中國置業投資控股有限公司*

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 736

2017 Annual Report

* For identification purposes only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Xu Dong *(Chairman)*
Au Tat On

NON-EXECUTIVE DIRECTOR

Yu Wai Fong (Resigned on 5 December 2016)
Han Wei (Appointed on 5 December 2016)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lai Wai Yin, Wilson
Cao Jie Min
Tse Kwong Wah

COMPANY SECRETARY

Yip Yuk Sing

AUTHORISED REPRESENTATIVES

Yu Wai Fong (Resigned on 5 December 2016)
Au Tat On (Appointed on 5 December 2016)
Yip Yuk Sing

AUDITOR

Crowe Horwath (HK) CPA Limited

LEGAL ADVISER

Li, Wong, Lam & W.I. Cheung

PRINCIPAL BANKER

ICBC (Asia)
Wing Lung Bank

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 4303, 43/F
China Resources Building,
26 Harbour Road, Wanchai
Hong Kong

BERMUDA SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG SHARE REGISTRAR

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

WEBSITE

http://www.736.com.hk

STOCK CODE

736

LETTER FROM THE BOARD

On behalf of the board (the "board") of directors (the "directors") of China Properties Investment Holdings Limited (the "company"), I am pleased to present the annual results of the company and its subsidiaries (together the "group") for the year ended 31 March 2017 to the shareholders of the company (the "shareholders").

OPERATING RESULTS

For the year under review, the group's turnover for the continuing operations was approximately HK$63.35 million (2016: approximately HK$15.09 million), representing an increase of approximately 320% compared with last year. The increase in turnover was mainly due to the contribution from the financial services business and interest income from the money lending business.

The audited net loss for the continuing operations for the year was approximately HK$39.73 million (2016: approximately HK$96.55 million) and the basic loss per share was HK$1.09 cents (2016: HK$10.71 cents). The decrease in loss for the year was mainly attributable to (a) the gain on the increase in fair value of the investment property of the group in the People's Republic of China; (b) the increase in the revenue of the group which was contributed by the money lending business of the group and (c) the revenues generated from the financial services business which was acquired by the group during the financial period.

The administrative and selling expenses for the continuing operations of the Group for the year amounted to approximately HK$73.52 million (2016: approximately HK$57.14 million). The increase in the administrative expenses for the year was mainly attributable to the new business operation of financial services. The finance cost of the Group amounted to approximately HK$6 million (2016: approximately HK$10.74 million) which was incurred for the bank loans under the security of investment properties in Shanghai and the unconvertible bonds and promissory note issued by the company.

The discontinued operations were representing the investment in educational support services which were disposed during the year. The gain from discontinued operations for the year ended was approximately HK$23.15 million, representing the loss form operation of approximately HK$0.54 million and the gain from disposal of subsidiaries of approximately HK$23.69 million.

BUSINESS REVIEW

During the year under review, the principal business activities of the group included the properties investment, money lending and financial services and provision of educational support services.

PROPERTIES INVESTMENT

As at 31 March 2017, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, approximately 100% of which was leased to third parties under operating leases with lease terms ranging up to twelve years.

LETTER FROM THE BOARD

SECURITIES BROKERAGE AND ASSET MANAGEMENT

During the year under review, the group has acquired the entire issued share capital of C.P. Securities International Limited (formerly known as J.A.F. Brokerage Limited), which is a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance ("SFO") and is principally engaged in the business of securities brokerage, and such acquisition was completed in April 2016. The group has also acquired the entire issued share capital of C.P. Financial Management Limited (formerly known as Hong Kong Financial Management Limited) which is licensed under the SFO to carry on Type 9 (asset management) regulated activity and such acquisition was completed in September 2016.

The above acquisitions enable the group to enter into securities brokerage business and assets management business. The group is expected to be benefited from the synergy arising from these new business segments. The company has invested HK$99 million to develop the financial services business for the year ended 31 March 2017, including the provision of securities trading, margin financing, underwriting and assets management which will help diversifying the businesses of the group for maximizing returns to the Shareholders.

During the period under review, the group has also acquired two companies, namely HKFM Global Fund SPC ("HKFM SPC") and HKFM Investment Management Limited ("HKFM Investment"). HKFM SPC is an exempted company incorporated in the Cayman Islands and has created a segregated portfolio which focuses on companies which are related to the Greater China region and the United States of America, in particular companies listed in Hong Kong or the United States of America (the "Segregated Portfolio"). HKFM Investment is a company incorporated in the Cayman Islands with limited liability and had been appointed as an investment manager to the Segregated Portfolio. The company has subscribed for the non-voting participating shares of the Segregated Portfolio for a total amount of HK$190 million during the period. The said amount will serve as a seed money to build up the Segregated Portfolio and it is the ultimate goal of the company to attract other investors to participate in and subscribe for the non-voting participating shares of the Segregated Portfolio. C.P. Financial Management Limited had also been appointed as an investment advisor to HKFM Investment in relation to the management of assets of the Segregated Portfolio. The investment in the Segregated Portfolio represents a milestone on the development of the group's asset management business.

MONEY LENDING

The group has been proactively expanding the money lending business in Hong Kong during the period. For the year ended 31 March 2017, the group had a loan portfolio amounted to HK$275 million with the terms ranging from 10 months to 15 months with the average interest rate of 18%. The interest income generated for the year ended 31 March 2017 was approximately HK$48.49 million. For the sake of the recoverability and the quality of the money lending portfolio, the company has adopted prudence approach that all the loans must be secured by proper collaterals. In view of the substantial demand for money lending in Hong Kong, the company believes that there is growth potential in the group's money-lending business and is able to provide steady interest income in the future.

LETTER FROM THE BOARD

EDUCATIONAL SUPPORT SERVICES

On August 2016, the company entered into the sale and purchase agreement with the Wan Cheng Investments Limited ("Purchaser"), pursuant to which the company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire share capital of the Liqun Investments Limited, which in turn hold 90% of Kotech Educational Limited ("Kotech Education"), at the Consideration of HK$100 million ("Disposal"). Kotech Education is principally engaged in provision of educational support services and sale of course materials.

The group has relied on the management of Kotech Education to maintain its operation. However, during the process of merging the operation of Kotech Education into the group, there were disagreements between the company and the management of the Kotech Education, on the business model of Kotech Education for the shift of focus from provision of educational support services to the local schools in application of the Quality Education Fund in Hong Kong to the sales of education course materials and provision of educational support services in the PRC, and non-cooperation of the management of Kotech Education in carrying out the group's policies (the "Disputes"). During the said process, the company and Kotech Education had held several rounds of negotiation to try to resolve the Disputes but failed to reach any consensus. Despite Kotech Education was profit-making for the year ended 31 March 2016, having taken into account (i) the Disputes and the inability of the company and the management of Kotech Education to resolve the Disputes despite the company's efforts; and (ii) the potential operational risk imposed on the company resulting from the non-cooperation of the management of Kotech Education should the Target Subsidiary remain as a subsidiary of the company, the Directors consider that the Disposal represents a good opportunity for the group to exit its investment from a dispute situation at the same price. As such the company and the Purchaser resolved the disputes by entering into the SPA. The Disposal was completed in November 2016.

In November 2016, the company also entered into a sales and purchase agreement with an independent third party in relation to disposal of 90% equity interest of Able Up Investment Limited and its wholly-owned subsidiaries, Global Education Group Limited and Plus Yield Investment Limited (Able Up Group), at a consideration of HK$8,000,000.

Able Up Group is principally engaged in the overseas education counselling services and services relating to enrolment on overseas tertiary education institutes. Able Up Group was acquired by the group a few years ago when the needs and demands for such education services in Hong Kong were in steady growth. However, the directors have observed that the demands and prospects for such education services is not in line with the expectation of the company at the time of acquisition. It is expected that such disposal, will enable the group to re-allocate its resources in its other existing business segments, including money lending and securities brokerage and/or other higher return potential investment to enhance the value of the company and its shareholders as a whole. The disposal was completed on 14 November 2016.

OUTLOOK

Going forward, the group will remain focused on developing its existing businesses in financial services and money lending business which will enhance the revenue steam of the group. In the meantime, the directors will also look for other suitable investment opportunities from time to time so as to enhance the value of the company and its shareholders as a whole.

LETTER FROM THE BOARD

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the group's net current assets were approximately HK$653.7 million (2016: approximately HK$202.34 million), including cash and bank balances of approximately HK$143.6 million (2016: approximately HK$46.32 million).

The group had bank borrowings of approximately HK$10.15 million as at 31 March 2017 (2016: approximately HK$32.46 million), of which 100% were due within one year from balance sheet date. The gearing ratio, defined as the percentage of debts to the total equity of the company, was approximately 2.19% (2016: 6.37%).

SIGNIFICANT INVESTMENTS

Investment with fair value accounting for more than 5% of the group's total assets was considered as significant investment. As at 31 March 2017, the company has the following significant investments which were classified as available-for-sale investments in accordance with the Hong Kong Financial Reporting standards.

AVANT CAPITAL DRAGON FUND SP

As at 31 March 2017, the company held approximately 310,250 participating shares of the Avant Capital Dragon Fund SP (the "Dragon Fund") at the cost of HK$270 million, of which approximately 52,266 participating shares was subscribed during the year at the cost of HK$70 million (2016: approximately 257,985 participating shares at the cost of HK$200 million). The fair value of the Dragon Fund was approximately HK$429.04 million (including the subscription during the year) as at 31 March 2017 (2016: approximately HK$201.52 million), representing an increase in fair value of approximately HK$159.04 million in comparison with fair value last year together with the subscription during the year. The Dragon Fund represented 31.10% of the net assets value of the group as at 31 March 2017 and there was no dividend being distributed by the Dragon Fund for the year.

