectual property rights, we have committed not to buy any illegal software copies. All our office software products were provided by licensed suppliers, and the relevant operations were monitored by the IT department on a regular basis.

During the reporting period, the Group has complied with all the laws and regulations relating to the advertising and labelling of products and services applicable in the places where we operate.

5.2 Supply Chain Management

We have established a long-term and stable business relationship with our main suppliers, and maintained close communication and coordination with them to strengthen management of environmental and social risks of the supply chain. We are confident that such a long-term and stable business relationship with the suppliers will help strengthen our business relations with clients and maintain our competitive edge.

We have the necessary procedures for supplier evaluation and selection. Before adding potential suppliers to the list of approved suppliers, our procurement team would usually conduct a comprehensive background check on each and every potential supplier, including their business scale, quality control, delivery time and reputation in the industry. Our procurement policy is, we only procure products and services from approved suppliers to ensure the quality and safety of our products and services, and minimise the environmental and social risks of the supply chain. We would also examine and evaluate the performance of our existing suppliers on an ad hoc basis, and requested the suppliers to familiarise themselves with our Code of Conduct for Suppliers. Suppliers that do not meet our requirements would be removed from the list of approved suppliers. When a project is launched, we would inform the suppliers our expectations through meetings, and maintain close communication with the suppliers during the project. We would monitor progress of the project through regular meetings in order to make adjustment when necessary. Currently, we are working with 12 suppliers following this practice.

During the reporting period, we have not experienced any significant difficulty in supply chain management, and we do not expect to face any such difficulty in the foreseeable future. In the same period, we have not had any major dispute with our suppliers, nor have we experienced any suspension, shortage or delay in the supply of services and products that might cause a significant adverse impact on our operations.

The Group has taken into full consideration the environmental and social risks of the supply chain. We believe our existing measures for controlling environmental and social risks are adequate. During the reporting period, we have not been involved in any major accident with environmental and social risks in the supply chain management.

5.3 Moral Conduct and Anti-corruption

The Group is committed to keeping its business in compliance with local and international laws and regulations relating to bribery, extortion, fraud and money laundering. We have conducted regular inspections on our business practices and guidelines, and strengthened internal control and compliance audit.

We prohibited our employees from seeking or accepting any benefit or bribe from suppliers. Our corporate governance policy prohibits all senior management staff from engaging in any act of bribery and corruption. We have requested our employees to declare any conflict of interests and avoided potential conflict of interests during business transactions. We have also put in place a code of business conduct to prevent our employees from any inappropriate behaviour. All our employees must abide by the anti-corruption laws and regulations applicable in the places where we operate when dealing with any business or corporate affair of the Group.

In terms of whistle-blowing procedures, our code of conduct prescribes that any violation of the code may be reported to the Board by confidential fax or letter and will be handled in a timely and fair manner. Any suspected corruption or other criminal violation must be reported to the corresponding authorities.

During the reporting period, the Group has complied with all the laws and regulations relating to bribery, extortion, fraud and money laundering in places where we operate. Neither the Group nor its employees have been subject to prosecution or sentence relating to corruption.

CHAPTER 6 COMMUNITY PARTICIPATION

As a good corporate citizen, we have supported various kinds of charity programs through contribution and donation. The administrative department seek feedbacks from the communities through email, company website and annual report to learn about their needs and review the Group's sustainable development goals.

Our community contribution mainly focuses on labour affairs and health. During the reporting period, the Hong Kong office organised blood donation campaigns, which were participated by six of our employees.

Share your opinions with us!

We value your opinions on the Environmental, Social and Governance Report 2017, which can help us realize the vision of sustainable development. We invite you to share your opinions in the following ways:

China Resources and Transportation Group Limited

Primary business location
1801-1805, 18/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Website
http://www.crtg.com.hk

Email
info@crtg.com.hk

INDEPENDENT AUDITOR'S REPORT

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF
CHINA RESOURCES AND TRANSPORTATION GROUP LIMITED
(中國資源交通集團有限公司)
(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Resources and Transportation Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 54 to 160, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern basis

As at 31 March 2017, the Group had net current liabilities and net liabilities of HK$6,452,718,000 and HK$1,596,432,000, respectively, and the Group incurred a loss of HK$1,784,443,000 for the year then ended. The Company was in default in the repayment of the promissory note of HK$311,483,000 and non-convertible debt securities of HK$4,395,648,000 (including the matured convertible bonds). At 31 March 2017, the aggregate carrying amount of these overdue promissory note and non-convertible debt securities (including the matured convertible bonds), together with outstanding interests and default interests of HK$379,307,000 accrued thereon, amounted to HK$5,086,438,000 which are immediately repayable. At 31 March 2017, the Group reached an agreement with one creditor bank for settlement of a bank loan of approximately HK$164 million which was subsequently repaid. The Group is still undergoing negotiations with the holders ("Bondholders") of non-convertible debt securities (including the matured convertible bonds) for possible debt restructuring. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and to discharge its liabilities in the normal course of its business.

Notwithstanding the foregoing, as detailed in Note 3(b) to the consolidated financial statements, the directors have prepared the consolidated financial statements on a going concern basis, the appropriateness of which depends upon the outcomes of a number of measures undertaken by the Group which include in particular the following:

(i) The Group is currently in discussions with the Bondholders of debts due by the Group of HK$4,395,648,000 at 31 March 2017, for possible debt restructuring which, the directors believe, if successfully made, the Group could have sufficient time to implement the plans for realisation of its assets and to raise adequate funds for repaying the debts payable to the Bondholders. Up to the date of approval of the consolidated financial statements, the Group has not yet reached a formal debt restructuring agreement with the Bondholders;

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

Material uncertainties relating to going concern basis *(Continued)*

(ii) On 28 December 2016 and 30 December 2016, the Company, its wholly-owned subsidiary, Cheer Luck Technology Limited ("Cheer Luck") and four independent third party purchasers (which are state-owned enterprises incorporated in the PRC) entered into four separate disposal agreements (the "Disposal Agreements"), pursuant to which, Cheer Luck has conditionally agreed to sell, and (i) Purchaser A has conditionally agreed to acquire 25% equity interests of Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("Zhunxing") at Consideration A of RMB1,125 million (equivalent to HK$1,260 million) (subject to an adjustment, representing 25% of the net assets of Zhunxing as at 31 December 2016 based on a valuation to be prepared by an independent valuer appointed by Purchaser A) and (ii) Purchaser B, Purchaser C and Purchaser D have conditionally agreed to acquire 18%, 18% and 10%, at Consideration B, Consideration C and Consideration D, respectively, each of which is determined with reference to the respective share of net assets of Zhunxing at 31 December 2016 based on another valuation to be prepared by another independent valuer jointly appointed by Purchaser B, C and D. The completion of each disposal under each of the Disposal Agreements is also subject to satisfaction of certain conditions precedent. Based on the terms of each of the Disposal Agreements, the Group shall have an obligation to buy back from Purchaser A and option to buy back from each of Purchaser B, C and D, within five years after the respective date of completion of each of these disposals, all the 71% equity interests in Zhunxing at a consideration same as the proceeds of each of these disposals to be received by the Group with a guaranteed return to each of these purchasers of 4.5% per annum for the period commencing from the date of completion of each of these disposals to the date when each of the buy-back obligation or buy-back options is exercised by the Group. The disposals are considered as financing in nature and the Group shall continue to exercise control over Zhunxing which will continue to be consolidated into the consolidated financial statements of the Group after the completion of these disposals.

Up to the date of approval of the consolidated financial statements, the sales consideration for each of these disposals have not yet been finalised because the two valuation reports on the net assets of Zhunxing at 31 December 2016 have not yet been finalised by the two independent valuers appointed by the purchasers and the conditions precedent to each of these disposals under the Disposal Agreements are yet to be satisfied. The directors of the Company considered that if the financing arrangements through disposals and buy-backs of the 71% equity interest of Zhunxing under the Disposal Agreements were successfully completed, the Group would have sufficient funds to settle the debts due to the Bondholders and to meet its financial requirements in the foreseeable future.

(iii) On 28 April 2017, as more fully described in Note 52(a) to the consolidated financial statements, the Group and an independent third party buyer entered into an agreement under which the Group agreed to sell and the buyer agreed to buy the Group's entire 45% equity interests in an associate together with the amounts due from that associate and its subsidiaries, which were reclassified as assets of a disposal group held for sale in the consolidated statement of financial position at 31 March 2017, for an aggregate consideration of RMB200 million (equivalent to approximately HK$226 million). On 1 June 2017, the disposal was completed and the Group had subsequently received the sale consideration of RMB200 million (equivalent to approximately HK$226 million), of which approximately HK$164 million was applied for repaying part of the Group's bank borrowings on 1 June 2017 and the balance will be used as working capital of the Group.

(iv) On 23 June 2017, the Company and an independent third party (the "Seller") entered into a legally non-binding memorandum of understanding which sets out the proposal under which the Company intends to acquire the pawn loan business (the "Business") from the Seller and its other owners (the"Proposed Acquisition"). If the Proposed Acquisition materializes, the Company will satisfy the consideration of the Proposed Acquisition through the issuance of new shares of the Company to the Seller and the other owners of the Business. The details and terms of the Proposed Acquisition are still subject to negotiation and finalization.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

Material uncertainties relating to going concern basis *(Continued)*

Up to the date of approval of the consolidated financial statements, the Group's measures described in (i), (ii) and (iv) above have not yet been completed. There were material uncertainties on the Group's ability to obtain adequate working capital to meet its debts as and when they fall due in the foreseeable future. We were unable to obtain sufficient audit evidence on the appropriateness of the going concern basis adopted for the preparation of the consolidated financial statements for the year ended 31 March 2017.

Should the going concern basis be considered inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

OTHER MATTER

The consolidated financial statements for the year ended 31 March 2016 were audited by another auditor who expressed a disclaimer of opinion on 30 June 2016 on material uncertainties related to going concern. Certain comparative figures have been restated and/or reclassified for reasons as further disclosed in Note 2(a) and Note 53 to the consolidated financial statements.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our responsibility is to conduct an audit of the Company's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Company 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.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 27 June 2017

Leung Chun Wa
Practising Certificate Number P04963

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000 (Restated)
Revenue	7	**727,616**	2,221,556
Cost of sales and other direct operating costs		**(878,435)**	(2,463,504)
Gross loss		**(150,819)**	(241,948)
(Loss)/gain on change in fair value of investment properties	15	**(4,750)**	338
Gain/(loss) on change in fair value less costs to sell of biological assets	19	**11,489**	(446)
Gain on settling convertible bonds and non-convertible debt securities	35(b),36(b)	**–**	37,690
Change in fair value of derivative financial instruments	35	**–**	26,423
Impairment loss on forest concession rights	20	**–**	(110,831)
Impairment loss on concession intangible asset	21	**–**	(1,877,027)
Impairment loss on property, plant and equipment	16	**–**	(103,237)
Impairment loss on goodwill and other intangible assets	18	**(45,511)**	–
Impairment loss recognised on interests in associates immediately prior to reclassification as disposal group held for sale	37(a)	**(362,078)**	–
Impairment loss on assets of a disposal group classified as held for sale	37(b)	**–**	(89)
Other income and other gains or losses	8	**9,884**	131,522
Selling and administrative expenses		**(265,030)**	(270,477)
Finance costs	9	**(977,207)**	(1,462,207)
Share of results of associates	24(c)&(d)	**(8,655)**	390
Loss before income tax credit	10	**(1,792,677)**	(3,869,899)
Income tax credit	11	**8,234**	593
Loss for the year		**(1,784,443)**	(3,869,306)
Loss for the year attributable to:			
Owners of the Company		**(1,676,202)**	(3,456,008)
Non-controlling interests		**(108,241)**	(413,298)
		(1,784,443)	(3,869,306)
		HK$	HK$
Loss per share attributable to owners of the Company			
– Basic and diluted	14	**(0.25)**	(1.15)

The notes on pages 62 to 160 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000 (Restated)
Loss for the year	**(1,784,443)**	(3,869,306)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	**(11,896)**	(181,490)
– Share of other comprehensive income of associates	**312**	(381)
– Release of translation reserve		
– upon disposal of a subsidiary	**901**	(789)
– upon disposal of an associate	**2,473**	–
– upon dissolution of subsidiaries	**1,762**	–
– Net movements in fair value reserve for available-for-sale investments	**7,450**	11,822
Other comprehensive income for the year, net of tax	**1,002**	(170,838)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(1,783,441)**	(4,040,144)
Total comprehensive income attributable to:		
– Owners of the Company	**(1,677,231)**	(3,619,347)
– Non-controlling interests	**(106,210)**	(420,797)
	(1,783,441)	(4,040,144)

The notes on pages 62 to 160 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	31/3/2017 HK$'000	31/3/2016 HK$'000 (Restated)	1/4/2015 HK$'000 (Restated)
NON-CURRENT ASSETS				
Investment properties	15	26,975	31,689	155,671
Property, plant and equipment	16	952,245	1,046,253	1,444,202
Prepaid lease payments	17	33,520	38,513	44,451
Goodwill and other intangible assets	18	47,069	99,158	400,782
Biological assets	19	55,818	51,784	55,938
Forest concession rights	20	–	–	138,417
Concession intangible asset	21	14,501,267	15,763,277	19,001,931
Long-term deposits and prepayments	22	44,680	291,247	661,127
Interests in associates	24	–	480,551	480,907
Available-for-sale investments	25	78,296	109,750	405,229
TOTAL NON-CURRENT ASSETS		15,739,870	17,912,222	22,788,655
CURRENT ASSETS				
Inventories	26	63,556	87,465	288,858
Trade and other receivables	27	205,625	366,677	351,567
Prepaid lease payments	17	857	912	1,042
Amounts due from non-controlling shareholders of subsidiaries	28	14,658	15,588	28,705
Amounts due from associates	28	–	145,098	116,156
Available-for-sale investments	25	–	–	63,227
Pledged deposits and restricted cash		–	–	134,040
Cash and cash equivalents	29	53,735	116,225	298,458
		338,431	731,965	1,282,053
Assets of a disposal group classified as held for sale	37	214,231	58,042	–
TOTAL CURRENT ASSETS		552,662	790,007	1,282,053
TOTAL ASSETS		16,292,532	18,702,229	24,070,708
CURRENT LIABILITIES				
Trade and other payables	30	1,553,668	1,813,083	2,183,225
Promissory note	31	311,483	306,892	302,345
Deferred government grants	32	–	–	2,548
Borrowings	33	744,581	843,578	1,865,877
Convertible bonds	35	–	3,189,853	2,630,099
Non-convertible debt securities	36	4,395,648	1,048,403	–
		7,005,380	7,201,809	6,984,094
Liabilities of a disposal group classified as held for sale	37	–	40,364	–
TOTAL CURRENT LIABILITIES		7,005,380	7,242,173	6,984,094
NET CURRENT LIABILITIES		(6,452,718)	(6,452,166)	(5,702,041)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,287,152	11,460,056	17,086,614

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	31/3/2017 HK$'000	31/3/2016 HK$'000 (Restated)	1/4/2015 HK$'000 (Restated)
NON-CURRENT LIABILITIES				
Borrowings	33	10,871,494	11,229,008	11,734,712
Deferred tax liabilities	34	1,636	10,811	58,119
Convertible bonds	35	–	–	2,160,444
Acreage fees payable		10,454	10,454	10,454
TOTAL NON-CURRENT LIABILITIES		10,883,584	11,250,273	13,963,729
TOTAL LIABILITIES		17,888,964	18,492,446	20,947,823
NET (LIABILITIES)/ASSETS		(1,596,432)	209,783	3,122,885
CAPITAL AND RESERVES				
Share capital	38	1,350,479	1,350,479	270,096
Reserves		(3,132,877)	(1,454,110)	2,198,240
Equity attributable to owners of the Company		(1,782,398)	(103,631)	2,468,336
Non-controlling interests		185,966	313,414	654,549
(DEFICIENCY IN EQUITY)/TOTAL EQUITY		(1,596,432)	209,783	3,122,885

Approved and authorised for issue by the board of directors on 27 June 2017.

Mr. Cao Zhong
Director

Mr. Tsang Kam Ching, David
Director

The notes on pages 62 to 160 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital HK$'000	Share premium HK$'000	Warrants reserve HK$'000 *(Note (i))*	Share options reserve HK$'000 *(Note (ii))*	Capital redemption reserve HK$'000	Capital reserve HK$'000 *(Note (iii))*	Assets revaluation reserve HK$'000 *(Note (iv))*	Available-for-sale financial assets reserve HK$'000 *(Note (v))*	Convertible bonds reserve HK$'000 *(Note (vi))*	Statutory reserve HK$'000 *(Note (vii))*	Translation reserve HK$'000 *(Note (viii))*	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2015 (Audited)	270,096	1,929,475	21,630	31,012	3,800	795,363	41,752	(19,272)	617,363	-	115,618	(1,338,370)	2,468,467	654,549	3,123,016
Adjusted for adoption of Amendments to HKAS 16 and HKAS 41 *(Note 2(a))*	-	-	-	-	-	-	-	-	-	-	-	(131)	(131)	-	(131)
At 1 April 2015 (Restated)	270,096	1,929,475	21,630	31,012	3,800	795,363	41,752	(19,272)	617,363	-	115,618	(1,338,501)	2,468,336	654,549	3,122,885
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(3,456,008)	(3,456,008)	(413,298)	(3,869,306)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-	-	-	(173,991)	-	(173,991)	(7,499)	(181,490)
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	(381)	-	(381)	-	(381)
Release of translation reserve upon disposal of equity interest in a subsidiary *(Note 43(c))*	-	-	-	-	-	-	-	-	-	-	(789)	-	(789)	-	(789)
Release of assets revaluation reserve upon disposal of equity interest in a subsidiary *(Note 43(b))*	-	-	-	-	-	-	(25,849)	-	-	-	-	25,849	-	-	-
Net movements in fair value for available-for-sale investments	-	-	-	-	-	-	-	11,822	-	-	-	-	11,822	-	11,822
Total comprehensive income for the year	-	-	-	-	-	-	(25,849)	11,822	-	-	(175,161)	(3,430,159)	(3,619,347)	(420,797)	(4,040,144)
Issuance of new shares under rights issue *(Note 38(a)(iii))*	1,080,383	(33,356)	-	-	-	-	-	-	-	-	-	-	1,047,027	-	1,047,027
Lapse of warrants *(Note 40)*	-	-	(21,630)	-	-	-	-	-	-	-	-	21,630	-	-	-
Disposal of a subsidiary *(Note 43(c))*	-	-	-	-	-	-	-	-	-	-	-	-	-	92,490	92,490
Settlement of convertible bonds *(Note 35(b))*	-	-	-	-	-	-	-	-	(221,817)	-	-	221,817	-	-	-
Acquisition of remaining interest of a subsidiary *(Note 47(c))*	-	-	-	-	-	-	-	-	-	-	-	353	353	(12,828)	(12,475)
At 31 March 2016 (Restated)	1,350,479	1,896,119	-	31,012	3,800	795,363	15,903	(7,450)	395,546	-	(59,543)	(4,524,860)	(103,631)	313,414	209,783

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000 *(Note (ii))*	Capital redemption reserve HK$'000	Capital reserve HK$'000 *(Note (iii))*	Assets revaluation reserve HK$'000 *(Note (iv))*	Available-for-sale financial assets reserve HK$'000 *(Note (v))*	Convertible bonds reserve HK$'000 *(Note (vi))*	Statutory reserve HK$'000 *(Note (vii))*	Translation reserve HK$'000 *(Note (viii))*	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016 (Restated)	1,350,479	1,896,119	31,012	3,800	795,363	15,903	(7,450)	395,546	-	(59,543)	(4,524,860)	(103,631)	313,414	209,783
Loss for the year	-	-	-	-	-	-	-	-	-	-	(1,676,202)	(1,676,202)	(108,241)	(1,784,443)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-	-	(13,927)	-	(13,927)	2,031	(11,896)
Share of other comprehensive income of associates *(Note 24 (c) and (d))*	-	-	-	-	-	-	-	-	-	312	-	312	-	312
Release of translation reserve														
– upon disposal of equity interests in a subsidiary *(Note 43(a))*	-	-	-	-	-	-	-	-	-	901	-	901	-	901
– upon disposal of an associate *(Note 24(e))*	-	-	-	-	-	-	-	-	-	2,473	-	2,473	-	2,473
– upon dissolution of subsidiaries	-	-	-	-	-	-	-	-	-	1,762	-	1,762	-	1,762
Net movements in fair value for available-for-sale investments	-	-	-	-	-	-	7,450	-	-	-	-	7,450	-	7,450
Total comprehensive income for the year	-	-	-	-	-	-	7,450	-	-	(8,479)	(1,676,202)	(1,677,231)	(106,210)	(1,783,441)
Contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	1,982	1,982
Lapse of share options	-	-	(448)	-	-	-	-	-	-	-	448	-	-	-
Transfer of lapsed conversion rights of matured convertible bonds *(Note 35 (b))*	-	-	-	-	-	-	-	(395,546)	-	-	395,546	-	-	-
Derecognition of non-controlling interests upon disposal of a subsidiary *(Note 43(a))*	-	-	-	-	-	-	-	-	-	-	-	-	(17,611)	(17,611)
Distribution to non-controlling interests upon dissolution of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(7,145)	(7,145)
Transfer of statutory reserve	-	-	-	-	-	-	-	-	246	-	(246)	-	-	-
Deemed acquisition of additional interest in a subsidiary arising from an internal reorganisation *(Note 47(b))*	-	-	-	-	-	-	-	-	-	-	(1,536)	(1,536)	1,536	-
At 31 March 2017	1,350,479	1,896,119	30,564	3,800	795,363	15,903	-	-	246	(68,022)	(5,806,850)	(1,782,398)	185,966	(1,596,432)

Notes:

(i) The warrants reserve represented the conditional warrants, issued in relation to the financing arrangement as detailed in Note 40, which were fully lapsed in last year ended 31 March 2016.