According to the investment manager of the Dragon Fund, market outlook remains positive as MSCI has included the Shanghai-Hong Kong and Shenzhen-Hong Kong basket of A shares into the MSCI emerging market index in June. More importantly, with HSI breaking recent new high, the market is expected to switch attention to the lagging small and mid-cap space soon. Once the market condition becomes conductive, they expect more corporate activities will be seen in the small cap space. They believe some of the portfolio small cap companies are poised to be rerated.

LETTER FROM THE BOARD

The Dragon Fund is an unlisted investment fund and is a segregated portfolio of Avant Capital SPC, which is an exempted segregated portfolio company incorporated under the laws of the Cayman Islands. Avant Capital SPC and its investment manager, investment advisor and the administrator are independent third parties to the group. The investment strategy of the Dragon Fund is to generate return via capturing inefficiencies in the financial markets with flexibility in its approach to investing and taking calculated risks when appropriate opportunities arise. The investment manager of the Dragon Fund will generally invest in global equities and equity-based securities (including OTC CFDs, convertible bonds, equity options and stock index options and futures types if investment), foreign exchange, commodities, fixed income, futures or derivatives on any asset classes, any securities or derivatives issued by publicly listed companies and secondary market activities including share lending and monetization of the Dragon Fund, as part of the Dragon Fund's risk management process to minimize downside risk and generate additional income for the Dragon Fund. The investment manager of the Dragon Fund may also invest in non-listed assets including but not limited to pre-IPO companies. Details of subscription of the Dragon Fund was disclosed in the announcements of the company dated 8 July 2015 and 31 October 2016 respectively.

TIGER HIGH YIELD FUND SP

As at 31 March 2017, the company held approximately 193,476 participating shares of the Tiger High Yield Fund Segregate Portfolio (the "Tiger Fund") at the cost of HK$150 million (2016: approximately 193,476 participating shares at the cost of HK$150 million). The fair value of the Tiger Fund was approximately HK$72.56 million as at 31 March 2017 (2016: approximately HK$177.46 million), representing a decrease in fair value of approximately HK$104.90 million in comparison with last year. The Tiger Fund represented 5.26% of the net assets value of the group as at 31 March 2017 and there was no dividend being distributed by the Tiger Fund for the year. Given continuous volatile market conditions, the performance of the Tiger Fund during the year has suffered. The investment manager believe that the future performance of Tiger Fund will still be susceptible to other external factors that may affect their values.

The Tiger Fund is an unlisted investment fund and is a segregated portfolio of Tiger Super Fund SPC, which is an exempted segregated portfolio company incorporated under the laws of the Cayman Islands. Tiger Super Fund SPC and its investment manager, investment advisor and the administrator are independent third parties to the group. The investment objective of Tiger Fund is to generate medium to high yield income through investments in listed equities with medium to high risk. The segregated portfolio will achieve its investment objective by investing in both short and long-term Hong Kong listed securities, including IPO securities. In general, the segregated portfolio will invest in high yield but medium to high risk securities. Details of subscription of the Tiger Fund was disclosed in the announcement of the company dated 31 July 2015.

FOREIGN EXCHANGE EXPOSURE

As most of the group's assets and liabilities are denominated in Hong Kong dollar, Renminbi and US dollar and the liabilities of the group are well covered by its assets, the group does not have any significant exposure to foreign exchange fluctuation. During the year under review, the group did not use any financial instruments for hedging purposes.

LETTER FROM THE BOARD

FUND RAISINGS THROUGH ISSUE OF EQUITY

On 4 August 2016, the company issued 3,886,065,724 new ordinary shares under the rights issue exercise on the basis of four rights shares for one existing share held at the subscription price of HK$0.141 per rights share ("Rights Issue"). The net proceeds from such Rights Issue was approximately HK$532.4 million. The intended use of net proceeds from the Rights Issue were disclosed in the prospectus of the company dated 15 July 2016 and the announcements of the company dated 28 September 2016 and 20 February 2017 respectively.

Set out below is the breakdown of the approximate application of the net proceeds from the Rights Issue up to 31 March 2017:

	Approximate amount
	HK$'000
Money lending business	200,000
Investment in securities brokerage business	99,000
Fund investment	190,000
Total proceeds used	489,000

CAPITAL STRUCTURE

During the year ended 31 March 2017, the company has redeemed the outstanding promissory note (the "PN") in the principal amount of HK$60,000,000 by setting off the PN with the consideration for disposal of Liqun Investments Limited.

Save as disclosed above and the Rights Issue, there was no other change in the capital structure and share capital of the company for the year ended 31 March 2017.

CHARGES ON GROUP'S ASSETS

As at 31 March 2017, the group's investment properties with a fair value of approximately HK$160.1 million were pledged to secure general banking facilities granted to Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the group.

CONTINGENT LIABILITIES

As at 31 March 2017, the group did not have any material contingent liability (2016: Nil).

LETTER FROM THE BOARD

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

ACQUISITIONS

On 20 November 2015, a wholly-owned subsidiary (the "Purchaser") of the company and independent third parties (collectively the "Vendor I"), entered into a sale and purchase agreement ("Agreement I"), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor I has conditionally agreed to sell the entire issued share capital of C.P. Securities International Limited (Formerly known as J.A.F. Brokerage Limited), a company which is principally engaged in the business of securities brokerage and is a licensed corporation to carry out Type 1 (Dealing in Securities) regulated activity under the SFO, at the consideration of approximately HK$12.61 million which will be satisfied by cash in accordance with the terms and conditions of the Agreement I ("Acquisition I"). The Acquisition I was completed on 11 April 2016.

On 24 May 2016, the Purchaser and an independent third party (the "Vendor II"), entered into a sale and purchase agreement (the "Agreement II"), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor II has conditionally agreed to sell the entire issued share capital of C.P. Financial Management Limited (Formerly known as Hong Kong Financial Management Limited), which is licensed under the SFO to carry on Type 9 (asset management) regulated activity, at the consideration of approximately HK$6.72 million which will be satisfied by cash in accordance with the terms and conditions of the Agreement II ("Acquisition II"). The Acquisition II was completed on 14 September 2016.

On 23 September 2016, the company, as vendor, and an independent third party (the "Vendor III"), entered into a sale and purchase agreement (the "Agreement III"), pursuant to which the company has conditionally agreed to acquire and the Vendor III has conditionally agreed to sell the entire issued share capital of GR Global Limited ("GR Global"), which is a company incorporated in the British Virgin Islands with limited liability, at the consideration of HK$965,000 payable by the company in accordance with the terms and conditions of the Agreement III ("Acquisition III"). GR Global holds two wholly owned subsidiaries, namely HKFM Global Fund SPC ("HKFM SPC") and HKFM Investment Management Limited ("HKFM Investment"). Upon completion of the Acquisition III on 26 September 2016, GR Global, HKFM SPC and HKFM Investment became the wholly owned subsidiaries of the company.

DISPOSALS

On 27 May 2016, the company, as vendor, and an independent third party (the "Purchaser I") entered into a sale and purchase agreement (the "Agreement IV"), pursuant to which the company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire approximately 32.39% of Edknowledge Group Limited (the "Edknowledge") at the consideration of HK$9,500,000 payable by the Purchaser in accordance with the terms and conditions of the Agreement IV ("Disposal I"). Upon completion of the Disposal I on 3 June 2016, the company ceased to hold any equity interest of the Edknowldge and it has ceased to be an associate of the company.

LETTER FROM THE BOARD

On 22 August 2016, the company, as vendor, entered into the sale and purchase agreement (the "Agreement V") with Wan Cheng Investments Limited (the "Purchaser II"), pursuant to which the company has conditionally agreed to sell and the Purchaser II has conditionally agreed to acquire the entire share capital of the Liqun Investments Limited, at the consideration of HK$100 million payable by the Purchaser II in accordance with the terms and conditions of the Agreement V (the "Disposal II"). Upon completion of the Disposal II on 10 November 2016, the company ceased to hold any equity interest of Liqun Investment Limited and its subsidiary.

On 11 November 2016, the company, as vendor, entered into the sale and purchase agreement (the "Agreement VI") with an independent third party (the "Purchaser III"), pursuant to which the company has conditionally agreed to sell and the Purchaser III has conditionally agreed to acquire the 90% share capital of the Able Up Investment Limited, at the consideration of HK$8 million payable by the Purchaser III in accordance with the terms and conditions of the Agreement VI (the "Disposal III"). Upon completion of the Disposal III on 14 November 2016, the company ceased to hold any equity interest of Able Up Investment Limited and its subsidiaries.

Save as disclosed above, the company did not have other acquisition or disposal of subsidiaries or associated companies for the year ended 31 March 2017.

EMPLOYEES

As at 31 March 2017, the group had 41 employees (2015: 40). The remuneration of employees was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The group provides mandatory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.

APPRECIATION

Taking this opportunity, we would like to thank all shareholders and business partners for their continuous supports. I also thank my fellow directors and staff members for their dedication and contribution to the group during the year.

On behalf of the board

Xu Dong
Chairman

Hong Kong, 27 June 2017

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Xu Dong, aged 39, was appointed as an executive director of the company in May 2010 and was re-designated as the chairman and chief executive officer of the company in August 2010. Mr. Xu holds a bachelor's degree in Japanese from the Shanghai International Studies University. Mr. Xu has extensive experience in business investment and management of mineral corporations. He is responsible for the overall management, strategic planning and business development of the company.

Mr. Au Tat On, aged 61, was appointed as an executive director of the company in May 2006. Mr. Au received a bachelor's degree in business administration from Chu Hai College in 1989 and has nearly 28-year experience in banking operations and financing. He is responsible for the general management and business development of the group.

NON-EXECUTIVE DIRECTOR

Mr. Han Wei, aged 46, was appointed as a non-executive director of the company in December 2016. He joined the Group in December 2008 as the director and authorized representative of Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the company. He is also the director of an indirect wholly-owned subsidiary of the company in Canada. Mr. Han is an intermediate economist conferred by the Ministry of Personnel People's Republic of China. He graduated from Shanghai Education Institute (上海教育學院) and studied Finance at Shanghai Finance University (上海金融高等專科學校). He also completed the EMBA programme at Research Institute of Tsinghua University in Shenzhen (深圳清華大學研究院). Mr. Han has extensive experience in banking and business management. Prior to joining the group, Mr. Han served as the general manager of an investment company in Shanghai for about five years and serves as a manager of Bank of Shanghai.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Wai Yin, Wilson, aged 52, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in April 2009. Mr. Lai is a fellow member of the Association of International Accountants, United Kingdom and a practising member of the Hong Kong Institute of Certified Public Accountants. He graduated from Hong Kong Shue Yan University majoring in accounting. During the 20 years in the audit profession, Mr. Lai gained extensive experience in the audits of Hong Kong listed companies and multi-national companies engaged in manufacturing, construction, property investment and software development businesses as well as audits of US Securities and Future Commission regulated clients. In addition, he had involved in many initial public offering projects and due diligence works in the PRC, Hong Kong, Singapore and the United States. He is currently the sole proprietor of Wilson W.Y. Lai & Co., Certified Public Accountants.

Ms. Cao Jie Min, aged 31, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in May 2009. Ms. Cao holds a bachelor of laws degree in international economy from the Shanghai Institute of Foreign Trade. Ms. Cao currently holds a practicing certificate issued by the Ministry of Justice of the PRC. She is currently working in the legal & compliance department of Ford Automotive Finance (China) Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tse Kwong Wah, aged 44, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in March 2011. Mr. Tse graduated from Concordia University, Canada with a Bachelor of Arts degree majoring in applied mathematics in 1998. He also obtained certificate on business management and import/export & logistics practices from Hong Kong Baptist University and The Hong Kong Management Association respectively in 2001 and 2010. Mr. Tse has over 10 years of working experience in the area of marketing, merchandising and management.

SENIOR MANAGEMENT

Mr. Zhou Hong Tao, aged 39, was appointed as the director of Triple Glory Holdings Limited in August 2011, a wholly owned subsidiary of the company and is carrying the business of money lending services. Mr. Zhou obtained a bachelor's degree in Engineering from the Dalian University of Technology and a master degree in Business Administration from the Beijing Jiaotong University. He also obtained the IFM certificate from U.S.A. in 2005 and has over ten years of experience in management and merger and acquisition of resource related projects. Prior to joining the company, Mr. Zhou served (i) at the office of Yanshan District Committee, Beijing City as deputy general manager; and (ii) at PKU Resource Group as director of the project operation centre.

Mr. Pao Lik, aged 46, was appointed as the director, CEO and responsible officer of C.P. Securities International Limited ("CPS") in April 2016 and May 2016 respectively. CPS (formerly known as "J.A.F. Brokerage Limited") is licensed under the Securities and Futures Ordinance to carry on type 1 regulated activity of dealing in securities in Hong Kong and is a wholly-owned subsidiary of the company. Mr. Pao was also appointed as the responsible officer and director of C.P. Financial Management Limited ("CPFM") in December 2016. CPFM (formerly known as "Hong Kong Financial Limited") is a company licensed under the Securities and Futures Ordinance to carry on Type 9 (asset management) regulated activity in Hong Kong and is a wholly-owned subsidiary of the company. Prior to joining the group, Mr. Pao served as the Vice President and Responsible Officer in Southwest Securities (HK) Brokerage Limited (formerly known as "Tanrich Securities Company Limited) since 1998. Mr. Pao has extensive experience in operation and management of securities brokerage and asset management business. He holds a Bachelor degree in Government and Public Administration in The Chinese University of Hong Kong.

Mr. Lee Sze Chung Henry, aged 41, was appointed as the responsible officer and director of CPFM in February 2015 and February 2017 respectively. Prior to joining the group, Mr. Lee served as the Vice President and Responsible Officer in Vision Finance (Securities) Limited from June 2014 to January 2015. Prior to that, Mr. Lee served as the Investment Manager in Nuoxin Capital (Hong Kong) Limited (formerly known as AK Partners (Hong Kong) Limited) from June 2007 to May 2014. Mr. Lee has extensive experience in alternative investment management industry, working in venture capital and asset management firms, responsible for investments executions, fund establishment and operations, investment firm compliance and risk management. He holds an MBA from Richard Ivey School of Business, The University of Western Ontario, Canada; Master of Practising Accounting from Monash University, Australia; and Bachelor of Civil Engineering from The University of Auckland, New Zealand.

REPORT OF THE DIRECTORS

The directors of the company herein present their report and the audited financial statements of the company and the group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the company is investment holding. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

BUSINESS REVIEW

The business review of the group's performance during the year required under Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including financial key performance and the likely future development in the business of the group is set out in the "Letter from the Board" on pages 3 to 10 of this annual report. Description of the principal risks and uncertainties facing the company can be found throughout this annual report particularly in note 4 to the financial statements. This discussion forms part of this "Report of the Directors".

RESULTS AND DIVIDENDS

The results of the group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss on pages 41 and 42 of this annual report.

The directors do not recommend payment of any dividends in respect of the year ended 31 March 2017.

SUMMARY FINANCIAL INFORMATION

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the year ended 31 March 2017, as far as the board is aware, there was no material breach of the laws or regulations that have a significant impact on the company's business and operation by the company.

REPORT OF THE DIRECTORS

ENVIRONMENTAL PROTECTION POLICY

The group is committed to build up an environmental-friendly working environment. The group encourage environmental protection and promote awareness towards environmental protection to the employees. During the year, the group has implemented various measure to reduce electricity consumption and wastage, including keeping office temperature at reasonable level, switching off idle lightings and electrical appliance, promoting using recycled paper and double-sided printing. The group will continue to make endeavors in lowering resources consumption and seek to minimize the negative impact of the group's operations on the environment.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the plant and equipment, and investment properties of the group during the year are set out in notes 16 and 17 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the company's share capital and share options during the year, together with the reasons therefor, are set out in notes 35 and 36 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as the company's share option scheme disclosed in note 36 to the financial statements, no equity-linked agreements were entered into by the company during the year ended 31 March 2017.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the company's bye-laws ("Bye-laws") or the laws of Bermuda, which would oblige the company to offer new shares on a pro rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the company, nor any of its subsidiaries purchased, redeemed or sold any of the company's listed securities during the year ended 31 March 2017.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the company and the group during the year are set out in note 37 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

The aggregate amount of reserves available for distribution to owners of the company as at 31 March 2017 is set out in note 37 to the financial statement.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover for the continuing operations attributable to the group's five largest customers accounted for approximately 34% of the total turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 11%. Purchases for the continuing operations from the group's five largest suppliers accounted for 27% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 7%.

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

DIRECTORS

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

EXECUTIVE DIRECTORS:

Xu Dong *(Chairman)*
Au Tat On

NON-EXECUTIVE DIRECTOR:

Yu Wai Fong (Resigned on 5 December 2016)
Han Wei (Appointed on 5 December 2016)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Lai Wai Yin, Wilson
Cao Jie Min
Tse Kwong Wah

REPORT OF THE DIRECTORS

The directors have no financial, business, family or other material relationships with each other.

According to Bye-law, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting. A retiring director shall be eligible for re-election. Mr. Au Tat On and Ms. Cao Jie Min will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

According to the Bye-law, the directors shall have the power from time to time and at any time to appoint any person as a director to fill a casual vacancy on the board. Any director appointed by the board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting. Mr. Han Wei, appointed as the non-executive director by the board during the year, shall hold office until the forthcoming general meeting and, being eligible, offer himself for re-election as non-executive director at the forthcoming annual general meeting.

There were no service contracts entered into between the company and the directors. The directors will be subject to the general requirement of retirement by rotation and re-election at the annual general meeting of the company under the Bye-laws.

The company has received the annual written confirmation from each of the independent non-executive directors of their independence to the company. The company considers that all of the independent non-executive directors are independent in accordance with the guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' BIOGRAPHIES

Biographical details of the directors are set out on pages 11 and 12 of the annual report.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the company's remuneration and nomination committee with reference to the directors' duties, responsibilities and performance and the results of the group.

DIRECTORS' SERVICE CONTRACTS

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

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2017, none of the directors or their associates (if any, as defined under the Listing Rules) was interested in any business which competes or is likely to compete with the businesses of the group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Save as disclosed in note 40 to the financial statements, none of directors of the company or their connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the group's business to which the company or any of its subsidiaries was a party at any time during the year ended 31 March 2017.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 31 March 2017, the interests and short positions of the directors of the company in the share capital (the "Shares") of the company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the company pursuant to Section 352 of the SFO, or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of Director	Capacity of Shares held	No.of Shares held	Percentage of issued Shares
Xu Dong	Beneficial owner	2,000,000	0.04%

The interests of directors in the share options of the company are separately disclosed in the note 36 to the financial statements.

Save as disclosed above, as at 31 March 2017, no directors has registered an interest or short position in the Shares or any shares of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 36 to the financial statements, 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 director or their respective spouse or minor children, or were any such rights exercised by them; or was the company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-Laws of the company, every director shall be indemnified and secured harmless out of the assets and profits of the company against all losses, damages and expenses which he/she may incur or sustain by reason of any act done about the execution of duties of his/her office or otherwise in relation thereto.

There is appropriate directors' and officers' liabilities insurance coverage for the directors and officers of the group.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 March 2017, so far as known to the directors, there was no person who had an interest or short position in the Shares and underlying Shares which would require disclosure to the company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the Shares.