(ii) The share options reserve represents the cumulative expenses recognised on the granting of share options during the reporting period.

(iii) The capital reserve represented capitalisation of payables to non-controlling interests.

(iv) The assets revaluation reserve represents gains/losses arising on the revaluation of property.

(v) The available-for-sale financial assets reserve represents gains/losses arising on recognising financial assets classified as available-for-sale at fair value.

(vi) The convertible bonds reserve represents the equity component of outstanding convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in Note 4(r)(iii).

(vii) In accordance with the relevant regulations in the PRC, the Company's subsidiary established in the PRC is required to transfer a certain percentage of its profits after tax to reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and in the subsidiary's articles of association, the reserve funds may be used either to offset losses, or for capitalisation by way of paid-up capital.

(viii) The translation reserve represents all exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	**2017 HK$'000**	2016 HK$'000 (Restated)
Cash flows from operating activities			
Loss before income tax credit		**(1,792,677)**	(3,869,899)
Adjustments for:			
Interest income	*8*	**(14,772)**	(17,904)
Finance costs	*9*	**977,207**	1,462,207
Impairment loss of forest concession rights	*20*	**–**	110,831
Impairment loss of property, plant and equipment	*16*	**–**	103,237
Impairment loss on concession intangible asset	*21*	**–**	1,877,027
Depreciation of property, plant and equipment	*16*	**89,677**	111,551
Change in fair value of derivative financial instrument	*35*	**–**	(26,423)
Loss/(gain) on change in fair value of investment properties	*15*	**4,750**	(338)
(Gain)/loss on change in fair value less costs to sell of biological assets	*19*	**(11,489)**	446
Impairment loss of trade and other receivables, net	*27*	**104,323**	20,760
Impairment loss recognised on interests in associates immediately prior to reclassification as disposal group held for sale	*37(a)*	**362,078**	–
Impairment loss on assets of a disposal group classified as held for sale	*37(b)*	**–**	89
Impairment loss on goodwill and other intangible assets	*18*	**45,511**	–
Write-off of inventories	*10*	**–**	526
Amortisation of prepaid lease payments	*17*	**945**	1,026
Amortisation of forest concession rights	*20*	**–**	27,586
Amortisation of concession intangible asset	*21*	**552,023**	617,143
Amortisation of customer relationships	*18*	**1,593**	3,687
Amortisation of deferred government grants	*32*	**–**	(2,463)
Share of results of associates	*24(c)&(d)*	**8,655**	(390)
Gain on settling convertible bonds and non-convertible debt securities	*35(b),36(b)*	**–**	(37,690)
Loss/(gain) on disposal of subsidiaries	*43*	**627**	(64,670)
Loss/(gain) on disposal of available-for-sale investments	*8*	**6,166**	(39,485)
Loss on disposal of an associate	*24(e)*	**1,629**	–
Gain on disposal of forest prepaid lease payments and biological assets	*8*	**(442)**	–
Gain on disposal of property, plant and equipment	*8*	**(300)**	–
Operating profit before changes in working capital		**335,504**	276,854
Decrease in inventories		**23,909**	160,908
Decrease/(increase) in trade and other receivables		**24,481**	(81,281)
Increase in amounts due from associates		**–**	(28,942)
Increase in trade and other payables		**18,251**	242,858
Decrease of biological assets		**159**	732
Effect of foreign exchange differences		**–**	7,138
Cash generated from operations		**402,304**	578,267
PRC tax paid	*11*	**(560)**	(492)
Net cash generated from operating activities		**401,744**	577,775

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000 (Restated)
Cash flows from investing activities			
Decrease/(increase) in long-term deposits and prepayments		977	(18,469)
Net cash (outflow)/inflow on disposal of subsidiaries	43	(176)	40,922
Decrease/(increase) in loan receivables		36,779	(26,417)
Decrease in pledged deposits and restricted cash		–	134,040
Acquisition of property, plant and equipment		(6,577)	(4,177)
Proceeds from disposal of property, plant and equipment		371	520
Proceeds from disposal of available-for-sale investments		30,021	369,918
Proceeds from disposal of forest prepaid lease payments and biological assets		6,313	–
Proceeds from disposal of an associate		29,418	–
Payment for expressway construction costs		(78,658)	(147,815)
Interest received		10,454	15,958
Dividend income from an associate	24(d)	3,771	–
Net cash generated from investing activities		32,693	364,480
Cash flows from financing activities			
Proceeds from borrowings		1,261,420	2,151,909
Proceeds from issuance of new shares under rights issue, net		–	1,047,027
Repayment of borrowings		(995,434)	(2,423,638)
Repayment of convertible bonds and non-convertible debt securities		–	(749,833)
Acquisition of additional interests in a subsidiary		–	(12,475)
Capital injection by a non-controlling shareholder of a subsidiary		1,982	–
Distribution to non-controlling interests upon dissolution of subsidiaries		(7,145)	–
Interest paid		(742,718)	(1,126,134)
Net cash used in financing activities		(481,895)	(1,113,144)
Net decrease in cash and cash equivalents		(47,458)	(170,889)
Effect of foreign exchange rate changes		(15,336)	(11,040)
Cash and cash equivalents at beginning of year		116,529	298,458
Cash and cash equivalents at end of year		53,735	116,529
Analysis of balances of cash and cash equivalents at end of year			
Bank and cash balances		53,735	116,225
Bank and cash balances included in assets of a disposal group classified as held for sale		–	304
		53,735	116,529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. CORPORATE INFORMATION

China Resources and Transportation Group Limited (the "Company") is an exempted Company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is the office of Sterling Trust (Cayman) Limited, Whitehall House, 238 North Church Street, P.O. Box 1043, George Town, Grand Cayman, KY1-1102, Cayman Islands. Its principal place of business is located at Room 1801-05, 18/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively refer to as the "Group") are expressway operations, trading of petroleum and related products, compressed natural gas ("CNG") gas stations operations and timber operations.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New standards and amendments to standards adopted by the Group

The following new and amendments to standards are mandatory for the financial year beginning 1 April 2016:

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

The Group has adopted these standards and the adoption of these standards did not have significant impacts on the Group's results and financial position except as described below:

Amendments to HKAS 16 and HKAS 41 – Agriculture: Bearer Plants

The Group has applied the Amendments to HKAS 16 and HKAS 41 "Agriculture: Bearer Plants" for the first time in the current year. The Amendments to HKAS 16 "Property, Plant and Equipment" and HKAS 41 "Agriculture" define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continue to be accounted for in accordance with HKAS 41. The camellia trees of the Group have met the definition of bearer plant and are needed to be accounted for under property, plant and equipment since 1 April 2015 and the seedlings and standing trees of the Group continue to be accounted for under biological assets.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) New standards and amendments to standards adopted by the Group *(Continued)*

Amendments to HKAS 16 and HKAS 41 – Agriculture: Bearer Plants *(Continued)*

Summary of the effects of the above change in Amendments to HKAS 16 and HKAS 41

The effects of the change in Amendments to HKAS 16 and HKAS 41 described above on the audited consolidated statement of financial position of the Group as at the end of the immediately preceding financial year, i.e. 31 March 2016, are as follow:

	As at 31 March 2016 (Originally stated) HK$'000	**Adjustments** HK$'000	**As at 31 March 2016 (Restated)** HK$'000
Effects on non-current assets:			
Property, plant and equipment	1,023,891	22,362	1,046,253
Biological assets	74,684	(22,900)	51,784
Net assets	210,321	(538)	209,783
Accumulated losses	(4,524,309)	(551)	(4,524,860)
Equity attributable to owners of the Company	(103,093)	(538)	(103,631)
Non-controlling interests	313,414	–	313,414
Total equity	210,321	(538)	209,783
Loss for the year ended 31 March 2016	(3,868,886)	(420)	(3,869,306)
Other comprehensive income for the year ended 31 March 2016:			
Exchange differences on translation of financial statements of foreign operations	(181,503)	13	(181,490)

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) New standards and amendments to standards adopted by the Group *(Continued)*

Amendments to HKAS 16 and HKAS 41 – Agriculture: Bearer Plants *(Continued)*

Summary of the effects of the above change in Amendments to HKAS 16 and HKAS 41 *(Continued)*

The effects of the change in Amendments to HKAS 16 and HKAS 41 described above on the audited consolidated statement of financial position of the Group as at the beginning of the comparative period. i.e. 1 April 2015, are as follow:

	As at 1 April 2015 (Originally stated) HK$'000	Adjustments HK$'000	As at 1 April 2015 (Restated) HK$'000
Effects on non-current assets:			
Property, plant and equipment	1,420,561	23,641	1,444,202
Biological assets	79,710	(23,772)	55,938
Net assets	3,123,016	(131)	3,122,885
Accumulated losses	(1,338,370)	(131)	(1,338,501)
Equity attributable to owners of the Company	2,468,467	(131)	2,468,336
Non-controlling interests	654,549	–	654,549
Total equity	3,123,016	(131)	3,122,885

There are no material effects of the change in Amendments to HKAS 16 and HKAS 41 described above on the audited basic and diluted loss per share for the prior year ended 31 March 2016.

Other than the above described, there are no other new standards or amendments to standards that are effective for the first time for the financial year beginning on or after 1 April 2016 that are expected to have a material impact on the Group.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")
(Continued)

(b) New Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments to existing standards have been published and are mandatory for accounting periods beginning on or later periods and have not been early adopted by the Group:

Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 Cycle[2]
Amendments to HKAS 7	Statement by Cash Flows: Disclosure Initiative[1]
Amendments to HKAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Investment Property[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[3]
HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15[3]
HKFRS 16	Leases[4]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

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

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. Other than the disclosure of additional information, the directors of the Company do not anticipate the application of these amendments will have a material impact on the Group's consolidated financial statement.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group *(Continued)*

Amendments to HKAS 40 – Transfer to Investment Property

The amendments clarify that, to transfer to or from, investment properties, there must be a change in use. A change in use would involve (a) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (b) supporting evidence that a change in use has occurred.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group *(Continued)*

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations. HKFRS 15 requires the application of 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 each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

HKFRS 16 – Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statement of both lessors and lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirement of HKAS 16 "Property, Plant and Equipment", while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

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

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

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

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement and going concern assumption

Basis of measurement

The consolidated financial statements have been prepared under historical cost basis except for investment properties, office building included in property, plant and equipment, derivative financial instrument, available-for-sale investments with quoted market price, and biological assets and assets of a disposal group classified as held for sale, which are measured at revalued amounts, fair values, fair value less costs to sell or lower of carrying amount as explained in the accounting policies.

Going concern assumption

As at 31 March 2017, the Group had net current liabilities and net liabilities of HK$6,452,718,000 and HK$1,596,432,000, respectively, and the Group incurred a loss of HK$1,784,443,000 (2016: HK$3,869,306,000) for the year then ended. The Company was in default in the repayment of the promissory note of HK$311,483,000 (Note 31) and non-convertible debt securities of HK$4,395,648,000 (including the matured convertible bonds) (Note 36(b)), together with the outstanding interests and default interests accrued thereon of HK$379,307,000 (Note 30(a)), amounted to HK$5,086,438,000 which are immediately repayable. At 31 March 2017, the Group reached an agreement with one creditor bank for settlement of a bank loan of approximately HK$164 million which was subsequently repaid. The Group is still undergoing negotiations with the holders ("Bondholders") of non-convertible debt securities (including the matured convertible bonds) for possible debt restructuring. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and in consequence, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of the above, the directors of the Company have undertaken the following measures to improve its liquidity position which include:

(i) The Group is currently in discussions with the Bondholders of debts due by the Group of HK$4,395,648,000 at 31 March 2017, for possible debt restructuring which, the directors believe, if successfully made, the Group could have sufficient time to implement the plans for realisation of its assets and to raise adequate funds for repaying the debts payable to the Bondholders. Up to the date of approval of the consolidated financial statements, the Group has not yet reached a formal debt restructuring agreement with the Bondholders;

3. BASIS OF PREPARATION *(Continued)*

(b) Basis of measurement and going concern assumption *(Continued)*

Going concern assumption*(Continued)*

(ii) On 28 December 2016 and 30 December 2016, the Company, its wholly-owned subsidiary, Cheer Luck Technology Limited ("Cheer Luck") and four independent third party purchasers (which are state-owned enterprises incorporated in the PRC) entered into four separate disposal agreements (the "Disposal Agreements"), pursuant to which, Cheer Luck has conditionally agreed to sell, and (i) Purchaser A has conditionally agreed to acquire 25% equity interests of Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("Zhunxing") at Consideration A of RMB1,125 million (equivalent to HK$1,260 million) (subject to the adjustment, representing 25% of the net assets of Zhunxing as at 31 December 2016 based on a valuation to be prepared by an independent valuer appointed by Purchase A) and (ii) Purchaser B, Purchaser C and Purchaser D have conditionally agreed to acquire 18%, 18% and 10%, at Consideration B, Consideration C and Consideration D, respectively, each of which is determined with reference to the respective share of net assets of Zhunxing at 31 December 2016 based on another valuation to be prepared by another independent valuer jointly appointed by Purchaser B, C and D. The completion of each disposal under each of the Disposal Agreements is also subject to satisfaction of certain conditions precedent. Based on the terms of each of the Disposal Agreements, the Group shall have an obligation to buy back from Purchaser A and an option to buy back from each of Purchaser B, C and D, within five years after the respective date of completion of each of these disposals, all the 71% equity interests in Zhunxing at a consideration same as the proceeds of each of these disposals to be received by the Group with a guaranteed return to each of these purchasers of 4.5% per annum for the period commencing from the date of completion of each of these disposals to the date when each of the buy-back obligation or buy-back options is exercised by the Group. The disposals are considered as financing in nature and the Group shall continue to exercise control over Zhunxing which will continue to be consolidated into the consolidated financial statements of the Group after the completion of these disposals;

Up to the date of approval of the consolidated financial statements, the sales consideration for the each of these disposals have not yet been finalised because the valuation reports on the net assets of Zhunxing at 31 December 2016 have not yet been finalised by the two independent valuers appointed by the purchasers and the conditions precedent to each of these disposals under the Disposal Agreements are yet to be satisfied. The directors of the Company considered that if the financing arrangements through disposals and buy-backs of the 71% equity interest of Zhunxing under the Disposal Agreements were successfully completed, the Group would have sufficient funds to partially settle the debts payable to the Bondholders and to meet its financial requirements in the foreseeable future;

(iii) On 28 April 2017, as disclosed in Note 52(a) to the consolidated financial statements, the Group and an independent third party buyer entered into an agreement, pursuant to which, the Group agreed to sell and the buyer agreed to buy the Group's 45% equity interests in an associate together with the amounts due from that associate and its subsidiaries, which were reclassified as assets of a disposal group held for sale in the consolidated statement of financial position as at 31 March 2017, for an aggregate consideration of RMB200 million (equivalent to approximately HK$226 million). On 1 June 2017, the disposal was completed and the Group had subsequently received the sale consideration of RMB200 million (equivalent to approximately HK$226 million), of which approximately HK$164 million was applied for repaying part of the Group's bank borrowings on 1 June 2017 and the balance will be used as working capital of the Group; and

3. BASIS OF PREPARATION *(Continued)*

(b) Basis of measurement and going concern assumption *(Continued)*

Going concern assumption*(Continued)*

(iv) On 23 June 2017, the Company and an independent third party (the "Seller") entered into a legally non-binding memorandum of understanding which sets out the proposal under which the Company intends to acquire the pawn loan business (the "Business") from the Seller and its other owners (the"Proposed Acquisition"). If the Proposed Acquisition materializes, the Company will satisfy the consideration of the Proposed Acquisition through the issuance of new shares of the Company to the Seller and the other owners of the Business. The details and terms of the Proposed Acquisition are still subject to negotiation and finalization.

Up to the date of approval of the consolidated financial statements, the Group's measures described in (i), (ii) and (iv) above have not yet been completed. The directors of the Company have prepared a cash flow forecast of the Group for a period covered not less than twelve months from 31 March 2017. Based on the forecast which has assumed the successful implementation of the above measures, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 March 2017. Accordingly, the financial statements have been prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities that may arise. The effects of these potential adjustments have not been reflected in these financial statements.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$" or "HKD"), which is the same as the functional currency of the Company.

4. PRINCIPAL ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(a) Business combination and basis of consolidation *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted 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, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee, (2) exposure, or rights, to variable returns from the investee, and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised as goodwill and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(d) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after reassessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Foreign currency

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the rates ruling at the end of the reporting period of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. 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 monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

(ii) On consolidation

The results and financial position of group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities of foreign operations are translated at the closing rate at the end of the reporting period;

(ii) income and expenses of foreign operations are translated at the average exchange rates for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve on consolidation. When a foreign operation is sold, such exchange differences are reclassified to the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in translation reserve.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(g) Property, plant and equipment

Property, plant and equipment, other buildings and construction in progress are stated at cost less accumulated depreciation and any impairment losses. The cost of assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Office building is stated at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of assets revaluation reserve per consolidated statement of changes in equity. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the asset revaluation reserve. The Group's office building was derecognised during the last year ended 31 March 2016 when the relevant subsidiary was disposed.

Upon disposal, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the asset revaluation reserve to retained profits.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset other than construction in progress over its estimated useful life. 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. The principal annual rates used for this purpose are as follows:

Buildings – Other buildings	Over the remaining term of the relevant lease but not exceeding 30 years
– Office buildings	Over the remaining term of the relevant lease but not exceeding 25 years
Leasehold improvements	Over the remaining life of the leases but not exceeding 5 years
Furniture, machinery and equipment	5 to 20 years
Motor vehicles	5 to 8 years
Vessels	10 years
Safety equipment	10 years
Communication and signalling systems	10 years
Toll collection equipment	10 years
Camellia trees	20 years

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) Property, plant and equipment *(Continued)*

The gain or loss on disposal or retirement of a property, plant and equipment recognised in profit or loss is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

(h) Prepaid lease payments

The cost of acquiring land under an operating lease is amortised on a straight-line basis over the period of the lease term except where the lands are classified as properties under development for sale (Note 4(n)) or and other properties under development (Note 4(o)).

(i) Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss.

Customer relationships	20 years

(j) Biological assets

Biological assets are living plants involved in the agricultural activities of the transformation of biological assets into agricultural produce for sale or into additional biological assets. Biological assets, agricultural produce and seedlings, are measured at fair value less costs to sell at initial recognition and at the end of each reporting period. The fair value less costs to sell at the time of harvest is deemed as the cost of agricultural produce for further processing, if applicable.

If an active market exists for a biological asset or agricultural produce with reference to comparable specie, growing condition and expected yield of the crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of the reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values. The gain or loss arising on initial recognition and subsequent changes in fair values less costs to sell of biological assets is recognised in profit or loss in the period in which it arises. Upon the sale of the agricultural produce as forestry products, the carrying amount is transferred to cost of sales in the income statement.

Seedlings that have little biological transformation taken place since initial cost incurrence are stated at cost less any impairment loss.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Forest concession rights

Forest concession licenses acquired by the Group are stated at cost, being the fair value at the date of acquisition in a business combination less accumulated amortisation and any accumulated impairment losses. These licenses give the Group the rights to harvest trees in the allocated concession forests in designated area in Guyana.

The costs of forest concession rights include the acreage fees payable to Guyana Forestry Commission, costs of necessary exploratory, geological, geophysical and other research studies incurred prior to obtaining the right.

Forest concession rights are amortised over the remaining license period. The amortisation expense is recognised in profit or loss.

(l) Concession intangible asset

Concession intangible asset represents the rights to charge users of the public service, that the Group obtained under the service concession arrangements. Concession intangible asset is stated at cost, that is, the fair value of the consideration received or receivable in exchange for the construction services provided under the service concession arrangements, less accumulated amortisation and any impairment losses.

Amortisation of the concession intangible asset starts upon commencement of the operation of the concession intangible asset.

Amortisation for concession intangible asset with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

It is the Group's policy to review regularly the projected total traffic volume throughout the concession periods of the respective concession intangible asset. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume.

Costs incurred during the period of construction of underlying concession intangible asset are recorded in concession intangible asset. Subsequent expenditures are capitalised in the concession intangible asset when it increases the future economic benefits embodied in the concession intangible asset. All other expenditures are recognised in profit or loss as incurred.

(m) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. 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). Where 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. Where 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.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Impairment of tangible and intangible assets excluding goodwill *(Continued)*

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, to the extent 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Value in use is based on the estimated future cash flows expected to be derived from the asset (or cash generating unit), 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 (or cash generating unit).

(n) Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business under prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development for sale are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operation cycle.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Other properties under development

Other properties under development are stated at cost less accumulated impairment losses, if any. Development cost of properties comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to property, plant and equipment. No provision for depreciation is made on other property under development until such time as the relevant assets are completed and are available for intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of inventories is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The cost of timber harvested from biological assets is its fair value less costs to sell at the date of harvest, determined in accordance with the accounting policy for biological assets (Note 4(j)).

(q) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. Financial assets are subsequently accounted for as follows, depending on their classification:

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

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Financial assets *(Continued)*

(ii) Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, they are carried 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 when the recognition of interest would be immaterial.

(iii) Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale 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 instruments, they are measured at cost less any identified impairment losses.

(iv) Impairment loss on financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are 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 impacted.

Objective evidence of impairment could include:

– significant financial difficulty of the debtor;

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

– granting concession to a debtor because of debtor's financial difficulty; and

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

For loans and receivables

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

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Financial assets *(Continued)*

(iv) Impairment loss on financial assets (Continued)

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

(vi) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

(r) Financial liabilities and equity instrument issued by the Group

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below:

(i) Equity instruments

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

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) Financial liabilities and equity instrument issued by the Group *(Continued)*

(ii) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss *(Continued)*

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, debt element of convertible bonds issued by the Group, deferred government grants and promissory note are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

(iii) Convertible bonds

Convertible bonds issued by the Company that contain liability component, embedded derivative and equity component are classified separately into respective items on initial recognition. At the date of issue, both the liability component and embedded derivative are recognised at fair value. The equity component is determined by deducting the amount of the liability component and embedded derivative from the fair value of the compound instrument as a whole. This is recognised and included in equity as convertible bonds reserve, net of income tax effects, and is not subsequently re-measured.

In subsequent reporting periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The embedded derivative is measured at fair value with change in fair value recognised in profit or loss. The equity component represented by the option to convert the liability component into ordinary shares of the Company will remain in the convertible bonds reserve until the conversion option is exercised, in which case, the convertible bonds reserve and the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. Where the conversion option remains unexercised at the maturity date, the balance stated in the convertible bonds reserve will be released to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) Financial liabilities and equity instrument issued by the Group *(Continued)*

(iv) 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 through the expected life of the financial liability, or where appropriate, a shorter period.

(v) Derecognition of financial liabilities

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

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(t) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue of disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost, any differences between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(u) Taxation

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(u) Taxation *(Continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(v) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Defined contribution retirement benefits schemes

The Company's subsidiaries located in the People's Republic of China ("PRC") (excluding Hong Kong) participate in defined contribution retirement schemes organised by the local government authorities in the PRC. All of the PRC employees are entitled to an annual pension equivalent to a fixed portion of their basic salaries at their retirement dates. The Company's PRC subsidiaries are required to contribute certain percentage ranged from 10% to 20% of the basic salaries of their PRC employees to the retirement schemes and have no further obligation for post-retirement benefits. The contributions are charged to profit or loss of the Group as they become payable in accordance with the rules of scheme.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(v) Employee benefits *(Continued)*

(ii) Defined contribution retirement benefits schemes *(Continued)*

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

(iii) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is recognised in profit or loss over the vesting period with a corresponding increase in the employee share based compensation reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Equity-settled share-based payments transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(w) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

– they are available for immediate sale;

– management is committed to a plan to sell;

– it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;

– an active programme to locate a buyer has been initiated;

– the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and

– a sale is expected to complete within 12 months from the date of classification.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(w) Non-current assets held for sale and disposal groups *(Continued)*

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

– their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and

– fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated. The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

(x) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 4(x)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(x) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(ii) Other provisions and contingent liabilities (Continued)

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

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

(y) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customers returns and other similar allowances.

(i) Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Toll income from the operation of toll road is recognised when the tolls are received or become receivable.

(iii) Rental income from operating leases is recognised in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased assets. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Service income is recognised when services are provided.

(v) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

(vi) Dividend income is recognised when the shareholders' rights to receive payment is established.

(vii) Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position as deposits from sales of properties under current liabilities.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(z) Leases

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

(i) The Group as lessor

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

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

(ii) The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(aa) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities as deferred government grants in the statement of financial position and are recognised in profit or loss on straight-line method over the expected lives of the related assets.

(bb) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(cc) Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

(dd) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Investment properties (Note 15);
- Biological assets (Note 19); and
- Financial instruments (Note 50)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

(b) Useful lives of property, plant and equipment

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(c) Impairment of goodwill and intangible asset acquired through acquisitions

Determining whether goodwill and intangible asset acquired through acquisitions is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the directors of the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(d) Fair value of biological assets

Management estimates the current market prices less costs to sell of biological assets at the end of each reporting period with reference to market prices and professional valuations. Un-anticipated volatile changes in market prices of the underlying agricultural produce could significantly affect the fair values of these biological assets and result in fair value re-measurement losses in future accounting periods.

The Group's forestry business is subject to the usual agricultural hazards from fire, wind and insects. Forces of nature such as temperature and rainfall may also affect harvest efficiency. Management considers adequate preventive measures are in place and the relevant legislation under forestry laws in the PRC will assist in minimising exposure. Nevertheless, to the extent that un-anticipated factors affecting harvestable agricultural produce may result in re-measurement or harvest losses in future accounting periods.

(e) Impairment of forest concession rights

Determining whether forest concession right is impaired requires an estimation of the fair value of the cash-generating units. The fair value calculation requires the directors of the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

During the year ended 31 March 2017, the Group received letters from Guyana Forestry Commission for suspension of its exclusive timber concession rights which had been fully impaired at 31 March 2017 and 2016 as referred to in Note 20(a) and (b) to the consolidated financial statements. Taking into account of suspension of the Group's timber concession rights by Guyana Forestry Commission and the cessation of the timber logging in Guyana during the year ended 31 March 2017, the Group did not expect any material cash inflow and outflow arising from these timber concession rights in Guyana which were suspended.

(f) Impairment of concession intangible asset

Concession intangible asset is the key operating asset for the Group's business operation (the "Key Operating Asset"). Management tests whether the Key Operating Asset has suffered any impairment in accordance with the accounting policy as stated in Note 4(m). Management has assessed the recoverable amounts of the Key Operating Asset based on value-in-use calculations which require the use of estimate on the projections of cash inflows from continual use of the Key Operating Asset and discount rate, as further detailed in Note 21.

(g) Impairment of available-for-sale investments

The directors of the Company review available-for-sale investments at the end of each reporting period to assess whether they are impaired. The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the directors evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(h) Net realisable value of inventories

Management reviews the conditions of timber and other inventories at the end of each reporting period, and makes allowances for obsolete and slow-moving inventory items identified that are no longer suitable for use in production and/or sales in the market. These estimates are based on current market conditions and the historical experience of selling goods of similar nature. It could change significantly as a result of change in market condition. Management will reassess the estimations at the end of reporting period.

(i) Amendments to original terms of convertible bonds instruments

During the year ended 31 March 2017, as further disclosed in Note 35(a) (vii) and (viii) to the consolidated financial statements, the Group and the holders of two convertible bonds namely, CB2016C and CB2018, entered into agreements to amend two terms (being the revised maturity date on 24 January 2017 and reset conversion price at HK$0.2 per share for conversion rights) of the respective original convertible bond instruments. The directors of the Company considered that, at the respective effective dates of the two amendments made on these convertible bonds during the year ended 31 March 2017, the fair value of each of those relevant convertible bonds (with these amendments made) did not differ materially from the carrying amounts of these convertible bonds under their original terms of convertible bond instruments. Accordingly, the directors of the Company considered that these amendments did not result in substantial modifications to the terms of the original relevant convertible bonds instruments. The determination of the fair value of these convertible bonds (with these two amendments made), at the respective effective dates of these amendments, require management's judgement and estimation of (i) fair value of the embedded conversion rights arising from the reset conversion price, which were considered to have trivial value taking into account of various factors such as the Company's share prices, reset conversion prices, probability of conversion, price volatility, amended remaining period of these conversion rights at reset conversion price; and (ii) market interest rates for similar debt instruments. None of the conversion rights of these convertible bonds was exercised by the holders of these convertible bonds prior to their expiry date on 24 January 2017 when all of the conversion rights of these convertible bonds were fully lapsed.

(j) Interests in subsidiaries are carried at cost less impairment (Note 41). Judgement is required when determining whether impairment existed. In making this judgement, historical data and factors such as industry, sector performance and financial information regarding the subsidiaries are taken into account.

6. SEGMENT INFORMATION

The Chief operating decision makers have been identified as executive directors of the Company. They review the Group's internal reporting in order to assess performance and allocate resources, and determine the operating segments.

The Group has three reportable segments. The segments are managed separately as each business offers different products or provides different services and requires different business strategies.

The following summary describes the operations in each of the Group's reportable segments:

Expressway operations – the operations, management, maintenance and auxiliary facility investment of Zhunxing Expressway;

Petroleum business – trading of petroleum and related products and operations of CNG gas stations; and

Timber operations – sales of timber logs from forest concession, tree plantation area and outside suppliers, sales of seedlings and refined plant oil.

There was no inter-segment sale or transfer during the year (2016: HK$Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers for assessment of segment performance.

The measure used for reportable segment profit or loss is loss before interest and tax.

Segment assets exclude investment property in Australia, assets of a disposal group classified as held for sale, interest in associates – Yichang Group (as defined in Note 24), available-for-sale investments, amounts due from non-controlling shareholders of subsidiaries, amounts due from associates, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude promissory note, convertible bonds, non-convertible debt securities, liabilities of a disposal group classified as held for sale, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6. SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment

For the year ended 31 March 2017

	Expressway operations HK$'000	Petroleum business HK$'000	Timber operations HK$'000	Total HK$'000
REVENUE				
Revenue from external customers	535,637	188,340	3,639	727,616
Inter-segment revenue	–	–	–	–
Reportable segment revenue	535,637	188,340	3,639	727,616
Reportable segment loss	(193,828)	(140,442)	(38,184)	(372,454)
Reportable segment assets	15,471,337	136,912	236,350	15,844,599
Reportable segment liabilities	(12,575,758)	(189,834)	(22,373)	(12,787,965)
Other segment information				
Additions of property, plant and equipment	49,293	130	85	49,508
Unallocated additions of property, plant and equipment				26
Total additions of property, plant and equipment				49,534
Additions of biological assets	–	–	2,505	2,505
Depreciation of property, plant and equipment	80,611	3,712	4,939	89,262
Unallocated depreciation of property, plant and equipment				415
Total depreciation of property, plant and equipment				89,677

6. SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment *(Continued)*

For the year ended 31 March 2017 *(Continued)*

	Expressway operations HK$'000	Petroleum business HK$'000	Timber operations HK$'000	Total HK$'000
Other segment information *(Continued)*				
Amortisation of prepaid lease payments	–	431	514	945
Unallocated amortisation of prepaid lease payments				–
Total amortisation of prepaid lease payments				945
Amortisation of customer relationship	–	1,593	–	1,593
Amortisation of concession intangible asset	552,023	–	–	552,023
Impairment loss on goodwill and other intangible assets	–	45,511	–	45,511
Interest income	9,792	29	48	9,869
Unallocated interest income				4,903
Total interest income				14,772

Note: Subsequent to the reporting period end and prior to the date approval of the consolidated financial statements, the petroleum trading Jinjing CGU (as defined in Note 18 below) within the "Petroleum business" segment was ceased as part of the Group's business strategy to improve its liquidity.

6. SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment *(Continued)*

For the year ended 31 March 2016

	Expressway operations HK$'000	Petroleum business HK$'000	Timber operations HK$'000	Total HK$'000 (Restated)
REVENUE				
Revenue from external customers	501,052	1,663,069	57,435	2,221,556
Inter-segment revenue	–	–	–	–
Reportable segment revenue	501,052	1,663,069	57,435	2,221,556
Reportable segment loss	(2,266,326)	(65,141)	(163,448)	(2,494,915)
Reportable segment assets	17,082,906	352,897	277,841	17,713,644
Reportable segment liabilities	(13,338,359)	(296,677)	(30,031)	(13,665,067)
Other segment information				
Additions of property, plant and equipment	1,272	978	1,431	3,681
Unallocated additions of property, plant and equipment				496
Total additions of property, plant and equipment				4,177
Additions of biological assets	–	–	4,181	4,181
Depreciation of property, plant and equipment	94,847	6,812	8,079	109,738
Unallocated depreciation of property, plant and equipment				1,813
Total depreciation of property, plant and equipment				111,551

6. SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment *(Continued)*

For the year ended 31 March 2016 *(Continued)*

	Expressway operations HK$'000	Petroleum business HK$'000	Timber operations HK$'000	Total HK$'000 (Restated)
Other segment information *(Continued)*				
Amortisation of prepaid lease payments	–	412	580	992
Unallocated amortisation of prepaid lease payments				34
Total amortisation of prepaid lease payments				1,026
Amortisation of customer relationship	–	3,687	–	3,687
Amortisation of forest concession rights	–	–	27,586	27,586
Amortisation of concession intangible asset	617,143	–	–	617,143
Impairment loss of forest concession rights	–	–	110,831	110,831
Impairment loss of property, plant and equipment	97,846	–	5,391	103,237
Impairment loss on concession intangible asset	1,877,027	–	–	1,877,027
Interest income	10,334	197	4,819	15,350
Unallocated interest income				2,554
Total interest income				17,904

6. SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable segment results, assets and liabilities

	2017 **HK$'000**	2016 HK$'000 (Restated)
Reportable segment loss before interest and income tax credit	**(372,454)**	(2,494,915)
Impairment loss recognised on interests in associates immediately prior to reclassification as disposal group held for sale	**(362,078)**	–
Impairment loss on assets of a disposal group classified as held for sale	**–**	(89)
(Loss)/gain on change in fair value of investment properties	**(4,750)**	338
Gain on settling convertible bonds and non-convertible debt securities	**–**	37,690
(Loss)/gain on disposal of subsidiaries	**(627)**	64,670
Change in fair value of derivative financial instrument	**–**	26,423
Other income and other gains or losses	**(3,211)**	27,498
Finance costs	**(977,207)**	(1,462,207)
Share of results of associates	**(10,234)**	(621)
Unallocated corporate expenses	**(62,116)**	(68,686)
Consolidated loss before income tax credit	**(1,792,677)**	(3,869,899)
Assets		
Reportable segment assets	**15,844,599**	17,713,644
Assets of a disposal group classified as held for sale	**214,231**	58,042
Investment properties	**26,975**	31,689
Interests in associates	**–**	448,916
Cash and cash equivalents	**53,735**	116,225
Available-for-sale investments	**78,296**	109,750
Amounts due from non-controlling shareholders of subsidiaries	**14,658**	15,588
Amounts due from associates	**–**	145,098
Unallocated corporate assets	**60,038**	63,277
Consolidated total assets	**16,292,532**	18,702,229
Liabilities		
Reportable segment liabilities	**12,787,965**	13,665,067
Liabilities of a disposal group classified as held for sale	**–**	40,364
Deferred tax liabilities	**1,636**	10,811
Promissory note	**311,483**	306,892
Convertible bonds	**–**	3,189,853
Non-convertible debt securities	**4,395,648**	1,048,403
Unallocated corporate liabilities	**392,232**	231,056
Consolidated total liabilities	**17,888,964**	18,492,446

6. SEGMENT INFORMATION *(Continued)*

(c) Geographical information

The Group operates in two principal geographical areas – the PRC and Hong Kong.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000 (Restated)
PRC	**727,616**	2,172,054	**15,633,898**	17,769,428
Hong Kong	**–**	49,502	**701**	1,355
Australia	**–**	–	**26,975**	31,689
	727,616	2,221,556	**15,661,574**	17,802,472

(d) Information about major customers

The Group's customer base is diversified. Individual external customers accounting for 10% or more of the Group's revenue for the years ended 31 March 2017 and 2016 are as follows:

	2017	2016
	HK$'000	HK$'000
Customer A	**–**	542,929
Customer B	**–**	238,757
Customer C	**–**	235,099
Customer D	**–**	221,280
	–	1,238,065

For the above presentation purpose, sales to entities which are known to the Group to be under common control by the same ultimate parent company are grouped as a single customer. There was no customer contributing 10% or more of the Group's revenue for the year ended 31 March 2017. For the year ended 31 March 2016, all of the revenue disclosed above is derived from the Group's petroleum business segment in the PRC.

Details of concentrations of credit risk are set out in Note 48(c).

7. REVENUE

Revenue represents the revenue from the principal activities of the Group, net of any sales taxes. The amounts of each significant category of revenue recognised in revenue during the year are as follows:

	2017 HK$'000	2016 HK$'000
Toll income from toll road operations	535,637	501,052
Trading of petroleum and related products	163,354	1,643,310
CNG gas station service income	24,986	19,759
Income from timber logging and trading	–	49,642
Sales of seedlings	2,003	5,843
Sales of plant-oil	1,636	1,950
	727,616	2,221,556

8. OTHER INCOME AND OTHER GAINS OR LOSSES

Other income and other gains or losses comprises:

	2017 HK$'000	2016 HK$'000 (Restated)
Interest income	14,772	17,904
Exchange gain, net	20	1,754
Amortisation of deferred government grants	–	2,463
Rental income	270	2,044
(Loss)/gain on disposal of subsidiaries *(Note 43(a), (b) and (c))*	(627)	64,670
(Loss)/gain on disposal of available-for-sale investments *(Note 25(a))*	(6,166)	39,485
Loss on disposal of an associate *(Note 24(e))*	(1,629)	–
Gain on disposal of property, plant and equipment	300	–
Gain on disposal of forest prepaid lease payments and biological assets *(Note 19(a))*	442	–
Others	2,502	3,202
	9,884	131,522

9. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest and finance costs on bank and other borrowings	**631,919**	816,743
Interest expenses on convertible bonds and non-convertible debt securities	**179,009**	577,794
Interest expenses on promissory note	**4,591**	4,547
Default interest on convertible bonds and non-convertible debt securities	**105,681**	7,797
Default interest on promissory note	**56,007**	55,326
	977,207	1,462,207

10. LOSS BEFORE INCOME TAX CREDIT

Loss before income tax credit is stated after charging:

	2017 HK$'000	2016 HK$'000 (Restated)
Auditor's remuneration		
– Audit services	**1,750**	2,700
– Non-audit services	**230**	615
Depreciation of property, plant and equipment *(Note a)*	**89,677**	111,551
Amortisation of prepaid lease payments *(Note b)*	**945**	1,026
Amortisation of customer relationships	**1,593**	3,687
Amortisation of forest concession rights included in selling and administrative expenses	**–**	27,586
Amortisation of concession intangible asset included in cost of sales	**552,023**	617,143
Amortisation of deferred government grants	**–**	(2,463)
Write-off of inventories	**–**	526
Operating lease payments recognised as expenses	**17,027**	17,489
Cost of inventories sold	**184,020**	1,681,109
Impairment loss of trade and other receivables, net *(Note 27)*	**104,323**	20,760
Staff costs (excluding directors' emoluments):		
– Salaries and allowances *(Note c)*	**74,773**	82,498
– Defined contributions pension costs	**6,292**	7,501

10. LOSS BEFORE INCOME TAX CREDIT *(Continued)*

Note (a): An analysis of the Group's depreciation of property, plant and equipment is as follows:

	2017 **HK$'000**	2016 HK$'000 (Restated)
Amounts included in cost of sales	**77,406**	90,271
Amounts included in selling and administrative expenses	**12,271**	21,280
	89,677	111,551

Note (b): An analysis of the Group's amortisation of prepaid lease payments is as follows:

	2017 **HK$'000**	2016 HK$'000
Amounts included in biological assets	**514**	580
Amounts included in selling and administrative expenses	**431**	446
	945	1,026

Note (c): An analysis of the Group's salaries and allowances is as follows:

	2017 **HK$'000**	2016 HK$'000
Amounts included in cost of sales	**28,109**	31,958
Amounts included in selling and administrative expenses	**46,664**	50,540
	74,773	82,498

11. INCOME TAX CREDIT

The income tax credit comprises:

	2017 **HK$'000**	2016 HK$'000
PRC enterprise income tax		
Current tax expense	**560**	594
Deferred tax credit *(Note 34)*		
– reversal of temporary differences	**(8,794)**	(1,187)
Total	**(8,234)**	(593)

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

	2017 **HK$'000**	2016 HK$'000 (Restated)
Loss before income tax credit	**(1,792,677)**	(3,869,899)
Tax calculated at 25% (2016: 25%)	**(448,169)**	(967,475)
Net effect of non-taxable/deductible items	**394,738**	860,037
Net effect of tax losses and temporary differences not recognised	**10,802**	28,187
Effect of different tax rates of subsidiaries operating in other jurisdictions	**34,395**	78,658
Income tax credit	**(8,234)**	(593)

11. INCOME TAX CREDIT *(Continued)*

The PRC State Council released the Implementation Rules to the Corporate Income Tax Law on 6 December 2007 (the "Implementation Rules"). According to the Implementation Rules, an entity engaged in forestry business is entitled to full exemption from PRC enterprise income tax commencing from 1 January 2008. 樹人木業(大埔)有限公司 and 樹人苗木組培(大埔)有限公司, subsidiaries of the Company, are qualified as forestry operation enterprise by the local tax authorities and so they are fully exempted from PRC enterprise income tax.

Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("Zhunxing"), a subsidiary of the Company, is entitled to a three-year exemption from PRC enterprise income tax followed by a 50% reduction in PRC enterprise income tax for subsequent three years (the "Tax Holiday"). As Zhunxing has started operations during the year ended 31 March 2014, the Tax Holiday has been started in 2014. Consequently, Zhunxing is exempted from PRC enterprise income tax rate from 2014 to 2016 and is subject to a 12.5% PRC enterprise income tax rate from 2017 to 2019.

For the year ended 31 March 2017, the statutory PRC enterprise income tax rate applicable to all other subsidiaries established and operating in the PRC is 25% (2016: 25%).

According to the PRC Corporate Income Tax Law and its implementation rules, dividends receivable by non-PRC resident corporate investors from PRC-resident enterprises are subject to withholding income tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

The statutory tax rate for Hong Kong profits tax is 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for the Hong Kong profits tax has been made as the Group did not earn any income subject to Hong Kong profits tax during the years ended 31 March 2017 and 2016.

The subsidiaries in Guyana are liable to Guyana income tax at a rate of 45% (2016: 45%). No provision for Guyana income tax has been made as the subsidiaries in Guyana sustained losses for taxation purposes for the years ended 31 March 2017 and 2016.

The subsidiaries in Australia are liable to Australian income tax at a rate of 30% (2016: 30%). No provision for Australian income tax has been made as the subsidiaries in Australia sustained losses for taxation purposes for the years ended 31 March 2017 and 2016.

12. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 March 2017

Name of directors	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Defined contribution retirement benefits scheme HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors					
Cao Zhong (the Chairman)	–	3,600	18	–	3,618
Fung Tsun Pong	–	4,200	18	–	4,218
Tsang Kam Ching, David	–	2,760	18	–	2,778
Duan Jingquan	–	2,228	60	–	2,288
Gao Zhiping	–	2,760	82	–	2,842
Jiang Tao (appointed as the Chief Executive Officer on 12 May 2016 and as the Executive Director on 12 August 2016)	–	1,065	–	–	1,065
Non-executive director					
Suo Suo Stephen	120	–	–	–	120
Independent non-executive directors					
Yip Tak On	120	–	–	–	120
Jing Baoli	120	–	–	–	120
Bao Liang Ming	120	–	–	–	120
Xue Baozhong (appointed on 12 August 2016)	76	–	–	–	76
	556	16,613	196	–	17,365

12. DIRECTORS' EMOLUMENTS *(Continued)*

Year ended 31 March 2016

Name of directors	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Defined contribution retirement benefits scheme HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors					
Cao Zhong *(the Chairman)*	–	3,600	18	–	3,618
Fung Tsun Pong	–	4,163	18	–	4,181
Tsang Kam Ching, David	–	2,760	18	–	2,778
Duan Jingquan *(the Chief Executive Officer)*	–	2,760	18	–	2,778
Gao Zhiping	–	2,822	80	–	2,902
Non-executive director					
Suo Suo Stephen	120	–	–	–	120
Independent non-executive directors					
Yip Tak On	120	–	–	–	120
Jing Baoli	120	–	–	–	120
Bao Liang Ming	120	–	–	–	120
	480	16,105	152	–	16,737

Note:

During the years ended 31 March 2017 and 2016, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office of the Company. There were no arrangements under which a director waived or agreed to waive any remuneration during the current and prior years.

During the year, the five highest paid individuals included five (2016: five) directors, details of whose emoluments are set out above.

13. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2017 (2016: HK$Nil).

14. LOSS PER SHARE

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

Loss for the year attributable to owners of the Company:

	2017 HK$'000	2016 HK$'000 (Restated)
Loss for the purposes of basic and diluted loss per share	(1,676,202)	(3,456,008)
Number of shares:	'000	'000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	6,752,396	3,018,284

For the years ended 31 March 2017 and 2016, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as they had an anti-dilutive effect on the loss per share calculation.

The computation of diluted loss per share for the years ended 31 March 2017 and 2016 does not assume the exercise of the Company's outstanding share options as the exercise prices of those options are higher than the average market price for shares.

15. INVESTMENT PROPERTIES

	2017 HK$'000	2016 HK$'000
At valuation:		
At 1 April	31,689	155,671
Disposal of a subsidiary *(Note 43(c))*	–	(122,511)
(Loss)/gain on change in fair value of investment properties	(4,750)	338
Exchange difference	36	(1,809)
At 31 March	26,975	31,689

The Group's investment properties include a cold storage warehouse situated on a freehold land in Australia for the years ended 2017 and 2016.

The Group's investment properties were revalued at 31 March 2017 by an independent firm of chartered surveyors, LCH (Asia-Pacific) Surveyors Limited (the "LCH"), who has among its staff members of the Hong Kong Institute of Surveyors with recent experience in the category of properties being valued.

The loss from the change in fair value of the Group's investment properties estimated by LCH on 31 March 2017 amounted to HK$4,750,000 (2016: gain of HK$338,000) has been recognised in profit or loss for the year ended 31 March 2017.

15. INVESTMENT PROPERTIES *(Continued)*

(a) Fair value measurement of the cold storage warehouse situated on a freehold land in Australia

Due to the lack of an established market upon which to base on comparable transactions of actual sales of comparable properties, the cold storage warehouse investment property has been valued on the basis of its depreciated replacement cost. Depreciated replacement cost is defined as "an estimate of the new replacement cost of the building and other site works from which deductions are then made to allow for age, condition, and functional obsolescence taken into account of the site formation cost and those public utilities connection charges to the properties".

The fair value measurement of this investment property has been categorised as a level 3 fair value based on the inputs to the valuation technique used. Further information about this level 3 fair value measurement is as below:

Significant unobservable inputs	**Input value/range**	
	2017	2016
Unit price of land (Australian Dollars ("AUD") per sq. meter)	**AUD217 to AUD615**	AUD180 to AUD553
Replacement cost of new building of similar characteristics (AUD per sq. meter)	**AUD1,165**	AUD1,125

The higher the unit price of land, the higher the fair value of the investment property. The higher the replacement cost of new building of similar characteristics, the higher the fair value of the investment property.

16. PROPERTY, PLANT AND EQUIPMENT

	Other buildings HK$'000	Office building HK$'000	Leasehold improvements HK$'000	Furniture, machinery and equipment HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Safety equipment HK$'000	Communication and signalling systems HK$'000	Toll collection equipment HK$'000	Camellia trees HK$'000	Construction in progress HK$'000	Total HK$'000
Cost												
At 1 April 2015 (restated) *(Note 2(a))*	473,054	32,992	19,917	201,049	48,655	61,952	540,703	109,955	60,728	23,641	144,507	1,717,153
Additions	172	–	1,620	1,241	–	–	–	–	–	1,144	–	4,177
Disposal of subsidiaries *(Note 43(b) & (c))*	(20,397)	(32,992)	–	(88,327)	–	–	–	–	–	–	–	(141,716)
Transfer in/(out)	–	–	–	10,053	–	–	–	–	–	–	(10,053)	–
Disposal	–	–	–	–	(2,039)	–	–	–	–	–	–	(2,039)
Transfer to assets as held for sales *(Note 37(b))*	(104)	–	–	–	–	–	–	–	–	–	–	(104)
Exchange difference	(23,643)	–	(1,345)	(5,453)	(2,205)	–	(28,007)	(5,694)	(3,146)	(1,246)	(116)	(70,855)
At 31 March 2016 and 1 April 2016 (restated) *(Note 2(a))*	429,082	–	20,192	118,563	44,411	61,952	512,696	104,261	57,582	23,539	134,338	1,506,616
Additions	42,957	–	–	1,148	–	–	–	–	–	–	5,429	49,534
Disposal	–	–	–	(125)	(551)	–	–	–	–	–	–	(676)
Exchange difference	(26,391)	–	(1,529)	(4,881)	(2,323)	–	(30,573)	(6,217)	(3,434)	(1,403)	(107)	(76,858)
At 31 March 2017	**445,648**	**–**	**18,663**	**114,705**	**41,537**	**61,952**	**482,123**	**98,044**	**54,148**	**22,136**	**139,660**	**1,478,616**
Analysis of cost or valuation												
At 31 March 2017												
At cost	**445,648**	**–**	**18,663**	**114,705**	**41,537**	**61,952**	**482,123**	**98,044**	**54,148**	**22,136**	**139,660**	**1,478,616**
At valuation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	445,648	**–**	**18,663**	**114,705**	**41,537**	**61,952**	**482,123**	**98,044**	**54,148**	**22,136**	**139,660**	**1,478,616**
At 31 March 2016												
At cost (restated)	429,082	–	20,192	118,563	44,411	61,952	512,696	104,261	57,582	23,539	134,338	1,506,616
At valuation	–	–	–	–	–	–	–	–	–	–	–	–
	429,082	–	20,192	118,563	44,411	61,952	512,696	104,261	57,582	23,539	134,338	1,506,616
Accumulated depreciation and impairment:												
At 1 April 2015 (restated) *(Note 2(a))*	26,916	–	12,346	58,578	18,308	61,952	72,093	14,661	8,097	–	–	272,951
Charge for the year (restated)	15,779	550	3,936	16,210	5,510	–	52,257	10,627	5,482	1,200	–	111,551
Disposal of subsidiaries *(Note 43(b) & (c))*	(1,323)	(550)	–	(11,284)	–	–	–	–	–	–	–	(13,157)
Disposal	–	–	–	–	(1,519)	–	–	–	–	–	–	(1,519)
Impairment loss *(Note 20(c) & 21(b))*	38,826	–	170	7,240	1,822	–	41,909	8,523	4,747	–	–	103,237
Transfer to assets as held for sale *(Note 37(b))*	(15)	–	–	–	–	–	–	–	–	–	–	(15)
Exchange difference	(2,365)	–	(875)	(1,313)	(861)	–	(5,514)	(1,121)	(613)	(23)	–	(12,685)
At 31 March 2016 and 1 April 2016 (restated)	77,818	–	15,577	69,431	23,260	61,952	160,745	32,690	17,713	1,177	–	460,363
Charge for the year	12,336	–	2,356	11,531	4,388	–	44,036	8,955	4,946	1,129	–	89,677
Disposal	–	–	–	(54)	(551)	–	–	–	–	–	–	(605)
Exchange difference	(4,835)	–	(1,128)	(2,079)	(1,199)	–	(10,452)	(2,126)	(1,153)	(92)	–	(23,064)
At 31 March 2017	**85,319**	**–**	**16,805**	**78,829**	**25,898**	**61,952**	**194,329**	**39,519**	**21,506**	**2,214**	**–**	**526,371**
Net carrying amount:												
At 31 March 2017	**360,329**	**–**	**1,858**	**35,876**	**15,639**	**–**	**287,794**	**58,525**	**32,642**	**19,922**	**139,660**	**952,245**
At 31 March 2016 (Restated)	351,264	–	4,615	49,132	21,151	–	351,951	71,571	39,869	22,362	134,338	1,046,253

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Construction in progress mainly represented the construction costs incurred for petrol and gas stations in the service areas of Zhunxing Expressway which were not yet available for commercial use at both reporting period ends.

Camellia trees as bearer plant are located in Xingning, the PRC. For camellia trees as bearer plant at 31 March 2017, the Group owned and obtained all the forestry ownership certificates for approximately 10,200 (2016: 10,200) Chinese Mu of forests of camellia trees in Xingning with a 50-year term, expiring in 2058. Camellia trees as bearer plant for refined plant oil were planted in previous years and had little biological transformation.

Impairment testing of property, plant and equipment

At the end of each reporting period, relevant assets of property, plant and equipment were allocated to the corresponding cash generating units for impairment testing, as further detailed in Notes 18, 20(c) and 21(b). Based on the impairment testing, at 31 March 2017, the recoverable amounts of these cash generating units were not materially different from the carrying amounts of these cash generating units and accordingly, there was no additional impairment loss required for the property, plant and equipment. At 31 March 2017, accumulated impairment losses of HK$135,540,000 (2016: HK$135,540,000) were recognised on the property, plant and equipment.

17. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent land use rights in the PRC under medium term lease.

	2017 HK$'000	2016 HK$'000
At 1 April	39,425	45,493
Derecognition up disposal of a subsidiary *(Note 43(b))*	–	(2,875)
Disposal during the year *(Note 19(a))*	(1,806)	–
Amortisation for the year	(945)	(1,026)
Exchange difference	(2,297)	(2,167)
At 31 March	34,377	39,425
Represented by:		
Current portion	857	912
Non-current portion	33,520	38,513
	34,377	39,425

The prepaid lease payments mainly represented lands located in the PRC, on which the Group builds its buildings, CNG gas stations or for plantation purposes. The leases will expire between the year 2050 and 2057.

18. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	**Other intangible assets customer – relationships**	**Total**
	HK$'000	HK$'000	HK$'000
Cost:			
At 1 April 2015	249,574	156,422	405,996
Disposal of a subsidiary *(Note 43(c))*	(174,554)	(119,645)	(294,199)
Exchange difference	(6,307)	(3,564)	(9,871)
At 31 March 2016	68,713	33,213	101,926
Exchange difference	(4,097)	(1,981)	(6,078)
At 31 March 2017	**64,616**	**31,232**	**95,848**
Accumulated amortisation and impairment loss:			
At 1 April 2015	–	5,214	5,214
Amortisation during the year	–	3,687	3,687
Disposal of a subsidiary *(Note 43(c))*	–	(5,982)	(5,982)
Exchange difference	–	(151)	(151)
At 31 March 2016	–	2,768	2,768
Amortisation during the year	–	1,593	1,593
Impairment	17,899	27,612	45,511
Exchange difference	(352)	(741)	(1,093)
At 31 March 2017	**17,547**	**31,232**	**48,779**
Net book value:			
At 31 March 2017	**47,069**	**–**	**47,069**
At 31 March 2016	68,713	30,445	99,158

Amortisation of customer relationships amounting to HK$1,593,000 (2016: HK$3,687,000) is included in the "selling and administrative expenses" in the consolidated statement of profit or loss.

18. GOODWILL AND OTHER INTANGIBLE ASSETS *(Continued)*

Impairment tests for cash generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units that is expected to benefit from synergies of business combinations. The following is a summary of goodwill allocation to the Group's cash-generating units as at 31 March 2017:

	2017 **HK$'000**	2016 HK$'000
Petroleum and related products trading unit in the PRC, held by 廣東金晶能源股份有限公司 ("Jinjing"), within the petroleum and related products business segment ("Petroleum trading Jinjing CGU")	**–**	18,659
CNG gas stations operations unit located in Leshan, Sichuan Province, the PRC, held by 樂山中順油汽有限公司 ("Leshan Zhongshun"), within the petroleum and related products business segment ("CNG gas stations CGU")	**47,069**	50,054
At 31 March	**47,069**	68,713

(a) The directors of the Company reassessed and considered that the recoverable amount of the petroleum trading-Jinjing CGU was zero as at 31 March 2017 due to the substantial loss of the trading of petroleum during the years ended 2017 and 2016, and the subsequent cessation of petroleum trading Jinjing CGU after 31 March 2017 as part of the Group's business strategy plans to improve its overall liquidity. Accordingly, the customer relationship of HK$27,612,000 and the goodwill of HK$17,899,000 related to the petroleum trading-Jinjing CGU were fully impaired and recognised in the profit or loss during the year ended 31 March 2017.

(b) The recoverable amount of the CNG gas stations CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The key assumptions used for value-in-use calculations for CNG gas stations CGU at 31 March 2017 and 31 March 2016 are as follows:

	As at 31 March 2017 CNG gas stations CGU	As at 31 March 2016 CNG gas stations CGU
EBITDA margin (average of next five years)	**20.9%**	22.3%
Long-term growth rate	**5%**	5%
Discount rate	**12.78%**	13.14%

18. GOODWILL AND OTHER INTANGIBLE ASSETS *(Continued)*

Impairment tests for cash generating units containing goodwill *(Continued)*

Management determined the earning before income tax, depreciation and amortisation ("EBITDA") margin based on past performance and its expectations regarding market development. The long-term growth rate does not exceed the long-term average growth rate for the industry and the country in which each of the cash-generating units currently operates. The discount rate used is pre-tax and reflects specific risks relating to each cash-generating unit. The recoverable amount of the cash-generating unit of the operations of CNG gas stations based on the estimated value-in-use calculations was higher than their carrying amounts at 31 March 2017. Accordingly, no provision for impairment loss for goodwill of the operations of CNG gas stations is considered necessary.

19. BIOLOGICAL ASSETS

	Seedlings HK$'000	**Standing trees** HK$'000	**Total** HK$'000
At 1 April 2015 (restated)	2,194	53,744	55,938
Plantation expenditure incurred	2,249	1,932	4,181
Cost of direct sales	(2,092)	(1,019)	(3,111)
Harvested timber transferred to inventory	(1,802)	–	(1,802)
Change in fair value less costs to sell	–	(446)	(446)
Exchange difference	(85)	(2,891)	(2,976)
At 31 March 2016 and 1 April 2016 (restated)	464	51,320	51,784
Plantation expenditure incurred	655	1,850	2,505
Disposal during the year	–	(4,065)	(4,065)
Cost of direct sales	(116)	(2,144)	(2,260)
Harvested timber transferred to inventory	(404)	–	(404)
Change in fair value less costs to sell	–	11,489	11,489
Exchange difference	(30)	(3,201)	(3,231)
At 31 March 2017	**569**	**55,249**	**55,818**

19. BIOLOGICAL ASSETS *(Continued)*

(a) Description of the Group's biological assets

Standing trees and seedlings are located in Dabu, the PRC.

For standing trees, at 31 March 2017, the Group owned and obtained all the forestry ownership certificates for approximately 84,910 (2016: 92,553) Chinese Mu of forests of standing trees in Dabu with 50 years term, expiring in 2057. The standing trees were stated at fair value less costs to sell at both 31 March 2017 and 2016.

During the year, the Group disposed the forest prepaid lease payments of approximately 7,643 Chinese Mu with carrying amount of HK$1,806,000 (Note 17) together with the standing trees with carrying amount of HK$4,065,000 to an independent third party at a consideration of HK$6,313,000 and a gain of disposal of HK$442,000 (2016: HK$Nil) was recognised into profit or loss for the year ended 31 March 2017.

Seedlings are carried at cost less any impairment loss as the directors of the Company considered that little biological transformation has taken place since initial cost incurrence. The cost of these seedlings is therefore not materially different from their fair values as at 31 March 2017 and 2016 as determined by the directors of the Company.

(b) Measurement of fair value

The fair value of the Group's standing trees was independently valued by LCH, who have among their staff members of the American Society of Appraisers with over 20 years of valuation experience. After due consideration of the experience and credentials of LCH, the directors of the Company are satisfied that LCH is competent to determine the valuation of the Group's biological assets. The directors are of the opinion that LCH is independent from the directors of the Company.

The fair value of standing trees is categorised as level 3 recurring fair value measurements.

Fair value measurement of standing trees

LCH has adopted the market approach in its valuation by using the current market price per unit cubic meter ("cu.m") of similar round logs and the total merchantable volume of timber in the forest at 31 March 2017 as basis for estimating the fair value less costs to sell of the Group's standing trees. The principal assumptions adopted are as follows:

– the Group is to produce round logs; and

– the factors of natural defects in the wood such as physical defects, rots and directions of grain have been allowed for a recovery rate of 70% for the valuation.

19. BIOLOGICAL ASSETS *(Continued)*

(b) Measurement of fair value *(Continued)*

Significant unobservable inputs	**Input value/range**	
	2017	2016
Price of round logs per cubic meter	**RMB350 to RMB800**	RMB310 to RMB800
Growth rate	**5.3%**	5.6%
Recovery rate	**70%**	70%

The higher the price of round logs, the higher the fair value of the standing trees. The higher the recovery rate, the higher the fair value of the standing trees.

There was no change to the valuation techniques for standing trees during the year.

(c) Sensitivity analysis on changes in material inputs used in the valuation techniques are as follows:

Standing trees as at 31 March 2017

Changes on the price of round logs per cubic meter	**Increased by 10%** HK$'000	**Decreased by 10%** HK$'000
Increase/(decrease) in fair value	10,845	(9,642)

Changes on the recovery rate	**Increased by 5%** HK$'000	**Decreased by 5%** HK$'000
Increase/(decrease) in fair value	4,030	(4,023)

(d) Work done by the valuer

In respect of the standing trees in Dabu, LCH conducted physical field inspections to the respective forest sites in April 2017 to verify the physical existence and quality of the biological assets.

20. FOREST CONCESSION RIGHTS

	2017 HK$'000	2016 HK$'000
Cost:		
At 1 April	534,429	534,429
Written off	(534,429)	–
At 31 March	–	534,429
Accumulated impairment and amortisation:		
At 1 April	534,429	396,012
Impairment loss *(Note (c) below)*	–	110,831
Amortisation for the year	–	27,586
Written off	(534,429)	–
At 31 March	–	534,429
Net carrying amount:		
At 31 March	–	–

The forest concession rights in Guyana are stated at cost less accumulated amortisation and any accumulated impairment losses. The costs of forest concession rights include the acreage fees payable to Guyana Forestry Commission, costs of necessary exploration, geological, geophysical and other research studies incurred prior to the grant of the forest concession rights.