CONNECTED TRANSACTIONS

During the year under review, the company did not enter into any non-exempted connected transaction within the meaning of the Listing Rules.

Significant related party transactions entered into by the group during the year ended 31 March 2017, which do not constitute connected transactions under the Listing Rules, are disclosed in note 40 to the financial statements.

REPORT OF THE DIRECTORS

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the group after the reporting period are set out in note 46 to the financial statements.

PUBLIC FLOAT

Based on information that is publicly available to the company and within the knowledge of directors, the company maintained a sufficient public float throughout the year ended 31 March 2017.

AUDITOR

The financial statements of the company for year ended 31 March 2017 were audited by Crowe Horwath (HK) CPA Limited. A resolution will be submitted to the forthcoming annual general meeting of the company to re-appoint Crowe Horwath (HK) CPA Limited as auditor of the company.

ON BEHALF OF THE BOARD

Xu Dong
Chairman

Hong Kong, 27 June 2017

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

In view of the corporate governance practices, the company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our shareholders' expectations. The company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The company recognizes the maintenance of good corporate governance practices is essential to the growth of the company. In the opinion of the directors, the company had complied with the CG Code throughout the year ended 31 March 2017 except for the code provisions A.2.1 and E.1.2. Details of the deviation are set out in the relevant section below.

DIRECTORS' SECURITIES TRANSACTION

The company has adopted the Model Code for Securities Transactions by directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors.

The company had also made specific enquiry of all directors and the company was not aware of any non-compliance with the required standard as set out in the Model Code.

BOARD OF DIRECTORS

The board comprises six Directors, including two executive directors, one non-executive director and three independent non-executive directors. Details of the board composition are set out in the Report of Directors on page 15.

The board formulates overall strategies and policies of the group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal controls and the conduct of business in conformity with applicable laws and regulations. Decisions requiring the board's approval include, among others, all matters of objective and strategic importance, corporate governance practices, changes in board members, major transactions and investment commitments, annual budget, all policy matters etc. The day-to-day management, administration and operation of the company are delegated to senior management which is accountable to the board for the implementation of the group's overall strategies and coordination of overall business operations.

The company also recognized and embraced the benefits of having a diverse board to the quality of its performance. The board will take into account a number of measurable objectives to achieve its diversity, including but not limited to gender, age, cultural and educational background, or professional experience. Such objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the board.

CORPORATE GOVERNANCE REPORT

The board members are fully committed to their roles and have always acted, individually and collectively, in the best interests of the company and its shareholders at all times. To the best knowledge of the company, there is no financial, business, family or other relevant relationship amongst directors. Biographical details of the directors are set out on pages 11 and 12 under the section headed "Biographical details of the Directors and Senior Management" of this annual report.

The number of full board meetings and general meetings held during the year ended 31 March 2017 and the directors' respective attendance record are summarised as follows:

	Number of general meeting Attended/Held	Number of Board meeting Attended/Held
Executive Directors		
Xu Dong *(Chairman)*	0/3	31/31
Au Tat On	3/3	31/31
Non-executive Director		
Yu Wai Fong (Resigned on 5 December 2016)	0/3	28/28*
Han Wei (Appointed on 5 December 2016)		3/3*
Independent Non-executive Directors		
Lai Wai Yin, Wilson	3/3	31/31
Cao Jie Min	0/3	31/31
Tse Kwong Wah	0/3	31/31

* By reference to the number of board meetings held during the director's tenure.

The code provision E.1.2 stipulates that the Chairman of the board should attend the annual general meeting. The Chairman was unable to attend the company's annual general meeting held on 30 August 2016 due to his other work commitments.

The board will continue to improve its corporate governance practices appropriate to the conduct and development of its business and to review such practices from time to time to ensure that they are in line with the latest developments and statutory standards.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Xu Dong, the chairman of the company, also acted as chief executive officer of the company during the year under review, deviating from the requirement of the code provision A.2.1. The board considered that this structure was conductive with strong and consistent leadership, enabling the company to make and implement decisions promptly and efficiently.

The chairman of the company takes the lead in formulating overall strategies and policies of the group which include compliance with good corporate governance practices and to facilitate active contribution of directors in board activities. He also ensures that all directors are properly briefed on issues arising at board meetings and have received adequate, complete and reliable information in a timely manner with the assistance of the company secretary.

EXECUTIVE DIRECTORS

The executive directors are responsible for management of the group and executing the strategies adopted by the board. They lead the group's management team in accordance with the directions set by the board and are responsible for ensuring that proper internal control system is in place and the group's business conforms to applicable laws and regulations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participations provide adequate checks and balances to safeguard the interests of the group and its shareholders. The board consists of three independent non-executive directors and one of them has appropriate professional qualifications or accounting or related financial management expertise. The company has received from each of the independent non-executive directors a confirmation of independence for the year pursuant to the Listing Rules. On this basis, the company considers all such directors to be independent.

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their understanding of the business and operations of the company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the year, all directors were provided with regular updates on corporate governance and regulatory requirements under which the group conducts its business. Directors are encouraged to attend relevant training courses at the company's expenses. All directors confirmed that they have participated in continuous professional development by attending seminars or studying relevant materials on the topics related to corporate governance and regulations.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS AND BOARD COMMITTEES

The board is collectively responsible for the management and control of the company and for promoting the company's success by directing and supervising its affairs. It is also the responsibility of the board to determine the appropriate corporate governance policies and practices applicable to the company's circumstances and to ensure processes and procedures are in place to achieve the company's corporate governance objectives. During the year, the board has reviewed the company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Listing Rules, and the company's compliance with the CG Code and disclosure in this Corporate Governance Report.

AUDIT COMMITTEE

The company has established an audit committee ("Audit Committee") which currently comprises three independent non-executive directors. The duties of the Audit Committee include the following:

- To act as the key representative body for overseeing the company's relations with the external auditor, and to be primarily responsible for making recommendations to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of its resignation or dismissal.

- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.

- To develop and implement policy on engaging an external auditor to supply non-audit services.

- To monitor integrity of the company's financial statements and annual report and accounts, half-year report and to review significant financial reporting judgments contained therein.

- To review the company's financial controls, internal control and risk management systems.

- To discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system.

- To consider major investigation findings on internal control matters as delegated by the board or on its own initiative and management's response to these findings.

- To review the group's financial and accounting policies and practices.

- To review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response.

CORPORATE GOVERNANCE REPORT

- To ensure that the board will provide a timely response to the issues raised in the external auditor's management letter.

- To consider other topics, as defined by the board.

- To review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

- To perform the duties as set out in Code Provision C.3.3 of the CG Code.

During the year ended 31 March 2017 the Audit Committee held 2 meetings, details of attendance are set out below:–

Members	**Number of meetings Attendance/Held**
Lai Wai Yin, Wilson *(Chairman of the Audit Committee)*	2/2
Cao Jie Min	2/2
Tse Kwong Wah	2/2

The Audit Committee during the year in conjunction with the auditor has reviewed the internal controls, interim and annual results of the group and its other duties (if relevant) in the CG Code.

The board has not taken any different view from that of the Audit Committee regarding selection, appointment, resignation or dismissal of external auditor.

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

The remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") of the company have been established by the board. Both committees currently comprise three independent non-executive directors. The duties of the Remuneration Committee include the following:

- To make recommendations to the board on the company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

- To review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives.

- To review and determine the remuneration packages of the directors with reference to their duties and responsibilities with the company.

CORPORATE GOVERNANCE REPORT

- To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group.
- To review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.
- To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.
- To ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.

The duties of the Nomination Committee include the following:

- To review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy.
- To identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships.
- To assess the independence of independent non-executive directors.
- To make recommendations to the board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman of the board and the chief executive officer.

In addition, the Nomination Committee as a whole is responsible for reviewing the board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. Where vacancies exist, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the company's needs and other relevant statutory requirements and regulations.

For the avoidance of doubt, the directors and their associates do not participate in decisions making relating to their own remuneration.

During the year ended 31 March 2017, the Remuneration and Nomination Committee held 2 meetings, details of attendance are set out below:–

	Nomination Committee	Remuneration Committee
Members	**Number of meetings Attendance/Held**	**Number of meetings Attendance/Held**
Lai Wai Yin, Wilson	1/1	2/2
Cao Jie Min	1/1	2/2
Tse Kwong Wah	1/1	2/2

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing all information and representations contained in the financial statements of the group for the year. The directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the board and management with an appropriate consideration to materiality. The directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the company on a going concern basis.

The statement of the auditor of the company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 35 to 40 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The board places great importance on risk management and internal control and has ultimate responsibilities for overseeing management in the design, implementation and monitoring of the risk management and internal control system of the group on an ongoing basis. The board is also committed to review the adequacy and effectiveness of the group's risk management and internal control systems.

The group established the risk management and internal control systems with aims to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable and not absolute assurance against material misstatements or losses caused by judgment in decision making process, human error, fraud or other irregularities.

In order to comply with the applicable code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules, the board has retained Crowe Horwath (HK) Corporate Consultancy Limited, an independent professional firm as the outsourced internal auditor with a view to facilitating adequacy of resources and quality of review to satisfy the group's internal audit function as required by the Listing Rules and to assist the board to perform annual reviews on the effectiveness of the group's risk management and internal control systems for the year ended 31 March 2017.

During the year ended 31 March 2017, the group has established an internal audit charter which defined the scope and the duties and responsibilities of the internal audit function and its reporting protocol. The group has conducted an annual risk assessment which identified respective strategic risks, operational risks, financial risks and compliance risks for each of the major business segment of the group. Risk factors were analyzed and consolidated at the group level. Based on the risk assessment results following a risk based methodology audit approach, a three-years' audit plan was devised which prioritized the risks identified into annual audit projects. Annual reviews were performed according to the audit plan with a view to assisting the board and the Audit Committee to evaluate the effectiveness of the group's risk management and internal control systems. The review also covered the compliance of code provisions as set out in the Appendix 14 to the Listing Rules, material controls, including financial, operational and compliance controls at entity and operational levels. The group has taken further steps to enhance its risk management and internal control systems according to some weaknesses were found during risk assessment and examination of the internal control and strengthen the implementation of all the risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

The group has established procedures in handling and dissemination of inside information in an accurate and secure manner and to avoid possible mishandling of inside information within the group.

Based on the risk management and internal control systems established and maintained by the group, the work performed by the external auditor, the internal auditor, and reviews performed by the management, respective board committees and the board, the Audit Committee and the board are of the view that the group has maintained sound, effective and adequate risk management and internal control system during the year ended 31 March 2017.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the company's auditor, Crowe Horwath (HK) CPA Limited, for the year is set out as follows:

Services rendered	**Fee paid/payable Approximately** HK$'000
Audit services (2016: approximately HK$1,372,000)	1,540
Non-audit services (2016: approximately HK$1,098,000)	1,294
Total:	2,834

SHAREHOLDERS' RIGHTS

Pursuant to Article 58 of the Bye-laws and the Companies Act 1981 of Bermuda (the "Companies Act"), the board may whenever it thinks fit call special general meetings, and shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the company carrying the right of voting at general meetings of the company shall at all times have the right, by written requisition to the board or the secretary of the company, to require a special general meeting to be called by the board and such meeting shall be held within two (2) months after the deposit of such requisition. The requisition must state the purposes of the meeting and the matter referred to in any proposed resolution or the business to be dealt with at that meeting, and must be signed by the requisitionists and deposited at the registered office of the company. If within twenty-one (21) days of such deposit the board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act.

Shareholders may send written enquiries to the company, for the attention of the board or the secretary of the company, by post to Room 4303, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. Shareholders may also direct their questions about their shareholdings to Tricor Secretaries Limited, the company's Hong Kong share registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

The company endeavours to develop and maintain continuing relationships and effective communications with its shareholders and investors. To facilitate and enhance the relationships and communication, the company has established, including but not limited to, the following various channels:

- annual general meeting provides a forum for shareholders of the company to raise comments and exchange views with the board. The chairman and the directors are available at annual general meetings to address shareholders' queries;

- separate resolutions are proposed at general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in circulars to the shareholders to facilitate the enforcement of shareholders' rights;

- interim and annual results are announced as early as possible so that the Shareholders are kept informed of the group's performance and operations; and

- corporate website of www.736.com.hk contains extensive information and updates on the company's business developments and operations, financial information and other information.

CONSTITUTIONAL DOCUMENTS

A copy of the latest version of the company's constitutional documents including the memorandum of association of the company and the Bye-laws were posted on the websites of the company and the Stock Exchange respectively.

During the year ended 31 March 2017, there was no change in the company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THIS REPORT

REPORTING SCOPE

This is the first Environmental, Social and Governance (hereinafter called "ESG") Report prepared by China Properties Investment Holdings Limited (hereinafter called "the Group" or "we"). This report covers the financial year ended 31 March 2017 and includes our main business in properties investment, money lending and financial services.

GUIDELINES ON THE ESG REPORT OF THE STOCK EXCHANGE OF HONG KONG LIMITED

In order to comply with the disclosure requirements and guidelines of the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" ("Listing Rules") and the "ESG Reporting Guide" (Appendix 27 to the Listing Rules), the Group started to disclose relevant information of ESG for the financial year beginning on 1 April 2016. We hope to achieve its business objectives and create value to shareholders/investors through optimizing operation management, business strategies, environment protection, talent development, working environment and community investment, and simultaneously minimizing our impact on the environment in our operation, and devote to utilize resources efficiently for the sustainable development of the globe, human being and our business.

II. ENVIRONMENTAL PROTECTION

We have been devoted to care and protect the natural environment. In order to let employees realizing that everyone has impact to the environment, we take various actions and set up policies with an aim to reduce carbon footprint. We will continue to support in reducing environmental impact in their personal and business lives. We also hope that every staff can start from themselves, convey the message of protecting the environment to families, friends and business partners; build powerful cohesion, and alleviate climate change jointly.

1. EMISSIONS

Energy consumption accounts for a major part of its greenhouse gas emissions. Therefore, various energy saving measures (refer to the section "Use of Resources" below for details) have been undertaken to improve energy efficiency and reduce energy consumption in our operations. Waste management mainly involves collection of waste paper for recycling (refer to the section "Use of Resources" below for details). The Group's business will not cause any hazardous waste and air pollution. Our impact of water discharges on the environment is not significant.

During the reporting year, the Group did not have non-compliance incidents with significant impact relating to environmental protection.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. USE OF RESOURCES

The Group recognizes its responsibility to protect the environment in the course of its operation and continually seeks to identify and reduce environmental impacts attributable to its operational activities. We set up various measures to raise the awareness of the employees to understand the importance of resource conservation. They are encouraged to make full use of resources, to maximize their effectiveness and to avoid wastage of resources.

(1) Management of Use of Electricity

We emphasize on saving electricity by promoting the use of energy-efficient lighting. Employees are encouraged to switch off the power of illumination, air conditioners, computers, personal electronic devices and common office equipment when they are not in use. We endeavor to keep all electronic appliances including air conditioners, microwaves, coffee-making machine, etc. well-maintained in our offices. We encourage all computers being turned to energy saving mode.

(2) Management of Use of Water

We raise the consciousness of staff about efficient use of water by posting "save water" sign in pantry, and reducing waste of potable water.

(3) Management of Use of Paper

We promote the use of online office system, general administrative circulars, data transmission and so on should go through the network system under normal situation. We promote saving papers and avoid wastage through unified purchasing; minimize photocopying, printing and faxing, print in double-sides, reuse single-sided papers (for internal documents), recycle double-sided printed papers by putting them into collection boxes and to be handled by recycling companies.

3. SIGNIFICANT IMPACT ON THE ENVIRONMENT AND NATURAL RESOURCES

The impact of the Group on the environment and natural resources is not significant. It is mainly attributed to the use of electricity, water, papers in office. During the reporting period, we have set a number of measures to reduce the use of resources and disposal of waste (refers to above sections "Emissions" and "Use of Resources" for details).

III. EMPLOYMENT AND LABOUR PRACTICES

We believe that employees are our most important partners, recruitment and retaining talents are critical for our long-term business development. When we formulate our human resource strategies, we devote to establish a comprehensive management system in providing a harmonious and comfortable work environment, and create fair, equitable and open atmosphere within the Group. We aim at building good relationship with

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

our employees based on mutual respect to encourage creativity, flexibility and commitment to accomplish our mission of providing quality products and services to our clients. To achieve this, we create opportunities to attract, develop, retain and reward our talented staff by offering them, under different conditions, commensurate remuneration, personal growth and career development training, and fringe benefits.

TALENT SELECTION

We always protect human right, privacy of staffs, and prohibits discrimination. We follow the principles of fairness and openness to hire outstanding and appropriate talents. Staffs are not discriminated against because of their sex, race, disability, political philosophy, sexual orientation, age, religion, etc. During staff recruitment, morality, knowledge, ability, physical fitness and job requirements are used as the selection standards. The Group provides equal opportunities to employees in promotion, performance appraisal, training and career development so as to ensure all staffs can fully develop their talent in position with a hope to create a win-win situation. We always actively and strictly comply with the relevant labour laws and regulations, and any unethical hiring standards are prohibited, including child labour and forced labour. During the recruitment process, we must check the identity of the applicants and never hire those applicants under legal working age.

STAFF COMPENSATION AND WELFARE

We always maintain harmonious relationship with employees and to create a win-win situation. Staff compensation varies by locations within the Group. Basic remuneration of employees includes basic salary, discretionary bonus/year-end bonus and so on. Salaries meet or exceed the minimum standards of the industry or the laws, and are sufficient to meet the basic needs. Employees are entitled to retirement benefit scheme subject to the local laws and regulations. Staff in Mainland China participate in the endowment insurance, unemployment insurance, medical insurance, employment injury insurance, maternity insurance and housing provident fund. Hong Kong staff participate in mandatory provident fund scheme. Working hours and compensation are subject to local labour laws and regulations. Employees are entitled to rest day, statutory holidays, annual leave, sick leave, marriage leave, maternity leave, funeral leave, and so on. We terminate and compensate staff in accordance with local laws and regulations. We regularly organize activities for our staff, including the Chinese New Year party, etc. to enhance the cohesion among them.

DEVELOPMENT AND TRAINING

The Group has always attached importance to talent, committed to training and development of staff, and encourage self-enhancement. We provide on-the-job training and mentorship for new hires to help them adapting to the new work environment quickly, and enhance team's cohesion. Training of new hires includes organizational structure, corporate culture, rules and regulations, ethics, industry knowledge, job responsibilities, products and services. From time to time, we provide staff with the latest industry information and related legislation in connection with our operations. Professionals such as chief financial officer, finance manager and company secretary, etc., participate in external training held by qualified organizations regularly, in the form of seminars. During the reporting period, training includes environmental, social and governance reports, internal control, finance, and so on.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HEALTH AND SAFETY

We take a comprehensive preventive approach to staff health and work safety, including illness and injury prevention. We provide our employees with a healthy and safe working environment, including the provision of first aid supplies and so on. All staff members are expected to give their unconditional support to maintain a healthy, smoke-free working environment. Smoking is absolutely prohibited in the office.

COMPLIANCE

There were no non-compliance incidents in relation to occupational health and safety that have a significant impact on the Group during the reporting period.