During the year ended 31 March 2017, the Group had ceased the business operation of timber logging to which the forest concession rights in Guyana were allocated. As disclosed below, on 10 January 2017, Guyana Forestry Commission issued two letters under which the Group's timber concession rights in Guyana had been suspended with effect from 10 January 2017. Taking into account of these two letters of suspension of forest concession rights issued by Guyana Forestry Commission and the cessation of the business operation of timber logging in Guyana during the year ended 31 March 2017, the directors of the Company did not expected any material cash inflow and outflow arising from the suspended timber concession rights which had been written off at 31 March 2017. The timber logging in Guyana had insignificant contribution to the financial performance and cash flows of the Group for the year ended 31 March 2017.

(a) Forest concession rights held by Jaling Forest Industries Inc., a subsidiary of the Company ("Jaling Concession Rights")

On 22 August 2003, Jaling Forest Industries Inc. ("Jaling"), a subsidiary of the Company, was granted a State Forest Exploratory Permit (1/2003) by the Commissioner of Forests, the Guyana Forestry Commission, to carry out exploratory work on an area of 167,000 hectares (approximately 412,000 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 02/2005) dated 25 January 2005, Jaling was granted with an exclusive timber concession right by the Commissioner of Forests, the Guyana Forestry Commission for a period of 25 years, commencing on 25 January 2005 and until 24 January 2030 (both dates inclusive) to occupy, cut and remove timbers from an area of approximately 136,900 hectares (approximately 338,000 acres) in the State Forest of Guyana, South America, which includes a block ("Block A") based on the natural surrounding and is bounded on the North by the Amakura River, on the South by the Baramita Amerindian Reserves and Whana River, on the East by the Whannamaparu and Whana River, and on the West by the common border of Guyana and Venezuela. It lies within the Northwest border of Guyana, South America and another block ("Block B") is bounded on the North by WCL 6/93, on the South by the Kaituma River, (TSA 04/91-BCL) and Sebai River, on the East by the Aruka River and Sebai Amerindian Reserves and on the West by Sand Creek and Waiamu River, being the concession boundary of BCL-TSA 04/91. Under the Jaling Concession Rights, Jaling shall pay a total acreage fee of approximately HK$9,000,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. The logging operation in Block B was completed during the year ended 31 March 2010.

20. FOREST CONCESSION RIGHTS *(Continued)*

(a) Forest concession rights held by Jaling Forest Industries Inc., a subsidiary of the Company ("Jaling Concession Rights") *(Continued)*

On 11 January 2017, Jaling received a letter dated 10 January 2017 from the Guyana Forestry Commission in relation to the suspension of Jaling Concession Rights, which had been fully impaired at 31 March 2016, with effect from 10 January 2017.

(b) Forest concession rights held by Garner Forest Industries Inc., a subsidiary of the Company ("Garner Concession Rights")

On 18 August 2004, Garner Forest Industries Inc. ("Garner"), a subsidiary of the Company, was granted a State Forest Exploratory permit (3/2004) by the Commissioner of Forests, the Guyana Forestry Commission, to carry out exploratory work on an area of 90,469 hectares (approximately 223,552 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 03/2005) dated 11 June 2005, Garner was granted with an exclusive concession right by the Commissioner of Forests, the Guyana Forestry Commission for a period of 25 years, commencing on 11 June 2005 and until 10 June 2030 (both dates inclusive) to occupy, cut and remove timbers from an area of approximately 92,737 hectares (approximately 229,158 acres) in the State Forest of Guyana, South America, which includes a block located on the left bank of Mazaruni River, right bank of Puruni River, left bank of Putareng River of Guyana, South America. Under the Garner Concession Rights, Garner shall pay a total acreage fee of approximately HK$5,375,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. Garner had completed the necessary exploratory studies and obtained the Garner Concession Rights.

On 11 January 2017, Garner received a letter dated 10 January 2017 from the Guyana Forestry Commission in relation to the suspension of Garner Concession Rights, which had been fully impaired at 31 March 2016, with effect from 10 January 2017.

(c) Impairment testing of Jaling Concession Rights and Garner Concession Rights – 2016

For the purpose of impairment testing at 31 March 2016, the forest concession rights were allocated to the timber logging cash-generating unit ("Timber logging CGU") under the timber operations segment. At 31 March 2016, the recoverable amount of the Timber logging CGU had been determined by the directors of the Company with reference to the valuation of forest concession rights performed by LCH. The recoverable amount of the Timber logging CGU at 31 March 2016 were shown as follows:

	2016 HK$'000
Timber logging CGU	–

LCH had among its staff members of the Hong Kong Institute of Surveyors with recent experience in the category of forest concession rights being valued. After due consideration of the experience and credentials of LCH, the directors of the Company were satisfied that LCH was competent to determine the valuation of the Group's forest concession rights. Further, after reasonable enquiry with the directors of the Company, the directors of the Company were satisfied that LCH was independent from the directors of the Company.

20. FOREST CONCESSION RIGHTS *(Continued)*

(c) Impairment testing of Jaling Concession Rights and Garner Concession Rights – 2016 *(Continued)*

During the year ended 31 March 2016, the Group decided to cease the business operation of timber logging. Therefore, the Group did not expect any future cash inflow and outflow to be derived from continuing use of the Timber Logging CGU and from its ultimate disposal. The recoverable amount of the Timber Logging CGU was determined based on fair value less costs of disposal of the forest concession rights for the year ended 31 March 2016. The key assumptions were based upon the discount rate, budgeted profit margins and revenue during the forecast period with reference to were industrial information. The projections (including profit margins, revenue and the growth rates) were based on anticipation of the most likely actions which would be taken in the operation of the business with reference to sustainable annual allowable cut and expectations of future market development. The fair value on which the recoverable amount was based on was categorised as a Level 3 measurement.

Key assumptions used for the fair value calculation at 31 March 2016 were as follows:

	2016
Beta	0.58
Risk free rate	1.77%
Market return	13%
Discount rate	19%
Working capital to sales ratio	16%
Tax rate	35%
Revenue growth rate	-3%

In estimating the discount rate in the valuation, LCH adopted the market-derived discount rate by capital asset pricing model. During the year ended 31 March 2016, the directors of the Company had assessed the recoverable amount of the forest concession rights which was lower than its carrying value as at 31 March 2016. Based on the valuation, impairment losses of HK$110,831,000 and HK$5,391,000 were recognised in profit or loss for the year ended 31 March 2016 in respect of forest concession rights and related property, plant and equipment (Note 16) respectively. Impairment losses were recognised because of the current poor market conditions for the timber product industry.

(d) Sensitivity analysis on changes in material inputs used in the valuation techniques – 2016

Changes on discount rate	**Increased by 2%** HK$'000	**Decreased by 2%** HK$'000
Change in recoverable amounts	–	–

Changes on revenue growth rate	**Increased by 2%** HK$'000	**Decreased by 2%** HK$'000
Change in recoverable amounts	–	–

21. CONCESSION INTANGIBLE ASSET

	2017 HK$'000	2016 HK$'000
Cost:		
At 1 April	**18,992,675**	19,827,031
Exchange differences	**(910,787)**	(834,356)
At 31 March	**18,081,888**	18,992,675
Accumulated amortisation and impairment:		
At 1 April	**3,229,398**	825,100
Amortisation for the year	**552,023**	617,143
Impairment loss	**–**	1,877,027
Exchange differences	**(200,800)**	(89,872)
At 31 March	**3,580,621**	3,229,398
Net Carrying amount:		
At 31 March	**14,501,267**	15,763,277

(a) Descriptions of the concession intangible asset

Zhunxing entered into a service concession arrangement with the local government whereby Zhunxing is required to build the infrastructure of Zhunxing Expressway and is granted an exclusive operating right for collecting tolls from vehicles using the Zhunxing Expressway for a term of 30 years.

According to the relevant government's approval documents and the relevant regulations, Zhunxing is responsible for the construction of the toll road and the acquisition of the related facilities and equipment and it is also responsible for the operations and management, maintenance and overhaul of the toll roads during the exclusive operating period. Zhunxing is entitled to operate the toll road upon completion for an exclusive operating period of 30 years by charging drivers, which amounts are contingent on the extent that the public uses the expressway. The relevant toll road assets are required to be returned to the local government authorities when the exclusive operating period expires without any payments to be made to Zhunxing. As such, the arrangement is accounted for as a concession intangible asset under Hong Kong (IFRIC) Interpretation 12 "Service Concession Arrangements".

The right to charge the users of the public service is recognised as an intangible asset. Zhunxing estimates the fair value of the intangible asset to be equal to the construction costs plus certain margin by management estimation with reference to the information in similar industry and management's experience.

Amortisation of the concession intangible asset has been started upon commencement of the operation of the Zhunxing Expressway on 21 November 2013.

No interest was capitalised to concession intangible asset during the years ended 31 March 2017 and 2016.

21. CONCESSION INTANGIBLE ASSET *(Continued)*

(b) Impairment testing of the concession intangible asset

For the purpose of the impairment testing, the concession intangible asset is allocated to the expressway cash-generating unit ("Expressway CGU") under the expressway operations segment.

During the years ended 31 March 2017 and 2016, the recoverable amount of the Expressway CGU has been determined independently by Jones Lang LaSalle Corporate Appraisal and Advisory Limited by value-in-use calculation. This calculation uses traffic forecast data determined by Samuel Wong Consultancy Limited, an independent traffic consultant, and cash flow projections based on financial forecasts approved by management up to the end of the exclusive operating period, taking into account the actual operating results of the Zhunxing Expressway during the year.

Key assumptions used for the value-in-use calculation are as follows:

	2017	2016
Exclusive operating period	**28 years**	29 years
Discount rate	**10.13%**	9.58%
Toll rate per kilometre per ton	**RMB0.09**	RMB0.09
Long-term toll revenue growth rate over the concession period	**8.1%**	5.7%
Average toll revenue growth rate for first two years	**12.9%**	15.9%
Average toll revenue growth rate after second year to end of exclusive operating period	**8.8%**	8.16%

The discount rate is a pre-tax measure estimated using the capital asset pricing model based on the industry average ratios and the Expressway CGU's specific risks. The average toll revenue growth rate was determined based on the forecast of traffic volume growth.

Based on the above assessment, the recoverable amount of the Expressway CGU is not materially different from its carrying value as at 31 March 2017 and no additional impairment losses were recognised on the Expressway CGU in profit or loss for the year ended 31 March 2017 (2016: impairment losses of HK$1,877,027,000 and HK$97,846,000 in respect of intangible concession asset and related property, plant and equipment (Note 16), respectively). Impairment losses were recognised for the year ended 31 March 2016 because of the poor market conditions for the coal industry which caused the decrease in the traffic volume of Zhunxing Expressway.

22. LONG-TERM DEPOSITS AND PREPAYMENTS

	2017 **HK$'000**	2016 HK$'000
Prepayments for construction of expressway and related facilities	**–**	197,687
Deposits paid for acquisition of property, plant and equipment	**44,680**	93,560
	44,680	291,247

23. PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries as at 31 March 2017 are set out below.

Name	Place of incorporation and operation	Registered capital	Proportion of ownership interest			Principal activity
			Held by the Company %	Held by a subsidiary %	Attributable to the Group %	
Zhunxing *(defined in Note 3b(ii) and Note (b) below)*	The PRC	RMB2,513,920,600	–	86.87	86.87	Zhunxing Expressway and auxiliary facility investment, operation, management and maintenance
北京准興隆博投資有限公司	The PRC	RMB20,000,000	–	100	100	Provision of management consulting services
內蒙古准興高速服務區管理責任有限公司	The PRC	RMB10,000,000	–	100	86.87	Construction and operation of petrol and gas stations and service areas of Zhunxing Expressway
深圳市前海資通能源有限公司	The PRC	RMB100,000,000	–	100	100	Trading of petroleum and related products
廣東金晶能源股份有限公司 ("Jinjing")	The PRC	RMB49,500,000	–	100	100	Trading of petroleum and related products
樂山中順油汽有限公司 ("Leshan Zhongshun")	The PRC	RMB32,800,000	–	100	100	Construction and operation of CNG gas stations
深圳市前海潤宏投資有限公司	The PRC	RMB10,000,000	–	100	100	Investment and asset management
樹人木業(深圳)有限公司	The PRC	RMB43,773,025	–	100	100	Timber log trading and sale of furniture and handicrafts
樹人木業(大埔)有限公司	The PRC	RMB102,175,000	–	100	100	Forest operation, timber logging and tree plantation

23. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Place of incorporation and operation	Registered capital	Proportion of ownership interest: Held by the Company %	Held by a subsidiary %	Attributable to the Group %	Principal activity
樹人苗木組培(大埔)有限公司	The PRC	RMB4,721,500	–	100	100	Plantation and trading of seedlings
興寧樹人木業有限公司	The PRC	RMB30,000,000	–	100	100	Production and sale of plant-oil
Jaling *(defined in Note 20(a))*	Guyana	GYD500,000	–	100	100	Timber logging
Garner *(defined in Note 20(b))*	Guyana	GYD100,000	–	100	100	Timber logging
Seapower Resources Gosford Pty Ltd.	Australia	AUD4,200,002	–	100	100	Cold storage warehouse leasing

Notes:

(a) The above table includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the Group for the year or formed a substantial portion of the assets and liabilities of the Group at the end of the reporting period. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

(b) The summary of financial information of Zhunxing is disclosed in Note 47 to the consolidated financial statements.

24. INTERESTS IN ASSOCIATES

	2017 HK$'000	2016 HK$'000
Share of net assets	439,863	461,556
Goodwill	–	18,995
Impairment loss recognised immediately prior to reclassification to assets of disposal group classified as held for sale *(Note 37 (a))*	(362,078)	–
Assets of a disposal group classified as held for sale *(Note 37 (a))*	(77,785)	–
	–	480,551

24. INTERESTS IN ASSOCIATES *(Continued)*

Details of the Group's associates at 31 March 2017 were as follows:

Name	Place of incorporation and operation	Issued and fully paid share capital	Proportion of ownership interest: Held by a subsidiary %	Held by an associate %	Group's effective interest %	Principal activity
北京開元萬嘉管理諮詢有限公司 (formerly known as 首控(北京)管理諮詢有限公司) ("Beijing Kaiyuan") *(Note a)*	The PRC	RMB4,444,445	45%	–	45%	Investment holding
宜昌新首鋼房地產開發有限公司 ("Yichang Xinshougang") *(Note a)*	The PRC	RMB120,000,000	–	100%	45%	Property development and asset management
宜昌中翔物業管理有限公司 ("Yichang Zhongxiang") *(Note a)*	The PRC	RMB500,000	–	100%	45%	Building management

Notes:

(a) Yichang Xinshougang and Yichang Zhongxiang are wholly-owned subsidiaries of Beijing Kaiyuan (collectively the "Yichang Group"). Subsequent to the reporting period end and on 28 April 2017, as disclosed in Note 52(a) to the consolidated financial statements, the Group and an independent third party buyer entered into an agreement, pursuant to which, the Group has agreed to sell and the buyer has agreed to buy the Group's 45% equity interests in Beijing Kaiyuan, which holds the entire issued capital of Yichang Xinshougang and Yichang Zhongxiang, together with the amounts due from that associate and its subsidiaries, which were reclassified as assets of a disposal group held for sale (Note 37(a)) in the consolidated statement of financial position as at 31 March 2017, for an aggregate consideration of RMB200 million (equivalent to approximately HK$226 million). On 1 June 2017, the disposal was completed and the Group had subsequently received the sale consideration of RMB200 million (equivalent to approximately HK$226 million), of which approximately HK$164 million was applied for repaying part of the Group's bank borrowing on 1 June 2017 and the balance will be used as working capital of the Group.

During the year ended 31 March 2017, impairment loss of HK$362,078,000 was recognised and charged to profit or loss for the year then ended, immediately prior to reclassification of the interests in Yichang Group as assets of a disposal held for sale.

(b) In November 2014, the Group acquired 30% equity interest in 惠州市大亞灣中油實業發展有限公司("Dayawan Zhongyou"), which was engaged in operation of gas stations, from an independent third party with a cash consideration of HK$31,588,000. During the year ended 31 March 2017, the Group disposed of its entire 30% equity interest in Dayawan Zhongyou to an independent third party as further detailed in note (e) as below.

24. INTERESTS IN ASSOCIATES *(Continued)*

(c) Summarised financial information of material associates:

Yichang Group (45% interest held)	**2017 HK$'000**	2016 HK$'000
As at 31 March		
Current assets	**1,936,763**	1,857,650
Non-current assets	**321,165**	307,455
Current liabilities	**(1,167,722)**	(1,047,630)
Non-current liabilities	**(112,733)**	(119,882)
Total equity	**977,473**	997,593
Included in the above amounts are:		
Cash and cash equivalents	**17,552**	15,035
Current financial liabilities (excluding trade and other payables)	**(813,000)**	(607,658)

Year ended 31 March	**2017 HK$'000**	2016 HK$'000
Revenue	**159,961**	51,446
Loss for the year	**(22,742)**	(1,381)
Other comprehensive income		
– Exchange difference on translation of financial statements	**2,622**	1,939
Total comprehensive (loss)/income	**(20,120)**	558
Included in the above amounts are:		
Depreciation and amortisation	**(674)**	(676)
Interest income	**31**	31
Finance costs	**(111)**	(408)
Income tax credit/(expense)	**5**	(94)

Reconciliation of the above summarised financial information to the Group's 45% interests in Yichang Group:

	2017 HK$'000	2016 HK$'000
Gross amount of net assets of associates	**977,473**	997,593
Group's share of net assets of associates at 45%	**439,863**	448,917
Carrying amount of the Group's interests on associates	**439,863**	448,917

24. INTERESTS IN ASSOCIATES *(Continued)*

(c) Summarised financial information of material associates: *(Continued)*

Aggregate amounts of the Group's 45% share of Yichang Group's loss and other comprehensive income:

	2017 HK$'000	2016 HK$'000
Loss for the year	**(10,234)**	(621)
Other comprehensive income	**1,180**	873
Total comprehensive income	**(9,054)**	252

(d) Summarised financial information of immaterial associate:

Dayawan Zhongyou (Refer to note (e) below)	**2017 HK$'000**	2016 HK$'000
Aggregate carrying amount (including goodwill of HK$18,995,000)	**–**	31,634
Aggregate amount of the Group's share of the associate's profit and other comprehensive income (up to date of disposal on 9 August 2016):		
Profit for the period/year	**1,579**	1,011
Other comprehensive income	**(868)**	(1,618)
– Total comprehensive income	**711**	(607)
Dividend received from the associate	**3,771**	–

(e) Disposal of the 30% equity interest in Dayawan Zhongyou:

On 1 July 2016, the Group entered into a sale and disposal agreement with an independent third party to which the Group agreed to dispose the 30% equity interest in Dayawan Zhongyou at a consideration of RMB25,200,000 (equivalent to HK$29,418,000) to the purchaser. The transaction was completed on 9 August 2016.

The details of the 30% equity interest in Dayawan Zhongyou at the date of the disposal were as follows:

	2017 HK$'000
Carrying amount of the Group's interest in an associate disposed of (including goodwill of HK$18,494,000)	28,574
Release of transaction reserve upon disposal	2,473
Consideration received	(29,418)
Loss on disposal of an associate	1,629

25. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK$'000	2016 HK$'000
Non-current		
Equity shares listed in Hong Kong, at fair value *(Note (a))*	–	28,737
Unlisted equity shares, at cost *(Note (b) & (c))*	78,296	81,013
	78,296	109,750

Notes:

(a) During the year ended 31 March 2017, the Group disposed all of the equity shares listed in Hong Kong which were carried at fair value and a loss on disposal of HK$6,166,000 (2016: a gain on disposal of HK$37,806,000) was recognised in the profit or loss for the year ended 31 March 2017.

(b) All unquoted long-term equity investments are measured at cost less accumulated impairment losses at the end of the reporting period as the directors of the Company are of the opinion that their fair values cannot be measured reliably. Based on the available information, the directors of the Company considered that there has been no impairment on these unlisted equity investments at both reporting period ends.

(c) Included in these unlisted equity shares is 19% equity investment in 內蒙古博源新型能源有限公司 with carrying amount of HK$42,846,000 as at 31 March 2017 (2016: HK$45,563,000) which have been pledged to a bank to secure for the Group's borrowing (Note 33(b)(i)).

26. INVENTORIES

	2017 HK$'000	2016 HK$'000
Raw materials	39,860	40,626
Work in progress	13,767	17,076
Finished goods	9,929	29,763
	63,556	87,465

Included in raw materials are precious woods of HK$39,097,000 (2016: HK$38,588,000) which are ready for trading.

27. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	17,983	14,369
Less: Provision for impairment loss	(10,154)	(9,103)
Trade receivables, net	7,829	5,266
Other receivables	145,331	161,011
Loan to non-controlling shareholder of a subsidiary	99,331	83,629
Loan receivables	60,665	97,444
Less: Provision for impairment loss	(125,376)	(24,701)
Other receivables, net	179,951	317,383
Deposits paid	3,583	4,390
Prepayments	14,262	39,638
	205,625	366,677

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to over three months or more for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The below table reconciles the impairment loss of trade and other receivables for the years:

	2017 HK$'000	2016 HK$'000
At 1 April	33,804	13,527
Add: Impairment loss recognised *(Note 10)*	104,323	20,760
Exchange differences	(2,597)	(483)
At 31 March	135,530	33,804

Details of the ageing analysis of trade receivables of the Group (net of impairment loss) are as follows:

	2017 HK$'000	2016 HK$'000
Outstanding balances aged:		
0 to 30 days	6,654	3,819
31 to 60 days	1,077	–
61 to 180 days	98	42
Over 180 days	–	1,405
	7,829	5,266

27. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2017 HK$'000	2016 HK$'000
Neither past due nor impaired	6,654	3,819
30 to 90 days past due	1,175	42
Over 90 days past due	–	1,405
	7,829	5,266

Trade receivables that were neither past due nor impaired related to a number of independent customers for whom there was no recent history of default.

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

	2017 HK$'000	2016 HK$'000
Neither past due nor impaired	144,577	279,414
Over 90 days past due	35,374	37,969
	179,951	317,383

Other receivables that were neither past due nor impaired related to a number of other debtors for whom there was no recent history of default.

Loan to non-controlling shareholder of a subsidiary is unsecured, interest-free and repayable on demand.

An advance to a third party of HK$30,332,000 (2016: HK$65,754,000) is included in the loan receivables. It is unsecured, bearing interest at the rate of 14% per annum and is repayable on or before 31 December 2017.

28. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES AND AMOUNTS DUE FROM ASSOCIATES

Amounts due from non-controlling shareholders of subsidiaries and associates are unsecured, interest-free and repayable on demand.

Subsequent to the reporting period end and on 28 April 2017, as further detailed in Note 37(a), the Group and an independent third party buyer entered into an agreement pursuant to which the Group agreed to dispose of and the buyer agreed to buy the Group's 45% equity interests in an associate together with the amounts due from that associate and its subsidiaries, at an aggregate consideration of RMB200 million (approximately of HK$226 million) and amounts due from these associates of HK$136,446,000 were reclassified as part of assets of a disposal group held for sale at 31 March 2017 (Note 37(a)).

29. CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Cash and bank balances	**53,735**	116,225

RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits were made for varying periods depending on the immediate cash requirements of the Group, and earned interest at the respective short-term time deposit rates.

30. TRADE AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000
Trade payables *(Note c)*	**130**	1,505
Other payables and accruals *(Note a)*	**1,551,896**	1,776,591
Deposit received from customers	**1,642**	34,987
	1,553,668	1,813,083

Note:

(a) Analysis of other payables and accruals is as follows:

	2017 HK$'000	2016 HK$'000
Construction costs payable	**765,299**	1,082,662
Retention and guarantee deposit	**181,423**	203,108
Accrued interest on the bank borrowings	**71,461**	171,494
Accrued default interest on promissory note *(Note 31)*	**265,829**	209,822
Accrued default interest on non-convertible debt securities (including matured convertible bonds) *(Note 35(b)(iii) and Note 36(b)(iii))*	**113,478**	7,797
Other accruals	**154,406**	101,708
	1,551,896	1,776,591

(b) The carrying amounts of other payables and accruals at the end of reporting period approximate their fair values.

(c) Details of the ageing analysis of trade payables of the Group are as follows:

	2017 HK$'000	2016 HK$'000
Outstanding balances aged:		
Within 30 days	**–**	850
31 to 60 days	**–**	589
Over 61 days	**130**	66
	130	1,505

31. PROMISSORY NOTE

The movement in the promissory note during the years ended 31 March 2017 and 2016 are as follows:

	2017	2016
	HK$'000	HK$'000
Carrying value as at 1 April	**306,892**	302,345
Interest expense *(Note 9)*	**4,591**	4,547
Carrying value as at 31 March	**311,483**	306,892

On 9 February 2010, the Company issued HK$280,000,000 promissory note to China Alliance International Holding Group Limited ("China Alliance") in connection with the acquisition of 100% equity interest of the Yichang Group pursuant to the shares purchase agreement dated 9 May 2009.

The promissory note is unsecured and repayable by 14 quarterly instalments of HK$20,000,000 each with the interest accrued thereon payable on the last day of every three months after the issue of the promissory note. The promissory note bears coupon interests at 1.5% per annum payable quarterly. The Company may, by giving prior written notice to the noteholder, repay in whole or in part the outstanding promissory note (in the multiples of HK$20,000,000) at any time and from time to time after the date of issue of the promissory note. The fair value of promissory note was HK$233,482,000 as at the issue date, based on the professional valuation performed by the LCH, an independent firm of professional and qualified valuers. The effective interest rate of the promissory note is determined to be 11.82% per annum.

During the year ended 31 March 2011, the Group defaulted on repayment of the principal and interest. Pursuant to the promissory note agreement, the promissory note holder is entitled to demand immediate repayment of any outstanding principal and accrued coupon interest. As a result, the carrying amount of promissory note plus accrued coupon interest of HK$285 million was classified under current liabilities since 31 March 2011.

On 23 May 2012, the Group and the promissory note holder signed a supplemental agreement to extend the repayment term of promissory note. Both parties agreed that the Group is required to pay a default interest at 0.05% per day (annual interest rate of 18.25%) based on the outstanding principal amount and accrued coupon interest. At 31 March 2017, the cumulative default interest of HK$265,829,000 (2016: HK$209,822,000) was accrued and separately presented under other payables and accruals (Note 30).

32. DEFERRED GOVERNMENT GRANTS

	2017 HK$'000	2016 HK$'000
At 1 April	–	2,548
Credited to other income and other gains or losses	–	(2,463)
Exchange difference	–	(85)
At 31 March	–	–

During the year ended 31 March 2010, the Group received a government grant of approximately RMB6,045,000 for the development of tea-oil production located in Xingning, the PRC. The government grant was amortised on a systematic basis according to the volume of production when the production of tea-oil begins and income was generated. Amortisation was commenced during the year ended 31 March 2014 when production commenced.

33. BORROWINGS

	2017 HK$'000	2016 HK$'000
Bank borrowings	11,165,627	11,429,309
Other borrowings	450,448	643,277
	11,616,075	12,072,586

(a) At 31 March 2017, borrowings of the Group were repayable as follows:

	2017 HK$'000	2016 HK$'000
Within 1 year or on demand	744,581	843,578
After 1 year but within 2 years	187,249	626,157
After 2 years but within 5 years	1,274,718	573,952
After 5 years	9,409,527	10,028,899
	10,871,494	11,229,008
	11,616,075	12,072,586

33. BORROWINGS *(Continued)*

(b) At 31 March 2017, borrowings of the Group were secured as follows:

	Notes	**2017 HK$'000**	2016 HK$'000
Secured	*(i)*	**10,991,429**	11,137,942
Unsecured	*(ii) and (iii)*	**624,646**	934,644
		11,616,075	12,072,586

(i) At 31 March 2017 and 2016, the secured borrowings of the Group, together with the interest accrued thereon, were secured by (a) Zhunxing's receivables rights of toll income of the Zhunxing Expressway; (b) the Group's equity interests in 內蒙古博源新型能源有限公司 with the carrying amount of HK$42,846,000 (2016: HK$45,563,000) (recognised as available-for-sale investments of the Group (Note 25)); (c) the equity interests of 內蒙古准興高速服務區管理責任有限公司; (d) the equity interests in Zhunxing; and (e) certain assets of Zhunxing.

The borrowings of the Group were also guaranteed by (a) the Company; (b) a non-controlling shareholder of Zhunxing; (c) a director of the Company and his spouse; (d) the wholly-owned subsidiaries of the Company and (e) Zhunxing.

(ii) At 31 March 2017 and 2016, the unsecured borrowings of the Group were guaranteed by (a) the Company; (b) a director of the Company; (c) certain wholly-owned subsidiaries of the Company and (d) the director of a wholly-owned subsidiary.

(iii) Unsecured borrowings of approximately HK$164,191,000 was due on 16 December 2016. At 31 March 2017, the Group reached an agreement with the creditor bank for settlement arrangements. These outstanding overdue of unsecured borrowings, together with outstanding interest, were fully settled by the Group on 1 June 2017 as detailed in the Note 52(a) to the consolidated financial statements.

(iv) The Group's available banking facilities as at 31 March 2017 amounted to approximately HK$11,704,722,000 (2016: HK$12,769,821,000), out of which HK$11,616,075,000 (2016: HK$12,072,586,000) has been utilised.

34. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the current and prior years were as follows:

	Revaluation of property, plant and equipment HK$'000	Revaluation of investment properties HK$'000	Customer relationships HK$'000	Total HK$'000
At 1 April 2015	17,150	3,417	37,552	58,119
Disposal of subsidiaries *(Note 43(b)&(c))*	(15,314)	(1,635)	(28,416)	(45,365)
Exchange difference	(139)	(14)	(603)	(756)
Credited to profit or loss	(352)	87	(922)	(1,187)
At 31 March 2016	1,345	1,855	7,611	10,811
Exchange difference	(79)	8	(310)	(381)
Credited to profit or loss	(88)	(1,405)	(7,301)	(8,794)
At 31 March 2017	1,178	458	–	1,636

Deferred income tax assets were recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$200,742,000 (2016: HK$171,115,000) to be carried forward for offset against future taxable income which included tax losses of HK$170,681,000 (2016: HK$141,054,000) may be carried forward against future taxable income for a period of five years in accordance with the PRC tax law. The remaining tax losses may be carried forward indefinitely.

35. CONVERTIBLE BONDS

(a) Description of convertible bonds

	CB2016B	CB2016C	CB2018
Issue dates	10 February 2015	10 February 2015	10 February 2015
Principal amounts as at 1 April 2015	HK$992,000,000	HK$1,500,000,000	HK$700,000,000
Principal amounts settled during the year	HK$160,000,000 settled by consideration of HK$159,795,000	–	–
Principal amounts as at 31 March 2016, 1 April 2016 and 31 March 2017	HK$832,000,000	HK$1,500,000,000	HK$700,000,000
Maturity date	10 February 2016	24 January 2017 *(Note (vii))*	24 January 2017 *(Note (viii))*
Coupon interest rates *(Note (i))*	9%	9%	9%
Conversion price per share *(Note (ii))*	HK$1.07 *(Note (v) & (vi))*	HK$0.20 *(Note (v), (vi) & (vii))*	HK$0.20 *(Note (v), (vi) & (viii))*
Mandatory conversion option	N/A	N/A	N/A
Embedded derivative financial instruments *(Note (iii))*	N/A	If the market price of the Company's shares is higher than HK$0.40 for 15 consecutive trading days, a repayment premium of 100% of the outstanding principal amount of CB2016C as at the maturity date will be payable by the Company on the maturity date (the "Repayment Adjustment").	N/A

In accordance with the bond instruments (as amended by their respective subsequent amendment agreements), in the events of defaults in the payment of any sum due and payable thereon the above convertible bonds, the Group shall be liable to pay interest to the bondholders from the due date to date of actual payment in full calculated at the prime lending rate, as quoted by The Hongkong and Shanghai Banking Corporation Limited on a daily basis, accruing on these amounts in default of payments.

35. CONVERTIBLE BONDS *(Continued)*

(a) Description of convertible bonds *(Continued)*

Notes:

(i) Interests are payable by the Company annually in arrears, upon conversion or redemption.

(ii) Conversion prices are subject to normal adjustments pursuant to the terms and conditions of the convertible bonds. The bondholders can convert at the respective conversion price at any time from issuance of the convertible bonds until maturity.

(iii) Repayment Adjustment was embedded derivatives and was recognised as derivative financial instruments at fair value by Monte Carlo model at the time of issue of the CB2016C and subsequently measured at fair value at the end of each of the reporting periods in accordance with the Group's accounting policy on embedded derivatives (Note 4(r)(iii)). At 31 March 2016, the valuation of fair value of Repayment Adjustment was performed independently by LCH, an independent firm of professional and qualified valuers.

The market price mentioned herein represented the closing prices published in the Stock Exchange Daily Quotations Sheet for one share for 60 consecutive trading days.

During the year ended 31 March 2017 and prior to the maturity on 24 January 2017, the market price of the Company's shares were below HK$0.4 and the Repayment Adjustment was zero at maturity date.

(iv) At issuing dates, the Company determined the fair value of liability component based on the valuation performed by LCH using discounted cash flow approach. The residual amount was assigned as the equity component and was included in the convertible bonds reserve of the Company and the Group. The liability component is carried at amortised cost until extinguished on conversion or redemption.

(v) Upon the Share Consolidation (as defined in Note 38(a)(i)) taking effect, the conversion price of CB2016B, CB2016C and CB2018 had been adjusted from HK$0.20 per share to HK$4.00 per share with effect from 5 November 2015. The conversion rights of CB2016B were subsequently lapsed upon its maturity on 10 February 2016.

(vi) Upon the Rights Issue (as defined in Note 38(a)(iii)) taking effect, the conversion price of the CB2016B, CB2016C and CB2018 had been adjusted from HK$4.00 per share to HK$1.07 per share with effect from 9 December 2015. The conversion rights of CB2016B were fully lapsed upon its maturity on 10 February 2016.

(vii) The Group has been in default in the payment of interests accrued on CB2016C since 19 February 2016. Pursuant to the amendment agreements made between the Company and two bondholders of CB2016C during the year ended 31 March 2017 and with effect on 21 July 2016 and 12 September 2016, respectively, the maturity date of CB2016C was extended from 24 October 2016 to 24 January 2017 and the conversion price of CB2016C was reset at HK$0.20 per share. CB2016C matured on 24 January 2017 and its conversion rights were fully lapsed on the same date. At the effective date of the respective amendments made to CB2016C during the year ended 31 March 2017, the fair value of CB2016C (with these two amendments made) did not differ materially from their carrying amounts under original terms of the convertible bond instrument and accordingly, these amendments to CB2016C did not result in a substantial modification of the terms of CB2016C. These two amendments to CB2016C did not have material net effects on the profit or loss for the year ended 31 March 2017.

(viii) The Group have been in default in the payment of interests accrued on CB2018 since 19 February 2016. Pursuant to the amendment agreements made between the Company and the bondholder of CB2018 during the year ended 31 March 2017 and with effect on 29 December 2016, the maturity date of CB2018 was changed from 12 February 2018 to 24 January 2017 and the conversion price of CB2018 was reset at HK$0.20 per share. CB2018 matured on 24 January 2017 and its conversion rights were fully lapsed on the same date. At the effective date of these amendments made to CB2018 during the year ended 31 March 2017, the fair value of CB2018 (with these two amendments made) did not differ materially from the carrying amounts of CB2018 under original terms of the convertible bond instrument and accordingly, these two amendments to CB2018 did not result in a substantial modification of the terms of CB2018. These two amendments to CB2018 did not have material net effects on the profit or loss for the year ended 31 March 2017.

35. CONVERTIBLE BONDS *(Continued)*

(b) Movement of convertible bonds

The movement of the liability component, embedded derivative component and equity component of the convertible bonds were as follows:

	Liability component HK$'000	Derivative financial instrument HK$'000	Equity component HK$'000	Total HK$'000
CB2015				
At 1 April 2015	1,641,512	–	201,893	1,843,405
Interest expense	118,504	–	–	118,504
Interest paid	(143,280)	–	–	(143,280)
Settlement of convertible bond *(Note (i))*	(1,616,736)	–	(201,893)	(1,818,629)
At 31 March 2016 and 2017	–	–	–	–
CB2016B				
At 1 April 2015	988,587	–	123,532	1,112,119
Interest expense	90,611	–	–	90,611
Interest paid	(84,869)	–	–	(84,869)
Settlement of convertible bonds *(Note (ii))*	(159,449)	–	(19,924)	(179,373)
At 31 March 2016 and 1 April 2016	834,880	–	103,608	938,488
Interest paid	(412)	–	–	(412)
Transfer of lapsed conversion rights of matured convertible bonds	–	–	(103,608)	(103,608)
Transfer to non-convertible debt securities *(Note 36(b))*	(834,468)	–	–	(834,468)
At 31 March 2017	–	–	–	–

35. CONVERTIBLE BONDS *(Continued)*

(b) Movement of convertible bonds *(Continued)*

	Liability component HK$'000	Derivative financial instrument HK$'000	Equity component HK$'000	Total HK$'000
CB2016C				
At 1 April 2015	1,472,306	26,423	243,257	1,741,986
Interest expense	183,085	–	–	183,085
Interest paid	(72,197)	–	–	(72,197)
Changes in fair value of derivative financial instruments	–	(26,423)	–	(26,423)
At 31 March 2016 and 1 April 2016	1,583,194	–	243,257	1,826,451
Interest expense	108,362	–	–	108,362
Interest paid	(9,000)	–	–	(9,000)
Transfer of lapsed conversion rights of matured convertible bonds	–	–	(243,257)	(243,257)
Transfer to non-convertible debt securities upon expiry of conversion rights *(Note 36(b))*	(1,682,556)	–	–	(1,682,556)
At 31 March 2017	–	–	–	–

35. CONVERTIBLE BONDS *(Continued)*

(b) Movement of convertible bonds *(Continued)*

	Liability component HK$'000	Derivative financial instrument HK$'000	Equity component HK$'000	Total HK$'000
CB2018				
At 1 April 2015	661,715	–	48,681	710,396
Interest expense	110,064	–	–	110,064
At 31 March 2016 and 1 April 2016	771,779	–	48,681	820,460
Interest expense	51,467	–	–	51,467
Interest paid	(9,000)	–	–	(9,000)
Transfer of lapsed conversion rights of matured convertible bonds	–	–	(48,681)	(48,681)
Transfer to non-convertible debt securities upon expiry of conversion rights *(Note 36(b))*	(814,246)	–	–	(814,246)
At 31 March 2017	–	–	–	–
Total				
At 31 March 2017	–	–	–	–
At 31 March 2016	3,189,853	–	395,546	3,585,399
Represented by:				
At 31 March 2017				
Current portion	–	–		–
Non-current portion	–	–		–
	–	–		–
At 31 March 2016				
Current portion	3,189,853	–		3,189,853
Non-current portion	–	–		–
	3,189,853	–		3,189,853

35. CONVERTIBLE BONDS *(Continued)*

(b) Movement of convertible bonds *(Continued)*

Notes:

(i) Settlement of CB2015

During the year ended 31 March 2016, the entire CB2015 with principal amount of HK$1,592,000,000 has been derecognised from convertible bonds to non-convertible debt securities, as a result of the below convertible bonds deferral arrangements:

(a) HK$1,400,000,000 was deferred pursuant to the extension letters dated 14 August 2015 entered into between the Company and the relevant bondholders that HK$400,000,000 of which will become due on 3 December 2015, HK$500,000,000 of which will become due on 3 March 2016, and HK$500,000,000 of which will become due on 3 September 2016; and

(b) HK$192,000,000 was deferred pursuant to the extension letters dated 28 August 2015 entered into between the Company and the relevant bondholder that the entire principal amount of HK$192,000,000 will become due on 31 December 2015.

All of the above bondholders in (a) and (b) have unconditionally and irrevocably waived their conversion rights attached to their respective bonds with effect from the original maturity date (i.e. 3 September 2015) (the defer of maturity dates and waive of conversion rights mentioned above are collectively referred to as the "CB2015 Extension Arrangement"). Save for the changes above mentioned, the terms and conditions of such bonds remain unchanged. The directors of the Company determined that the CB2015 Extension Arrangement was a substantial modification to the terms of the original CB2015 and thus derecognised such CB2015 and recognised the non-convertible debt securities as a new financial liability on 3 September 2015 (Note 36).

The above CB2015 Extension Arrangement resulted in the settlement of equity component of HK$201,893,000, settlement of debt component of HK$1,616,736,000 and a gain on settlement of debt component of HK$38,182,000 which was recognised in profit or loss during the year ended 31 March 2016.

(ii) Partial settlement of CB2016B

On 28 December 2015, the Company redeemed partial of CB2016B with principal amount of HK$160,000,000 with a consideration of HK$159,795,000. As a result, a loss of HK$346,000 was recognised in the profit or loss during the year ended 31 March 2016. Upon the redemption of partial of CB2016B, the value of the equity component of HK$19,924,000 was released to accumulated losses during the year ended 31 March 2016.

35. CONVERTIBLE BONDS *(Continued)*

(b) Movement of convertible bonds *(Continued)*

Notes: (Continued)

(iii) Events of defaults

The Group has been in default in the repayment of CB2016B with a principal amount of HK$832 million since 10 February 2016, CB2018 with a principal amount of HK$700 million since 24 January 2017 and interests due under CB2016B and CB2018 since 10 February 2016 respectively. Aggregate default interest of HK$48,953,000 (2016: HK$5,816,000) was accrued on CB2016B and CB2018 and charged to profit or loss for the year ended 31 March 2017. Prior to 10 February 2016, the Group and the relevant bondholders entered into discussions regarding the re-borrowing of the principal amount under CB2016B and the rescheduling of all interest payments on CB2016B and CB2018 (the "Discussions"). On 25 April 2016, the Company made partial interest payments of HK$9.4 million to the relevant bondholders based on the Discussions. The Company has been maintaining regular and constructive Discussions with the relevant bondholders. Pursuant to the amendment agreements dated 18 November 2016 and 14 December 2016 entered into by the Company and the bondholder of CB2018, the maturity date was amended from 12 February 2018 to 24 January 2017 and the conversion price was reset at HK$0.20 per share. These amendments were effective on 29 December 2016.