IV. OPERATING PRACTICES

1. SUPPLY CHAIN MANAGEMENT

We believe that building a sustainable supply chain can create value for our employees, suppliers, communities and our clients. We emphasize on facilitating the interaction and communication with our suppliers. In order to establish an efficient and green supply chain with our suppliers, we aim at maintaining long-term strategic and co-operative relationships with those counterparts with good credit history, reputable, excellent product or service quality, proven track records of environmental compliance and sound commitment to social responsibility. We conduct periodic reviews on the performance of our suppliers so as to achieve effective control over our service quality.

2. SERVICE RESPONSIBILITY

We have been dedicated in providing high quality and professional services with the highest degree of integrity to our clients at competitive rates. We always seek to exceed our clients' expectation. In terms of sustainability, client satisfaction is vital to our growth in the future. We summarize below our approach in achieving this aim and the significant efforts that we have put into its operations:–

(1) Licences and Regulations

We have a team of financial specialists, who hold necessary licences required by laws and regulations, dedicated to providing quality professional investment services over a wide range of financial products. To avoid any doubt on the fitness and properness, they are mandated to undertake sufficient hours of continuous professional training per calendar year for each of the regulated activity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(2) Know Your Client

In order to provide the best services to our clients and to build up trust, we conduct "know you client" background review prior to account opening for new clients. We must understand their identity, investment objectives and experience, risk tolerance level, financial status, occupation, age, etc. and obtain relevant documents as proof and for keeping record. We review and update the client profiles periodically.

(3) Customer Data Protection and Privacy Policies

We handle the client personal data carefully with integrity and in accordance with applicable laws. All client personal data are kept confidential and securely. We have to inform clients about the purpose of collecting their personal data and to whom their data will be transferred to (if the recipient is within the Company). All client personal data collected can only be used for the sole purpose as agreed in advance. We have to obtain the client's consent prior to disclosing such information to other parties whenever necessary.

We handle confidential information of our clients with integrity and discretion and in accordance with applicable laws. Confidential information may be subject to disclosure requirements according to the applicable laws and regulations and shall be exchanged internally and exclusively on a "need-to-know" basis.

(4) Customer Complaints

We established our policies and procedures in handling client complaints with reference to our code of conduct. Our management are informed immediately once client complaints are received and the details and relevant documents must be properly kept. Staff must explain to the clients that they can follow up and check the status of their complaints with Compliance Department. All client complaints have to be investigated immediately and handled properly following the managing directors/top management's instructions; Compliance Department might assist in the investigation as instructed. All staff involved in the complaints should not participate in the investigation. In case the complaints cannot be remediated promptly, we have to inform our clients and suggest alternatives as allowed under our monitoring system.

(5) Integrity

To ensure that our business can have sustainable growth, we demand all of our staff conduct businesses with integrity and in compliance with laws and regulations, and uphold our core values. All staff members of the Group, including directors, management and members of all levels are required to adhere to our internal Code of Conducts (the "Code"). In case of conflict between the Code and the laws and regulations from the regulators, the stricter of the two must be followed to an extent that the local laws and regulations are not violated.

(6) Compliance

During the reporting period, the Group did not have significant issues relating to violations nor received any complaints concerning breaches of customer privacy and loss of data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ANTI-CORRUPTION

In order to comply with relevant laws and regulations, we establish internal policies and procedures and guidelines on anti-corruption (anti-bribery, extortion, fraud, money laundering and so on). We pay attention to setting up a comprehensive disciplinary monitoring system to cover our operation, and report to human resources department confidentially for suspected personal interests in carrying out one's job duties, briberies, extortion, frauds, money laundering and other illegal acts. We are determinant in combating corruption and contribute in building a clean society.

Regarding the financial services business, staff are required to strictly comply with policies and procedures relevant to each particular transaction including the verification of clients' identities, assessment of clients' honesty, integrity, commercial ability and creditworthiness; and to keep documents and records properly. This is to ensure that we comply with the relevant laws and regulations, and to protect the interests of our stakeholders. To avoid dealing with potential money launderers, terrorist financiers or to handle funds derived from any criminal activity, we refuse the operation of any accounts for anonymous clients or in obviously fictitious names. Staff are required to bring any suspicious transaction to the urgent attention of compliance manager for review. The compliance manager shall conduct a thorough investigation and determine whether suspicion remains. We have been providing appropriate trainings to staff in dealing department so that they understand the money laundering and counter-terrorism techniques; and reminding of their responsibilities. We send periodic circulars to all staff to alert them of any new money laundering techniques being used.

During the reporting period, there was no legal action against the Group and our employees for corruption.

V. COMMUNITY INVESTMENT

The Group has paid tax in accordance with applicable law since its incorporation, and spares no effort in easing local employment pressure. We help our staff to prepare and plan for their retirement by paying the "five insurances and housing provident fund" for staff in Mainland China and "mandatory provident fund" for staff in Hong Kong. We run our business following good practices, actively promote green energy-saving and environmental friendly concepts, and achieve a good development order; and to some certain extent, we have contributed to social stability and building a harmonious community.

VI. SUSTAINABILITY TARGETS AND ACTIONS FOR 2017/18

In 2017/18, the Group has the following objectives and action plans to strengthen the ESG performance:–

Target/Action Plan	Focus
To optimize existing ESG policies and procedures	• To review the existing procedures, the completeness and accuracy of ESG data collection • To set up key performance indicators, and their priority and timetable • To keep dialogue with our stakeholders (including investors/shareholders, suppliers, customers and society) in order to collect their concern, and analyze those issues thoroughly.

INDEPENDENT AUDITOR'S REPORT

Crowe Horwath™

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Properties Investment Holdings Limited ("the company") and its subsidiaries ("the group") set out on pages 41 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.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

Impairment assessment of available-for-sale financial assets	***How our audit addressed the key audit matter***
Refer to note 23 to the consolidated financial statements. As at 31 March 2017, the Group had available-for-sale financial assets totalling HK$501,597,000. Management considered whether there was any objective evidence that the available-for-sale financial assets were impaired. Objective evidence of impairment arose when, among other matters, the investee's financial conditions and business prospects deteriorated significantly. Objective evidence of impairment for available-for-sale equity instruments also included a significant or prolonged decline in fair value below cost. Impairment assessment of available-for-sale financial assets is a key audit area due to the size of the balance and the significant management judgement involved in assessing impairment.	• With respect to available-for-sale equity instruments, we evaluated management's judgement of the occurrence of the impairment event by referring to the market data including market price or financial information of the investees. We also evaluated the appropriateness of the criteria applied by management in their assessment of whether the decline in fair value was "significant" or "prolonged" by reference to market practice. • For impaired instruments, we tested the cumulative impairment losses made by evaluating the models and inputs used including market price, financial information of the investees and comparable market parameters. • Based on the results of our procedures, we found management's assessment of occurrence of impairment and the models and inputs used for determining the cumulative impairment losses acceptable.

INDEPENDENT AUDITOR'S REPORT

Allowance for individual impairment losses on accounts receivables from margin clients arising from the business of dealing in securities and loans receivable

We identified the allowance for individual impairment losses on accounts receivable from margin clients arising from the business of dealing in securities and loans receivable as a key audit matter due to the significant judgement in determing whether objective evidence of impairment exists and the related estimation uncertainty in assessing the ultimate recovery of these receivables.

Accounts receivable from margin clients arising from the business of dealing in securities and loans receivable are HK$52,229,000 and HK$275,000,000 respectively as at 31 March 2017. No impairment loss is recognised for the year ended 31 March 2017.

Management assesses the ultimate recovery of these receivables, by considering various factors, including the current creditworthiness, the past collection history of each client or borrower and the realisable value of securities or collaterals from clients or borrowers and their guarantors which are held by the group. For further details, refer to the disclosure of key source of estimation uncertainty and disclosure of loans receivable accounts receivable from margin clients arising from the business of dealing in securities in notes 5 and 25 to the consolidated financial statements respectively.

Our procedures in relation to allowance for individual impairment losses on accounts receivables from margin clients arising from the business of dealing in securities and loans receivable included:

- understanding through enquiry with the management the established policies and procedures on credit risk management of the Group, assessing and evaluating the design of controls with respect to identification of impaired accounts receivable from margin clients arising from the business of dealing in securities and loans receivable and testing the key controls on major lending;

- in respect of accounts receivable from margin clients, examining whether the master client agreements contain the right to dispose the securities collateral for settlement for clients' obligations and testing the key control on margin lending;

- in respect of the accounts receivable from margin clients with guarantees provided, examining, on a sample basis, the guarantee agreements for the legal enforceable right to dispose the securities of clients' guarantors for settlement of the respective clients' obligations;

- in respect of loans receivable, examining, on a sample basis, loan agreements for the legal enforceable right to dispose the securities collateral for settlement of borrowers' obligations; and

- on a sample basis, evaluating management's judgement over the recoverability and creditworthiness of the individual clients and borrowers and assessing whether impairment loss is required against the available information, such as the recoverable amount of securities collateral, past collection history of borrowers, the Group's actual loss experience and subsequent repayment of monies or additional collateral received from clients or their guarantors.

INDEPENDENT AUDITOR'S REPORT

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

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF 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 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.

INDEPENDENT AUDITOR'S REPORT

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Alvin Yeung Sik Hung.