The Group has also been in default in the repayment of interests due and accruing under CB2016C, with a principal amount of HK$1,500 million, since 19 February 2016. Accordingly, default interest of HK$15,171,000 (2016: HK$Nil) was accrued on CB2016C and charged to profit or loss for the year ended 31 March 2017. On 25 April 2016, the Company made partial interest payments amounted to HK$9.0 million to the holders of CB2016C. The Company has been maintaining discussions with the two holders of CB2016C on the potential restructuring of the said bonds. Pursuant to the amendment agreements dated 13 June 2016 and 10 August 2016 entered into by the Company and two bondholders of CB2016C, the maturity date was extended from 24 October 2016 to 24 January 2017 and the conversion price was reset at HK$ 0.20 per share. These amendments were effective on 21 July 2016 and 12 September 2016, respectively.

As stipulated in the terms and conditions of CB2016C and CB2018, with principal amounts of HK$1,500,000,000 and HK$700,000,000, respectively, and maturity date on 24 January 2017 (as amended during the year ended 31 March 2017), the failure to repay any sum and/or relevant interest due under CB2016C and CB2018 shall trigger as a default event.

At 31 March 2016, due to the above cross-default events, the carrying amounts of CB2016C and CB2018 had been reclassified as current liabilities because they became immediately repayable if requested by the respective bondholders while the carrying amount of CB2016B was already classified as current liabilities as it matured and was due for repayment on 10 February 2016.

As at 31 March 2017, the Group was in default in the repayment of principals and interests of all these convertible bonds, which were matured with all their conversion rights lapsed during the year ended to 31 March 2017, as set out below:

	Principal amounts HK$'000	**Interests** HK$'000	**Carrying amounts** HK$'000	**Default interests** *(Note 30 (a))* HK$'000
31 March 2017				
CB2016B	832,000	2,468	834,468	47,427
CB2016C	1,500,000	182,556	1,682,556	15,171
CB2018	700,000	114,246	814,246	7,342
31 March 2016				
CB2016B	832,000	2,880	834,880	5,816
CB2016C	1,500,000	83,194	1,583,194	–
CB2018	700,000	71,779	771,779	–

At 31 March 2017, all of these matured convertible bonds were reclassified to non-convertible debt securities (Note 36(b)).

(iv) Conversion of convertible bonds

There were no conversions of convertible bonds, prior to their respective expiry dates, during the years ended 31 March 2017 and 2016.

36. NON-CONVERTIBLE DEBT SECURITIES

(a) Description of non-convertible debt securities

At 31 March 2017 and 2016, non-convertible debt securities are as follows.

Definition	Debt 1b	Debt 1c	CB2016B *(Note 35(b)(iii) and Note (b)(iv)below)*	CB2016C *(Note 35(b)(iii) and Note (b)(iv)below)*	CB2018 *(Note 35(b)(iii) and Note (b)(iv)below)*
Issue dates	3 September 2015	3 September 2015	10 February 2015	10 February 2015	10 February 2015
Principal amounts as at 31 March 2016, 1 April 2016 and 31 March 2017	HK$500,000,000	HK$500,000,000	HK$832,000,000	HK$1,500,000,000	HK$700,000,000
Maturity date	3 March 2016	3 September 2016	10 February 2016	24 January 2017	24 January 2017
Interest rates *(Note (i))*	9%	9%	9%	9%	9%

Notes:

(i) Interests are payable by the Company annually in arrears.

(ii) Mr. Cao Zhong has provided the holders of Debt 1b and Debt 1c (2016: Debt 1a, Debt 1b, Debt 1c and Debt 2a) his personal guarantees as to the due performance of all the obligations of the respective debt securities.

(iii) Non-convertible debt securities, namely, Debt 1a, Debt 1b, Debt 1c, Debt 2a and Debt 2b were recognised on 3 September 2015 as a result of the CB2015 Extension Arrangement (Note 35(b)(i)). The Company redeemed/settled Debt 1a, Debt 2a and Debt 2b, as disclosed in Note 36(b)(i) and (ii) below, during the last year ended 31 March 2016.

(iv) In accordance with the debt/bond instruments (as amended by their respective subsequent amendment agreements, as appropriate), in the events of defaults in the payment of any sum due and payable thereon these debts, the Group shall be liable to pay default interest to these debt holders/bondholders from due date to the date of actual payment in full calculated at the prime lending rate, as quoted by The Hongkong and Shanghai Banking Corporation Limited on a daily basis, accruing on these amounts in default of payments.

(b) The movements of non-convertible debt securities

The movements on the carrying amounts of non-convertible debt securities during both years are as follows:

Year ended 31 March 2017	Debt 1b HK$'000	Debt 1c HK$'000	CB2016B HK$'000	CB2016C HK$'000	CB2018 HK$'000	Total HK$'000
At 1 April 2016	522,500	525,903	–	–	–	1,048,403
Interest expense	–	19,180	–	–	–	19,180
Interest paid	(3,205)	–	–	–	–	(3,205)
Transfer from matured convertible bonds with conversion rights lapsed *(Note 35(b)(iii) and Note (iv) below)*	–	–	834,468	1,682,556	814,246	3,331,270
At 31 March 2017	519,295	545,083	834,468	1,682,556	814,246	4,395,648

36. NON-CONVERTIBLE DEBT SECURITIES *(Continued)*

(b) The movements of non-convertible debt securities *(Continued)*

Year ended 31 March 2016	Debt 1a	Debt 1b	Debt 1c	Debt 2a	Debt 2b	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2015	–	–	–	–	–	–
Transfer from convertible bonds	398,701	496,517	492,144	159,327	31,865	1,578,554
Interest expense	10,282	25,983	33,759	4,433	1,073	75,530
Early redemption *(Note i)*	–	–	–	(163,760)	–	(163,760)
Settlement on maturity date *(Note ii)*	(408,983)	–	–	–	(32,938)	(441,921)
At 31 March 2016	–	522,500	525,903	–	–	1,048,403

Notes:

(i) On 10 December 2015, the Company redeemed Debt 2a with principal amount of HK$160,000,000 with a consideration of HK$163,906,000. As a result, a loss of HK$146,000 was recognised to the profit or loss during the year ended 31 March 2016.

(ii) The Company redeemed Debt 1a and Debt 2b with principal amount of HK$400,000,000 and HK$32,000,000, together with the interest accrued thereon, on their maturity date on 3 December 2015 and 31 December 2015, respectively.

(iii) The Group was in default in the repayment of Debt 1b with a principle amount of HK$500 million and the accrued interest of HK$22.5 million on 3 March 2016. Accordingly, an accrued default interest of HK$25,994,000 (2016: HK$1,981,000) was charged during the year ended 31 March 2017. Since 1 March 2016, the Group and the relevant debt holders had entered into initial negotiations regarding the restructuring of outstanding debts (the "Negotiations"). On 25 April 2016, the Company made partial interest payments amounted to HK$3.2 million to the relevant debt holders based on the Negotiations. The Company has been maintaining regular and constructive Negotiations with the relevant debt holders.

The Group was in default in the repayment of Debt 1c with a principal amount of HK$500 million and the interest of HK$45.1 million on 3 September 2016. Accordingly, an accrued default interest of HK$15,563,000 (2016: HK$Nil) was charged during the year ended 31 March 2017. Since 1 March 2016, the Group and the relevant debt holders had entered into initial negotiations regarding the restructuring of outstanding debts. The Company has been maintaining regular and constructive negotiations with the relevant debt holders.

As a result of the above cross-default events, the carrying amount of Debt 1b and Debt 1c have been classified as current liabilities as at 31 March 2017 and 2016. Debt 1b and Debt 1c have matured and been overdue since 3 March 2016 and 3 September 2016, respectively, and became immediately repayable at 31 March 2017.

36. NON-CONVERTIBLE DEBT SECURITIES *(Continued)*

(b) The movements of non-convertible debt securities *(Continued)*

Notes: (Continued)

(iii) *(Continued)*

As at 31 March 2017, the carrying amounts of the non-convertible debt securities (including the matured convertible bonds and the accrued default interests), in default and immediately repayable, are as below:

	Principal amounts HK$'000	Interests HK$'000	Carrying amounts HK$'000	Default interests *(Note 30 (a))* HK$'000
31 March 2017				
Debt 1b	500,000	19,295	519,295	27,975
Debt 1c	500,000	45,083	545,083	15,563
CB2016B *(Note (iv) below)*	832,000	2,468	834,468	47,427
CB2016C *(Note (iv) below)*	1,500,000	182,556	1,682,556	15,171
CB2018 *(Note (iv) below)*	700,000	114,246	814,246	7,342
31 March 2016				
Debt 1b	500,000	22,500	522,500	1,981
Debt 1c	500,000	25,903	525,903	–

(iv) The conversion rights attached to these matured convertible bonds were fully lapsed and accordingly, these matured convertible bonds became non-convertible debts securities of the Group at 31 March 2017.

37. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Subsequent to the reporting period end and on 28 April 2017, the Group entered into a sale and purchase agreement with an independent third party (the "Purchaser") pursuant to which the Group agreed to dispose of and the Purchaser agreed to acquire the Group's 45% equity interest in an associate, Beijing Kaiyuan which holds the entire issued capital of Yichang Xinshougang and Yichang Zhongxiang (Note 24), together with the amounts due from that associate and its subsidiaries for an aggregate consideration of RMB200 million (approximately of HK$226 million). The disposal was subsequently completed on 1 June 2017. At 31 March 2017, the interests in associates and the amounts due from associates were reclassified as assets of a disposal group held for sale and were presented separately in consolidated statement of financial position. The net proceed of disposal was lower than the aggregate carrying amount of the interests in associates and the amounts due from associates and, accordingly, an impairment loss of HK$362,078,000 was recognised on the interest in associates, immediately prior to the reclassification to assets of a disposal group held for sale, in the consolidated statement of profit or loss for the year ended 2017.

	2017 HK$'000
Interests in associates before impairment loss recognised *(Note 24)*	439,863
Impairment loss recognised on interests in associates immediately prior to reclassification to assets of a disposal group classified as held for sale *(Note 24)*	(362,078)
Interest in associates, net of impairment *(Note 24)*	77,785
Amounts due from associates	136,446
Assets of a disposal group classified as held for sale	214,231
Liabilities of a disposal group classified as held for sale	–
Recoverable amount from consideration receivable, net of the transaction costs	214,231

37. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(Continued)*

(b) In March 2016, the Group entered into sale and purchase agreement for the disposal of the entire 51% equity interest in 寧波中油石油銷售有限公司 ("Ningbo Zhongyou"). The following major classes of assets and liabilities relating to this operation had been classified as held for sale in the consolidated statement of financial position as at 31 March 2016.

	2016 HK$'000
Property, plant and equipment	89
Trade and other receivables	46,107
Amount due from a non-controlling shareholder of a subsidiary	11,631
Cash and bank balances	304
	58,131
Less: Impairment	(89)
	58,042
Trade and other payables	(40,364)

In accordance with HKFRS 5 the assets and liabilities of the disposal group were written down to their fair value less costs to sell of HK$Nil. This was a non-recurring fair value measurement.

An impairment loss of HK$89,000 was recognised in other income and other gains and losses on the measurement of the disposal group to fair value less costs to sell. Impairment losses of HK$89,000 had been fully allocated to the property, plant and equipment of the disposal group.

The division did not constitute a discontinued operation as it did not represent a major line of business or geographical area of operation.

The transaction of disposal was completed on 24 May 2016. The entire assets and liabilities of a disposal group of Ningbo Zhongyou classified as held for sale had been derecognised upon the disposal of subsidiary (Note 43(a)).

38. SHARE CAPITAL

	Notes	Number of shares '000	Amount HK$'000
Authorised:			
As at 1 April 2015, ordinary shares of HK$0.01 each		70,000,000	700,000
Share Consolidation	*(a)(i)*	(66,500,000)	–
Increased in Authorised Share Capital 2016	*(a)(ii)*	11,500,000	2,300,000
As at 31 March 2016 and 1 April 2016, ordinary shares of HK$0.20 each		15,000,000	3,000,000
Increased in Authorised Share Capital 2017	*(b)*	5,000,000	1,000,000
As at 31 March 2017, ordinary shares of HK$0.20 each		20,000,000	4,000,000
Issued and fully paid:			
As at 1 April 2015, ordinary shares of HK$0.01 each		27,009,584	270,096
Share Consolidation	*(a)(i)*	(25,659,105)	–
Issue of shares under Rights Issue	*(a)(iii)*	5,401,917	1,080,383
As at 31 March 2016, 1 April 2016 and 31 March 2017, ordinary shares of HK$0.20 each		6,752,396	1,350,479

Notes:

(a) An ordinary resolution was passed at a special general meeting held on 4 November 2015 approving the capital reorganisation as follows:

(i) Every twenty issued and unissued share of HK$0.01 each in the share capital of the Company were consolidated into one share of HK$0.20 (the "Share Consolidation") which effected on 5 November 2015. Following the implementation of the Share Consolidation, the Company's authorised share capital became HK$700,000,000 divided into 3,500,000,000 shares of HK$0.20 each, and its issued share capital became HK$270,095,839 divided into 1,350,479,194 shares of HK$0.20 each.

(ii) Upon the Share Consolidation taking effect, the authorised share capital of the Company was increased from HK$700,000,000, divided into 3,500,000,000 shares of HK$0.20 each, to HK$3,000,000,000 by the creation of an additional 11,500,000,000 new shares (the "Increase in Authorised Share Capital 2016").

(iii) Upon the Share Consolidation and Increase in Authorised Share Capital 2016 taking effect, the Company issued 5,401,916,776 new ordinary shares under rights issue at an issue price of HK$0.20 per share on the basis of four shares for every one ordinary share (the "Rights Issue"). The Rights Issue was completed on 9 December 2015 and the Company raised gross proceeds of approximately HK$1,080,383,000 before deduction of incidental share issuance expenses.

(b) Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 23 December 2016, the authorised share capital of the Company was increased from HK$3,000,000,000, divided into 15,000,000,000 shares of HK$0.20 each, to HK$4,000,000,000 by the creation of an additional 5,000,000,000 new shares (the "Increase in Authorised Share Capital 2017").

39. EQUITY-SETTLED SHARE-BASED PAYMENT

The Share Option Scheme adopted on 16 July 2004 (the "Old Scheme") shall remain in force for 10 years from the adoption date unless otherwise terminated or amended. No further options can be granted under the Old Scheme; howsoever, the options granted under the Old Scheme before 15 July 2014 remains exercisable.

A new share option scheme of the Company was adopted on 28 August 2014 (the "New Scheme") pursuant to the approval by the shareholders of the Company at the annual general meeting held on 28 August 2014. The New Scheme shall remain in force for 10 years from the adoption date unless otherwise terminated or amended.

The exercise price of the options shall be determined by the directors of the Company, but may at least the highest of (i) the Stock Exchange closing price of the Company's share on the date of the grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the grant of the share options; and (iii) the nominal value of an ordinary share. The maximum number of shares in respect of which options may be granted under the New Scheme shall not exceed 10% of the issued share capital of the Company from time to time.

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

For the year ended 31 March 2017

	Weighted average exercise price HK$	**Directors '000**	**Employees '000**	**Total '000**
Outstanding at the beginning of the year	**4.05**	**11,000**	**27,500**	**38,500**
Lapsed during the year	**4.05**	**–**	**(555)**	**(555)**
Outstanding at the end of the year	**4.05**	**11,000**	**26,945**	**37,945**

For the year ended 31 March 2016

	Weighted average exercise price HK$	Directors '000	Employees '000	Total '000
Outstanding at the beginning of the year	0.45	99,000	247,500	346,500
Adjustments arising from Share Consolidation and Rights Issue	3.60	(88,000)	(220,000)	(308,000)
Outstanding at the end of the year	4.05	11,000	27,500	38,500

The fair value for total share options granted to directors and employees amounted to HK$8,861,000 (2016: HK$8,861,000) and HK$21,703,000 (2016: HK$22,151,000), respectively, at 31 March 2017 and was calculated using the Binomial option pricing model by LCH.

The exercise price of the above equity-settled share options granted during the year is HK$4.05 (2016: HK$4.05) per share. These share options vested immediately at the date of grant and are valid up to 15 October 2018. None of these share options were exercised during the year (2016: Nil). The share options lapsed during the year were attributable to the resignations of the relevant employees during the year.

40. CONDITIONAL WARRANTS – 2016

On 20 December 2012, the Company and Joint Gain Holdings Limited ("Joint Gain") entered into the agreement pursuant to which:

(a) the Group sold to Joint Gain its entire equity interests of 內蒙古准興高速服務區管理責任有限公司 (the "Project Company") which holds the development and operating rights to the petrol and gas stations in the service areas of the Zhunxing Expressway for the aggregate consideration of RMB301,000,000 (equivalent to approximately HK$374,143,000); and

(b) after completion of the construction of the petrol and gas stations in the service areas of the Zhunxing Expressway, the Company might reacquire the Project Company, and the Company agreed to issue conditional warrants to Joint Gain.

The arrangement was accounted for as financing from Joint Gain for the construction of petrol and gas stations in the service areas of Zhunxing Expressway and it was not a disposal of the operating rights as the repurchase of the Project Company was almost certain to be exercised by the Group. Zhunxing operates the petrol and gas stations together with the expressway under the terms of the service concession arrangements with the local government.

The conditional warrants issued were considered as a return to Joint Gain on the financing arrangement and recognised approximately HK$21.6 million as warrant reserve at 31 March 2014 accordingly.

Zhunxing repurchased the entire equity interest of Project Company during the year ended 31 March 2015. At 31 March 2017, construction costs incurred for petrol and gas stations in the services areas of Zhunxing Expressway amounted to approximately HK$139,660,000 (2016: approximately HK$134,338,000) was included under constructions in progress (Note 16).

Details of conditional warrants are as follow:

Date of issue:	19 April 2013
Exercise period:	From the date when the Project Company was reacquired by the Group to 20 December 2015
Subscription price:	HK$0.48

Upon the Share Consolidation taking effect (Note 38(a)), the subscription price of the warrants was adjusted from HK$0.48 per share to HK$9.60 per share with effect from 5 November 2015. There was no change of subscription price upon Rights Issue.

Movement of the conditional warrants during the year ended 31 March 2016 were as follow:

	'000
At 1 April 2015	2,000,000
Lapsed during the year	(2,000,000)
At 31 March 2016	–

None of the conditional warrants were exercised prior to its expiry date and all of them were lapsed during the last year ended 31 March 2016.

41. STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		32	288
Interests in subsidiaries, net		3,392,570	4,993,918
Available-for-sale investments		–	28,737
TOTAL NON-CURRENT ASSETS		3,392,602	5,022,943
CURRENT ASSETS			
Trade and other receivables		47,642	43,404
Cash and cash equivalents		8,540	55,306
TOTAL CURRENT ASSETS		56,182	98,710
CURRENT LIABILITIES			
Trade and other payables		471,282	309,828
Promissory note		311,483	306,892
Convertible bonds		–	3,189,853
Non-convertible debt securities		4,395,648	1,048,403
TOTAL CURRENT LIABILITIES		5,178,413	4,854,976
NET CURRENT LIABILITIES		(5,122,231)	(4,756,266)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,729,629)	266,677
NET (LIABILITIES)/ASSETS		(1,729,629)	266,677
CAPITAL AND RESERVES			
Share capital	38	1,350,479	1,350,479
Reserves	42	(3,080,108)	(1,083,802)
(DEFICIENCY IN EQUITY)/TOTAL EQUITY		(1,729,629)	266,677

Approved and authorised for issue by the board of directors on 27 June 2017.

Mr. Cao Zhong
Director

Mr. Tsang Kam Ching, David
Director

42. COMPANY'S RESERVES

	Share premium HK$'000	Share options reserve HK$'000 *(Note (i))*	Capital redemption reserve HK$'000	Available for-sale financial assets reserve HK$'000 *(Note (ii))*	Contributed surplus HK$'000 *(Note (iii))*	Convertible bonds reserve HK$'000 *(Note (iv))*	Accumulated losses HK$'000	Total HK$'000
At 1 April 2015	1,929,475	31,012	3,800	(19,272)	64,314	617,363	(1,604,733)	1,021,959
Loss for the year	–	–	–	–	–	–	(2,084,227)	(2,084,227)
Net movements in fair value for available-for-sale investments	–	–	–	11,822	–	–	–	11,822
Total comprehensive income for the year	–	–	–	11,822	–	–	(2,084,227)	(2,072,405)
Issuance of new shares under Rights Issue *(Note 38(a)(iii))*	(33,356)	–	–	–	–	–	–	(33,356)
Settlement of convertible bond *(Note 35 (b)(i)and(ii))*	–	–	–	–	–	(221,817)	221,817	–
At 31 March 2016 and 1 April 2016	1,896,119	31,012	3,800	(7,450)	64,314	395,546	(3,467,143)	(1,083,802)
Loss for the year	–	–	–	–	–	–	(2,003,756)	(2,003,756)
Net movements in fair value for available-for-sale investments	–	–	–	7,450	–	–	–	7,450
Total comprehensive income for the year	–	–	–	7,450	–	–	(2,003,756)	(1,996,306)
Lapse of share options	–	(448)	–	–	–	–	448	–
Transfer of lapsed conversion rights of matured convertible bonds *(Note 35 (b))*	–	–	–	–	–	(395,546)	395,546	–
At 31 March 2017	1,896,119	30,564	3,800	–	64,314	–	(5,074,905)	(3,080,108)

Notes:

(i) The share options reserve represents the cumulative expenses recognised on the granting of share options during the reporting period.