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

Alvin Yeung Sik Hung
Practising Certificate Number P05206

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Note	2017 HK$000	2016 HK$000 (Restated)
Continuing operations:			
Revenue	7	**63,345**	15,094
Cost of sales and services rendered		**(2,715)**	(974)
Gross profit		**60,630**	14,120
Valuation gain/(loss) on investment properties	17	**20,015**	(20,089)
Other income	8(a)	**1,326**	866
Other gains and losses	8(b)	**(922)**	(28,433)
Selling expenses		**(179)**	(188)
Administrative expenses		**(73,338)**	(56,950)
Other expenses	9(d)	**(35,487)**	(24)
Loss from operations		**(27,955)**	(90,698)
Finance costs	9(a)	**(5,999)**	(10,740)
Share of loss of an associate		**(8)**	(128)
Loss before taxation	9	**(33,962)**	(101,566)
Income tax (expenses)/credit	13	**(5,772)**	5,021
Loss for the year from continuing operations		**(39,734)**	(96,545)
Discontinued operations:			
Gain/(loss) for the year from discontinued operations	10	**23,150**	(15,092)
Loss for the year		**(16,584)**	(111,637)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Note	2017 HK$000	2016 HK$000 (Restated)
Attributable to:			
Owners of the company		**(16,530)**	(109,071)
Non-controlling interests		**(54)**	(2,566)
Loss for the year		**(16,584)**	(111,637)
Loss attributable to owners of the company arises from:			
Continuing operations		**(39,734)**	(96,545)
Discontinued operations		**23,204**	(12,526)
		(16,530)	(109,071)
LOSS PER SHARE	15		
From continuing and discontinued operations			
Basic		**(HK$0.45 cents)**	(HK$12.10 cents)
Diluted		**(HK$0.45 cents)**	(HK$12.10 cents)
From continuing operations			
Basic		**(HK$1.09 cents)**	(HK$10.71 cents)
Diluted		**(HK$1.09 cents)**	(HK$10.71 cents)

The notes on pages 49 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	**(16,584)**	(111,637)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of group entities	**(13,801)**	(15,814)
	(13,801)	(15,814)
Release of exchange fluctuation reserve upon disposal of subsidiaries	**–**	(22,970)
Available-for-sale investments:		
Changes in fair value	**54,138**	27,459
Total other comprehensive income/(loss) for the year	**40,337**	(11,325)
Total comprehensive income/(loss) for the year	**23,753**	(122,962)
Attributable to:		
Owners of the company	**23,807**	(120,396)
Non-controlling interests	**(54)**	(2,566)
Total comprehensive income/(loss) for the year	**23,753**	(122,962)
Total comprehensive loss attributable to owners of the company arises from		
Continuing operations	**603**	(84,900)
Discontinued operations	**23,204**	(35,496)
	23,807	(120,396)

The notes on pages 49 to 160 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	As at 31 March 2017 HK$000	2016 HK$000 (Restated)	As at 1 April 2015 HK$000 (Restated)
Non-current assets				
Plant and equipment	16	**12,865**	8,495	12,950
Investment properties	17	**234,015**	228,635	261,262
Intangible assets	19	**9,330**	14,695	126,435
Goodwill	20	**4,748**	21,260	21,260
Deposit for acquisition of subsidiaries	21	**–**	1,560	–
Interest in an associate	22	**–**	9,575	9,703
Available-for-sale investments	23	**501,597**	377,459	–
Contingent consideration receivable	34	**–**	3,186	–
		762,555	664,865	431,610
Current assets				
Property under development	24	**18,576**	18,053	–
Trade and other receivables	25	**82,886**	26,267	24,025
Loan receivables	26	**275,000**	120,000	–
Trading securities	27	**153,152**	127	151
Promissory notes receivables		**–**	–	123,200
Tax recoverable	31(a)	**–**	178	112
Consideration receivable	38	**–**	21,600	–
Fixed deposits	28	**11,658**	16,742	9,767
Cash and bank balances – trust accounts	28	**6,822**	–	–
Cash and bank balances – general accounts	28	**136,775**	46,323	34,523
		684,869	249,290	191,778
Current liabilities				
Trade and other payables	29	**19,958**	25,236	16,384
Interest-bearing bank borrowings	30	**10,148**	21,638	14,543
Tax payable	31(a)	**1,067**	1	171
Warrants	32	**–**	73	–
		31,173	46,948	31,098
Net current assets		**653,696**	202,342	160,680
Total assets less current liabilities		**1,416,251**	867,207	592,290
Non-current liabilities				
Other payable		**–**	–	139
Interest-bearing bank borrowings	30	**–**	10,819	34,144
Deferred tax liabilities	31(b)	**16,699**	13,467	20,530
Warrants	32	**–**	–	17,472
Unconvertible bonds	33	**20,000**	20,000	20,000
Purchase consideration payable	34	**–**	–	1,162
		36,699	44,286	93,447
NET ASSETS		**1,379,552**	822,921	498,843

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	As at 31 March 2017 HK$000	2016 HK$000 (Restated)	As at 1 April 2015 HK$000 (Restated)
EQUITY				
Equity attributable to owners of the company				
Share capital	35	**48,576**	9,715	45,122
Reserves	37	**1,330,976**	811,793	443,088
		1,379,552	821,508	488,210
Non-controlling interests		**–**	1,413	10,633
TOTAL EQUITY		**1,379,552**	822,921	498,843

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

On behalf of the board

Xu Dong
Director

Au Tat On
Director

The notes on pages 49 to 160 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the company										
	Share capital HK$000 (Restated)	Share premium HK$000 (Restated)	Special reserve HK$000 (Restated)	Contributed surplus HK$000 (Restated)	Employee share-based compensation reserve HK$000 (Restated)	Exchange fluctuation reserve HK$000 (Restated)	Investment revaluation reserve HK$000 (Restated)	Accumulated losses HK$000 (Restated)	Total HK$000 (Restated)	Non-controlling interests HK$000 (Restated)	Total equity HK$000 (Restated)
At 1 April 2015	45,122	1,211,024	(64,890)	–	5,288	62,622	–	(770,956)	488,210	10,633	498,843
Changes in equity for 2015/2016:											
Loss for the year	–	–	–	–	–	–	–	(109,071)	(109,071)	(2,566)	(111,637)
Other comprehensive income/(loss)											
Exchange differences on translation of:											
– financial statements of group entities	–	–	–	–	–	(15,814)	–	–	(15,814)	–	(15,814)
Release of exchange fluctuation reserve upon disposal of subsidiaries (note 38)	–	–	–	–	–	(22,970)	–	–	(22,970)	–	(22,970)
Changes in fair value of available-for-sale investments	–	–	–	–	–	–	27,459	–	27,459	–	27,459
Total comprehensive loss for the year	–	–	–	–	–	(38,784)	27,459	(109,071)	(120,396)	(2,566)	(122,962)
Exercise of share options (note 35(iii))	735	10,507	–	–	(5,288)	–	–	–	5,954	–	5,954
Share issues expenses	–	(4,037)	–	–	–	–	–	–	(4,037)	–	(4,037)
Exercise of warrants (note 35(iv))	600	47,467	–	–	–	–	–	–	48,067	–	48,067
Disposal of subsidiaries (note 38)	–	–	53,737	–	–	–	–	(53,737)	–	(6,654)	(6,654)
Placing of new shares (note 35(i) and (ii))	99,270	304,440	–	–	–	–	–	–	403,710	–	403,710
Capital reduction (note 35(v))	(136,012)	–	–	136,012	–	–	–	–	–	–	–
Total transactions with owners	(35,407)	358,377	53,737	136,012	(5,288)	–	–	(53,737)	453,694	(6,654)	447,040
At 31 March 2016	9,715	1,569,401	(11,153)	136,012	–	23,838	27,459	(933,764)	821,508	1,413	822,921
At 1 April 2016	**9,715**	**1,569,401**	**(11,153)**	**136,012**	**–**	**23,838**	**27,459**	**(933,764)**	**821,508**	**1,413**	**822,921**
Changes in equity for 2016/2017:											
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(16,530)**	**(16,530)**	**(54)**	**(16,584)**
Other comprehensive income/(loss)											
Exchange differences on translation of:											
– financial statements of group entities	**–**	**–**	**–**	**–**	**–**	**(13,801)**	**–**	**–**	**(13,801)**	**–**	**(13,801)**
Changes in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**54,138**	**–**	**54,138**	**–**	**54,138**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(13,801)**	**54,138**	**(16,530)**	**23,807**	**(54)**	**23,753**
Right issue (note 35(vi))	**38,861**	**509,074**	**–**	**–**	**–**	**–**	**–**	**–**	**547,935**	**–**	**547,935**
Share issues expenses	**–**	**(13,698)**	**–**	**–**	**–**	**–**	**–**	**–**	**(13,698)**	**–**	**(13,698)**
Disposal of subsidiaries (note 38)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,359)**	**(1,359)**
Total transactions with owners	**38,861**	**495,376**	**–**	**–**	**–**	**–**	**–**	**–**	**534,237**	**(1,359)**	**532,878**
At 31 March 2017	**48,576**	**2,064,777**	**(11,153)**	**136,012**	**–**	**10,037**	**81,597**	**(950,294)**	**1,379,552**	**–**	**1,379,552**