(ii) The available-for-sale financial assets reserve represents gains/losses arising on recognising financial assets classified as available-for-sale at fair value.

(iii) The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of subsidiaries when they were acquired by the Company and the nominal amount of the Company's share capital issued for the acquisition.

(iv) The convertible bonds reserve represented the equity component of outstanding convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in Note 4(r)(iii).

43. DISPOSAL OF SUBSIDIARIES

(a) Ningbo Zhongyou – 2017

In March 2016, the Group entered into share transfer agreement for the disposal of its 51% equity interests in Ningbo Zhongyou and its aggregate advance owed by Ningbo Zhongyou (the "Ningbo Zhongyou's Loan") to the independent third party at HK$Nil consideration. The assets and liabilities of Ningbo Zhongyou were re-classified as assets and liabilities of a disposal group classified as held for sale during the year ended 31 March 2016 (Note 37(b)). The disposal was completed on 24 May 2016.

The net assets of Ningbo Zhongyou at the date of the disposal were as follows:

	2017 HK$'000
Amount due from a non-controlling shareholder of a subsidiary	11,443
Ningbo Zhongyou's Loan	18,603
Cash and cash equivalents	176
Trade and other receivables	5,996
Trade and other payables	(278)
Net assets	35,940
Net assets	35,940
Release of translation reserve upon disposal	901
Release of non-controlling interests upon disposal	(17,611)
Assignment of Ningbo Zhongyou's Loan	(18,603)
Loss on disposal of the subsidiary	(627)
Total consideration	–
Satisfied by:	
Cash	–
Net cash outflows arising on the Disposal:	
Cash consideration received	–
Cash and bank balances disposed of	(176)
Net cash outflow	(176)

43. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Triumph Kind – 2016

On 9 July 2015, the Company entered into a share transfer agreement with an independent third party (the "Purchaser 1"), pursuant to which the Company conditionally agreed to sell, and the Purchaser 1 conditionally agreed to purchase, 100% equity interests in Triumph Kind Investment Limited which was engaged in property investment, at a consideration of RMB41,419,625 (equivalent to approximately HK$50,559,000). The share transfer was completed on 14 September 2015.

The net assets of Triumph Kind at the date of disposal were as follows:

	2016 HK$'000
Property, plant and equipment	32,442
Prepaid lease payments	2,875
Deferred tax liabilities	(7,383)
Net assets	27,934
Net assets	27,934
Gain on disposal of the subsidiary	22,625
Total consideration	50,559
Satisfied by:	
Cash	45,523
Deferred consideration	5,036
	50,559
Net cash inflows arising on disposal:	
Cash consideration received	45,523
Cash and bank balances disposed of	–
Net cash inflow	45,523

Subsequent to the end of the reporting period and on 13 April 2017, the Purchaser 1 settled RMB1,000,000 (approximately of HK$1,129,000). The remaining balance of deferred consideration was under the negotiation between the Company and the Purchaser 1.

43. DISPOSAL OF SUBSIDIARIES *(Continued)*

(c) Dapeng – 2016

As a result of business strategy adjustment, the Group entered into a share transfer agreement with the non-controlling shareholder of 湛江大鵬石化有限公司 ("Dapeng") (the "Purchaser 2"), pursuant to which the Group agreed to sell, and the Purchaser 2 agreed to purchase, the Group's entire 70% equity interests in Dapeng which was engaged in trading and storage of petroleum and related products, at a consideration of RMB1 (equivalent to approximately HK$1), which was equal to the cost the Group acquired Dapeng during the year ended 31 March 2015. The disposal was completed on 31 July 2015.

The net liabilities of Dapeng at the date of disposal were as follows:

	2016 HK$'000
Property, plant and equipment	96,117
Investment property	122,511
Customer relationships intangible assets	113,663
Goodwill	174,554
Cash and cash equivalents	4,601
Trade and other receivables	60,321
Inventories	39,959
Trade and other payables	(121,730)
Bank borrowings	(585,760)
Deferred tax liabilities	(37,982)
Net liabilities	(133,746)
Net liabilities	(133,746)
Release of translation reserve upon disposal	(789)
Release of non-controlling interests upon disposal	92,490
Gain on disposal of the subsidiary	42,045
Total consideration	–
Satisfied by:	
Cash	–
Net cash outflows arising on disposal:	
Cash consideration received	–
Cash and bank balances disposed of	(4,601)
Net cash outflow	(4,601)

44. OPERATING LEASES

Operating lease commitments – as a lessee

During the year ended 31 March 2017, the Group leased part of its properties with lease terms from 1 to 7 years (2016: from 1 to 2 years) under operating lease arrangements.

As at 31 March 2017, the Group had total future minimum lease payments under non-cancellable operating leases due at the end of reporting period as follows:

	2017	2016
	HK$'000	HK$'000
Within one year	**12,279**	11,111
In the second to fifth year, inclusive	**33,392**	303
Over five years	**14,363**	–
	60,034	11,414

Operating lease receivables – as a lessor

The Group's investment properties are leased to tenants for varying terms. The rental income during the year ended 31 March 2017 was HK$270,000 (2016: HK$2,044,000).

The minimum rent receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	2017	2016
	HK$'000	HK$'000
Within one year	**21**	21

45. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2017 and 2016 not provided for in the consolidated financial statements were as follows:

	2017	2016
	HK$'000	HK$'000
Contracted but not provided for		
– acquisition of property, plant and equipment	**98,687**	25,044
– acquisition of 60% equity interest in Red Sino Investments Limited at consideration to be settled by consideration shares *(Note 52(b))*	**138,000**	–
	236,687	25,044

46. RELATED PARTY TRANSACTIONS

(a) Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(b) Save as disclosed elsewhere in these financial statements, the Group had the following major transactions with related parties during the years ended 31 March 2017 and 2016:

Related party relationship	Type of transactions	Notes	For the year ended 31 March 2017 HK$'000	2016 HK$'000
Active Way International Limited (Mr. Cao Zhong is the common director)	Sales of timber and related products		–	49,502
Glory Era Limited (a related company of the Company under common control)	Purchase of property, plant and equipment		300	–
Mr. Cao Zhong (a substantial shareholder of the Company)	Guarantee given to banks in respect of credit facilities granted to subsidiaries of the Company	33	751,657	623,496
Mr. Cao Zhong (a substantial shareholder of the Company)	Guarantee given to outstanding non-convertible debt securities	36	1,064,378	1,048,403

(c) Members of key management during the year comprised only of the directors whose remuneration is set out in Note 12 to the financial statements.

47. NON-CONTROLLING INTERESTS

(a) Zhunxing, an 86.87% owned subsidiary of the Company, has material non-controlling interests ("NCI") as at 31 March 2017 and 2016. The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the NCI of Zhunxing and its subsidiaries, before intra-group eliminations, is presented below:

For the year ended 31 March	**2017 HK$'000**	2016 HK$'000
Revenue	**533,996**	501,052
Loss for the year	**(812,939)**	(3,042,984)
Total comprehensive income	**(793,509)**	(3,097,862)
Loss allocated to NCI	**(106,739)**	(399,544)
Total comprehensive income allocated to NCI	**(104,188)**	(406,749)
Cash flows from operating activities	**485,998**	435,932
Cash flows from investing activities	**(77,541)**	(31,168)
Cash flows from financing activities	**(437,038)**	(595,245)
Net cash outflows	**(28,581)**	(190,481)

As at 31 March	**2017 HK$'000**	2016 HK$'000
Current assets	**85,588**	130,083
Non-current assets	**15,466,826**	17,056,901
Current liabilities	**(2,326,305)**	(2,811,599)
Non-current liabilities	**(11,692,522)**	(12,059,292)
Net assets	**1,533,587**	2,316,093
Accumulated NCI	**201,360**	304,103

(b) During the year ended 31 March 2017, as part of an internal reorganisation, Zhunxing, in which the Company has indirectly held its 86.87% equity interests, transferred its 100% equity interests in 北京准興隆博投資有限公司 to Beijing Zhongzi Zhunxing Technology Company Limited, another indirect and wholly-owned subsidiary of the Company. After completion of this internal reorganisation transaction between two subsidiaries within the Group, non-controlling interests in respect of 北京准興隆博投資有限公司 with a negative carrying amount of HK$1,536,000 (2016:Nil) was derecognised and transferred to the Group's accumulated loss during the year.

(c) On 31 July 2015, the Group acquired the remaining 35% equity interests of Jinjing. Following the acquisition, Jinjing has became a wholly-owned subsidiary of the Group. The transaction had been accounted for as equity transaction with the NCI during the year ended 31 March 2016 as follows:

	2016 HK$'000
Consideration paid for 35% equity interests	(12,475)
Net assets attributable to 35% equity interests	12,828
Increase in equity attributable to owners of the Company (included in accumulated losses)	353

48. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's business and financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. These risks are limited by the Group's financial management policies and practices described below.

(a) Interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively. The Group's interest rate profile as monitored by management is set out below.

	2017		2016	
	Effective interest rate per annum	**HK$'000**	Effective interest rate per annum	HK$'000
Fixed-rate bank deposits	**–**	**–**	–	–
Fixed-rate loan receivables	**–**	**–**	14.00%	65,754
Floating-rate bank deposits	**1.51%**	**53,530**	1.89%	115,664
		53,530		181,418
Fixed-rate borrowings	**9.28%**	**614,639**	7.86%	1,151,668
Floating-rate borrowings	**5.13%**	**11,001,436**	5.71%	10,920,918
		11,616,075		12,072,586

At 31 March 2017, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's loss for the year and accumulated losses by approximately HK$109,479,000 (2016: increase the Group's loss and increase accumulated losses by approximately HK$108,149,000). Other components of consolidated equity would not have any impact.

(b) Foreign currency risk

The group companies mainly operated in their local jurisdiction with most of the transactions settled in their functional currency of the operation and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(c) Credit risk

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

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade receivables. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 82% (2016: 25%) and 99% (2016: 75%) of the total trade receivables was due from the Group's largest trade debtor and the three largest trade debtors, respectively.

48. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

The Group does not provide any guarantee which would expose the Group to credit risk.

As at 31 March 2017, the Company has issued several corporate guarantees in respect of banking facilities obtained by the Group's subsidiaries, details of which have been disclosed in Note 33. The directors of the Company do not consider it is probable that a claim will be made against the Company under the corporate guarantee issued by the Company in respect of such bank loans. The maximum liabilities of the Company at 31 March 2017 under the above guarantees issued in aggregate amounted to approximately HK$11,704,722,000 (2016: HK$12,101,962,000). The directors have assessed the fair value of the guarantees to be immaterial to the Company.

Further quantitative disclosures in respect of the Group's exposures to credit risk arising from trade and other receivables are set out in Note 27.

(d) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

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

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2017						
Trade and other payables	**1,552,026**	**1,552,026**	**1,552,026**	**–**	**–**	**–**
Promissory note	**311,483**	**311,483**	**311,483**	**–**	**–**	**–**
Borrowings	**11,616,075**	**17,388,461**	**1,335,335**	**741,087**	**2,843,668**	**12,468,371**
Non-convertible debt securities	**4,395,648**	**4,395,648**	**4,395,648**	**–**	**–**	**–**
Acreage fees payable	**10,454**	**10,454**	**–**	**403**	**1,613**	**8,438**
	17,885,686	**23,658,072**	**7,594,492**	**741,490**	**2,845,281**	**12,476,809**
2016						
Trade and other payables	1,778,096	1,778,096	1,778,096	–	–	–
Promissory note	306,892	306,892	306,892	–	–	–
Borrowings	12,072,586	19,158,922	1,528,383	1,254,922	2,329,123	14,046,494
Convertible bonds	3,189,853	3,417,477	3,417,477	–	–	
Non-convertible debt securities	1,048,403	1,090,342	1,090,342	–	–	–
Acreage fees payable	10,454	10,454	403	403	1,613	8,035
	18,406,284	25,762,183	8,121,593	1,255,325	2,330,736	14,054,529

48. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Equity price risk

The Group does not have listed equity investments at 31 March 2017. The Group was exposed to equity price changes arising from listed equity instruments classified as available-for-sale investments at 31 March 2016.

The Group's listed equity investments at 31 March 2016 were listed on the Stock Exchange. Decisions to buy and sell trading securities were based on daily monitoring of the performance of individual securities and other industry indicators, as well as the Group's liquidity needs.

All of the Group's unquoted investments are held for long term strategic purposes. Their performance is assessed regularly based on information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

At 31 March 2016, the sensitivity analysis on equity price risk includes the Group's listed equity available-for-sale investments, which fair value or future cash flows will fluctuate because of changes in their corresponding asset's equity price. If the price of the listed equity available-for-sale investments had been 10% higher/lower, other component of equity for the year ended 31 March 2016 would increase/decrease by HK$2,874,000. Profit or loss for the year ended 31 March 2016 would remain unchanged.

49. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. The gearing ratios at 31 March 2017 and 2016 are as follows:

	2017 **HK$'000**	2016 HK$'000 (Restated)
Total liabilities	**17,888,964**	18,492,446
Total assets	**16,292,532**	18,702,229
Gearing ratio	**109.8%**	98.9%

50. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2017 and 2016 may be categorised as follows:

	Notes	2017 HK$'000	2016 HK$'000
Financial assets			
Loans and receivables	*(a)*	**256,173**	599,560
Available-for-sale investments			
– Listed investments	*(b)*	**–**	28,737
– Unlisted investments			
– Unlisted equity shares, at cost	*(a)*	**78,296**	81,013
Financial liabilities			
Financial liabilities measured at amortised cost	*(a)*	**17,885,686**	18,406,284

(a) Financial assets and liabilities not measured at fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 March 2017 and 2016.

(b) Financial assets and liabilities measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

(i) Summary of fair value of financial instruments

The following table presents the fair value of the Group's and the Company's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique which is disclosed in Note 5(a):

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

50. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES *(Continued)*

(b) Financial assets and liabilities measured at fair value *(Continued)*

(i) Summary of fair value of financial instruments *(Continued)*

Recurring fair value measurements	**Fair value at 31 March 2017 HK$'000**	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Assets:				
Available-for-sale investment, listed equity securities	–	–	–	–

Recurring fair value measurements	Fair value at 31 March 2016 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Assets:				
Available-for-sale investment, listed equity securities	28,737	28,737	–	–

There were no transfers between levels during the years ended 31 March 2017 and 2016.

(ii) Movements of financial liabilities at fair value through profit or loss based on level 3

The movements of the balance of financial liabilities at fair value through profit or loss based on level 3 are as follows:

	2017 HK$'000	2016 HK$'000
At 1 April	–	(26,423)
Total gain recognised in profit or loss during the year	–	26,423
At 31 March	–	–
Gain recognised in consolidated statement of profit or loss relating to those financial liabilities held at the end of the reporting period	–	26,423

51. MATERIAL NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2017, long-term deposits and prepayments of HK$42,957,000 (2016:Nil) were transferred to property, plant and equipment due to the commencement of the commercial uses of the office building.

(b) During the year ended 31 March 2017, long-term deposits and prepayments for construction of expressway and related facilities of HK$185,266,000 (2016:HK$369,880,000) were applied to set off the related construction costs payable.

(c) As disclosed in Note 35(b)(i) to the financial statements, CB2015 with principal amount of HK$1,592,000,000 was settled by non-convertible debt securities of the same principal amount in aggregate for the year ended 31 March 2016.

52. EVENTS AFTER THE REPORTING DATE

(a) On 28 April 2017, as disclosed in Notes 24(a) and 37(a) to the consolidated financial statements, the Group and an independent third party buyer entered into an agreement, pursuant to which, the Group agreed to sell and the buyer agreed to buy the Group's 45% equity interests in an associate together with the amounts due from that associate and its subsidiaries, which were reclassified as assets of a disposal group held for sale at 31 March 2017, for an aggregate consideration of RMB200 million (equivalent to approximately of HK$226 million) which was fully received by the Group on 1 June 2017. The disposal was subsequently completed on 1 June 2017. Out of the sale consideration received, approximately HK$164 million was applied to settle part of the bank borrowings and the remaining balance will be used as working capital of the Group.

(b) On 16 March 2017, the Group and an independent third party (the "Vendor") entered into a sale and purchase agreement (the "Agreement") pursuant to which the Vendor conditionally agreed to sell, and the Group conditionally agreed to acquire 60% of the issued share capital of Red Sino Investments Limited ("Red Sino") which is incorporated in the British Virgin Islands, for an aggregate consideration of HK$138,000,000, which shall be satisfied in full by the Group procuring the Company to allot and issue an aggregate of 690,000,000 consideration shares at the issue price of HK$0.20 per consideration share to the Vendor or his nominees in accordance with the terms and conditions of the Agreement. Red Sino has an indirectly wholly-owned subsidiary which is incorporated in the PRC and is principally engaged in growing and sales of forage and agriculture products in the PRC. The acquisition transaction was completed on 10 May 2017.

(c) On 23 June 2017, the Company and an independent third party (the "Seller") entered into a legally non-binding memorandum of understanding which sets out the proposal under which the Company intends to acquire the pawn loan business (the "Business") from the Seller and its other owners (the "Proposed Acquisition"). If the Proposed Acquisition materializes, the Company will satisfy the consideration of the Proposed Acquisition through the issuance of new shares of the Company to the Seller and the other owners of the Business. The details and terms of the Proposed Acquisition are still subject to negotiation and finalization.

53. COMPARATIVE FIGURES

Certain comparative figures have been restated due to the adoption of Amendments to HKAS16 and HKAS41, as further detailed in Note 2(a), and/or reclassified to conform to the current year's presentation.

54. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors of the Company on 27 June 2017.

SUMMARY OF FINANCIAL INFORMATION

For the year ended 31 March 2017

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

	Year ended 31 March				
	2013 HK$'000 (Restated)	2014 HK$'000 (Restated)	2015 HK$'000 (Restated)	2016 HK$'000 (Restated)	**2017 HK$'000**
RESULTS					
Revenue					
– Continuing operations	4,569,568	8,585,715	5,016,547	2,221,556	**727,616**
– Discontinued operations	89,680	83,309	–	–	**–**
	4,659,248	8,669,024	5,016,547	2,221,556	**727,616**
Profit/(loss) before income tax expense					
– Continuing operations	(222,745)	(715,334)	(1,887,466)	(3,869,899)	**(1,792,677)**
– Discontinued operations	731	89,358	–	–	**–**
	(222,014)	(625,976)	(1,887,466)	(3,869,899)	**(1,792,677)**
Income tax (expense)/credit					
– Continuing operations	(2,712)	522	2,325	593	**8,234**
– Discontinued operations	(36,957)	(7,493)	–	–	**–**
	(39,669)	(6,971)	2,325	593	**8,234**
Profit/(loss) for the year					
– Continuing operations	(225,457)	(714,812)	(1,885,141)	(3,869,306)	**(1,784,443)**
– Discontinued operations	(36,226)	81,865	–	–	**–**
	(261,683)	(632,947)	(1,885,141)	(3,869,306)	**(1,784,443)**
Attributable to:					
Owners of the Company	(272,804)	(591,778)	(1,765,794)	(3,456,008)	**(1,676,202)**
Non-controlling interests	11,121	(41,169)	(119,347)	(413,298)	**(108,241)**
	(261,683)	(632,947)	(1,885,141)	(3,869,306)	**(1,784,443)**
ASSETS AND LIABILITIES					
Total assets	17,668,187	25,216,009	24,070,708	18,702,229	**16,292,532**
Total liabilities	(12,552,734)	(20,105,371)	(20,947,823)	(18,492,446)	**(17,888,964)**
Non-controlling interests	(2,430,548)	(822,694)	(654,549)	(313,414)	**(185,966)**
Shareholders' funds	2,684,905	4,287,944	2,468,336	(103,631)	**(1,782,398)**

PARTICULARS OF THE GROUP'S MAJOR PROPERTIES

For the year ended 31 March 2017

1. PROPERTIES HELD FOR THE GROUP'S OWN USE

Leasehold building and prepaid lease payments

Location	Lease expiry	Approximate gross floor area (sq. m)	Main usage	Attributable interest to the Group %
No. 96 Minjian Road Wulanchabu City, Inner Mongolia Autonomous Region, the PRC	2051	4,792	O	86.87

2. PROPERTIES HELD FOR RENTAL PURPOSE

Location	Lease expiry	Approximate gross floor area (sq. m)	Main usage	Attributable interest to the Group %
Central Coast Cold Storage Lots 120 Racecourse Road West Gosford New South Wales Australia	Freehold	10,520	C	100

Note for main usage:

O = Office C = Commercial