The notes on pages 49 to 160 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Operating activities			
Loss before taxation including discontinued operations		**(35,320)**	(130,453)
Adjustments for:			
Finance costs		**5,999**	10,764
Interest income		**(156)**	(865)
Dividend income from investments	8	**(16)**	–
Depreciation		**3,766**	3,686
Valuation (gain)/loss on investment properties	17	**(20,015)**	20,089
Write off of prepayment		**–**	350
Write off of other receivables	9(d)	**39**	–
Fair values loss on trading securities	9(d)	**31,282**	24
Fair value loss on contingent consideration receivable	8(b)	**1,990**	3,766
Realised loss on dealing of trading securities	9(d)	**3,378**	–
Amortisation of intangible asset	19	**6,760**	8,043
Impairment loss of intangible assets		**–**	22,048
Impairment loss of goodwill	9(d)	**721**	–
Gain on disposal of plant and equipment		**(73)**	(600)
Loss on disposal of an associate	9(d)	**67**	–
Fair values (gain)/loss on warrants	8(b)	**(73)**	24,669
Share of loss of an associate		**8**	128
Exchange difference, net		**(339)**	(2,874)
		(1,982)	(41,225)
Changes in working capital			
Increase in trade and other receivables		**(62,708)**	(13,358)
Increase in loan receivables		**(155,000)**	(120,000)
Increase in trading securities		**(187,447)**	–
Increase in cash and bank balances – trust accounts		**(6,822)**	–
Increase in trade and other payables		**2,255**	11,477
Increase in property under development		**(989)**	(18,053)
Cash used in operations		**(412,693)**	(181,159)
Hong Kong Profit Tax paid		**(61)**	(239)
Net cash used in operating activities		**(412,754)**	(181,398)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Investing activities			
Payment to acquire plant and equipment		(9,404)	(8,354)
Repayment of promissory note		–	123,200
Deposit for acquisition of subsidiaries		–	(1,560)
Decrease/(increase) in fixed deposit		4,663	(7,175)
Acquisition of subsidiaries, net of cash acquired		(12,227)	–
Interest received on bank deposits		156	109
Interest received on promissory notes		–	9,856
Dividends received from listed securities		16	–
Disposal of subsidiaries, net of cash disposed of	38	69,269	42,031
Proceed from disposal of plant and equipment		222	1,877
Proceed from disposal of an associate		9,500	–
Payment to acquire available-for-sale investments		(70,000)	(350,000)
Net cash used in investing activities		(7,805)	(190,016)
Financing activities			
Proceeds from issuance of new shares		547,935	403,710
Share issue expenses		(13,698)	(4,037)
Repayment of bank borrowings		(20,966)	(13,824)
Repayment of promissory notes		–	(10,000)
Proceeds from exercise of share options		–	5,954
Interest paid for interest-bearing bank borrowings	9(a)	(1,137)	(2,542)
Interest paid for other borrowings		(5)	(24)
Interest paid for unconvertible bonds	9(a)	(1,000)	(1,000)
Interest paid for promissory notes		–	(800)
Repayment to a related party		–	(185)
Proceeds from issuance of new shares upon exercise of warrants		–	6,000
Net cash generated from financing activities		511,129	383,252
Net increase in cash and cash equivalents		90,570	11,838
Cash and cash equivalents at 1 April		46,323	34,523
Effect of foreign exchange rate changes		(118)	(38)
Cash and cash equivalents at 31 March		136,775	46,323
Analysis of the balances of cash and cash equivalents			
Cash and bank balances – general accounts	28	136,775	46,323

The notes on pages 49 to 160 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. CORPORATE INFORMATION

China Properties Investment Holdings Limited (the "company") is an investment holding company. The principal activities of its subsidiaries are set out in note 18.

The company was incorporated and domiciled in Bermuda with limited liability under the Companies Act (1981) of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 4303, 43/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the company and its subsidiaries (hereinafter collectively referred to as the "group") are disclosed below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for current accounting period of the group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of measurement

The consolidated financial statements for the year ended 31 March 2017 comprise the company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that trading securities, available-for-sale investments, contingent consideration receivable, investment properties and warrants are stated at their fair value as explained in the accounting policies set out in notes 2(f), 2(e)(i), 2(h) and 2(p) below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

Basis of measurement (Continued)

Change in presentation and functional currency

Having considered over 85% of the group's revenue and business activities are conducted in Hong Kong and the functional currency of those subsidiaries in Hong Kong is Hong Kong Dollars ("HKD"), the company has decided to adopt and use HKD as the company's functional and the group's presentation currency in presenting the financial performance and the financial position of the group effective from 1 April 2016, so as to better reflect the underlying performance of the group and for better alignment with the underlying business operations of the group. As a result, the group changed its presentation currency from Renminbi ("RMB") to HKD for the preparation of its financial statements.

The change in presentation currency has been applied retrospectively. The comparative figures in this consolidated financial statements were then translated from RMB to HKD using the applicable closing rates for assets and liabilities in the consolidated statement of financial position and applicable average rates that approximated to actual rates for items in the consolidated statement of profit or loss. Share capital, share premium and reserves were translated at the exchange rate at the date when the respective amounts were determined (i.e. historical exchange rates).

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5.

c) SUBSIDIARIES AND NON-CONTROLLING INTERESTS

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) SUBSIDIARIES AND NON-CONTROLLING INTERESTS (Continued)

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and the total comprehensive income for the year between non-controlling interests and the owners of the company. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the group's ownership interests in existing subsidiaries

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

When the group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the company's statement of financial position, an investment in subsidiary is stated at cost less impairment losses (see note 2(k)) unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) ASSOCIATE

An associate is an entity in which the group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(e)(ii) and (k)). Any acquisition-date excess over cost, the group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the group's share of losses exceeds its interest in the associate, the group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the group's interest is the carrying amount of the investment under the equity method together with the group's long-term interests that in substance form part of the group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the group and its associate are eliminated to the extent of the group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the company's statement of financial position, investment in an associate is stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) i) BUSINESS COMBINATION

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

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

- a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carryforwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are recognised and measured in accordance with HKAS 12 "Income Taxes";

- assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 "Employee Benefits";

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) i) BUSINESS COMBINATION (Continued)

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement" with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

e) ii) GOODWILL

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) ii) GOODWILL (Continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is test for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro–rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

e) iii) ACQUISITION OF A SUBSIDIARY NOT CONSTITUTING A BUSINESS

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

f) OTHER INVESTMENTS IN EQUITY SECURITIES

The group's and the company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification.

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(s)(ii) and (iii).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) OTHER INVESTMENTS IN EQUITY SECURITIES (Continued)

Investments in securities which do not fall into any of the above categories are classified as available-for-sale investments. At the end of each reporting period, the fair value is remeasured with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(k)). Dividend income from equity securities are recognised in profit or loss in accordance with the policies set out in note 2(s)(ii).

When the investments are derecognised or impaired, the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the group commits to purchase/sell the investments or they expire.

g) PLANT AND EQUIPMENT

Plant and equipment, other than construction in progress, are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses (see note 2(k)).

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

Leasehold improvements	5 years or over the remaining term of the lease, if shorter
Furniture and equipment	5 years
Motor vehicles	4 to 5 years
Motor vessels	5 years

Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) INVESTMENT PROPERTIES

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(s)(i).

When the group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(j)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(j).

i) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

The following intangible assets with finite useful lives are amortised from the date they are available for use on a straight-line basis and their estimated useful lives are as follows:

–	Agency agreements	6 years
–	Employment contract	2 years
–	Customer relationship	4 years
–	Software	4 years
–	Trading rights	5 years

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

Intangible assets acquired in a business combination (Continued)

Mining right with finite useful life is carried at cost less accumulated amortisation and impairment losses (see note 2(k)). The mining right is amortised using the units of production method based on the proven and probable mineral reserves.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use on disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

j) LEASED ASSETS

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the group

Assets held by the group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(h)).

ii) Operating lease charges

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS

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

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

– significant financial difficulty of the debtor;

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

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

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

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

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

– For investment in an associate accounted for under the equity method in the consolidated financial statements (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS (Continued)

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

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

- For available-for-sale investments which are stated at fair value, when a decline in the fair value has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

- Impairment losses recognised in profit or loss in respect of available-for-sale investments are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

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 the above debtors 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets

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

– plant and equipment;

– investments in subsidiaries and an associate in the company's statement of financial position;

– deposit for acquisition of subsidiaries;

– intangible assets; and

– goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets (Continued)

– Reversals of impairment losses

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

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

iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the group is required to prepare an interim financial report in compliance with HKAS 34 "Interim Financial Reporting" in respect of the first six months of the financial year. At the end of the interim period, the group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(k)).

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale investments are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity securities increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

l) LOAN AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method less allowance for impairment of doubtful debts (see note 2(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such case, loan and receivables are stated at cost less allowance for impairment of doubtful debts. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of reporting period. These are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) LOAN AND RECEIVABLES (Continued)

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 (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

m) CASH AND CASH EQUIVALENTS

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

n) TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

o) INTEREST-BEARING BORROWINGS/PROMISSORY NOTES/UNCONVERTIBLE BONDS

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) CONVERTIBLE BONDS AND WARRANTS

Convertible bonds and contingently issuable warrants of the company consisted of the liability component and embedded derivatives (such as embedded conversion option, and early redemption option). Conversion options that were not settled by the exchange of a fixed amount of cash or another financial assets for a fixed number of the company's equity instrument was considered as embedded derivatives not closely related to the host contract (the liability component).

The group elected to designate its convertible bonds with embedded derivatives as financial liabilities at fair value through profit or loss on initial recognition. In subsequent periods, the entire convertible bonds were measured at fair value, with changes in fair value recognised directly in profit or loss in the year in which they arise.

Transaction costs that were directly attributable to the issue of the convertible bonds and warrants designated as financial liabilities at fair value through profit or loss were recognised immediately in profit or loss.

Warrants that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the company's own equity instrument are accounted as derivatives. The warrants are initially recognised at fair value and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

q) OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

r) INCOME TAX

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) INCOME TAX (Continued)

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) INCOME TAX (Continued)

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

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

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

  – the same taxable entity; or

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

s) REVENUE RECOGNITION

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

i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentive 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.

ii) Dividend income

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) REVENUE RECOGNITION (Continued)

iii) Interest income

Interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

iv) Commission income and service income

Commission income and service income are recognised when the relevant services are rendered.

v) Sales of goods

Revenue is recognised when goods are delivered at the customers' premises which are taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

vi) Commission and fees income on dealing in securities

Commission income for broking business of securities dealing is recognised as income when the relevant contracts are executed.

vii) Placing and underwriting commission income

Placing and underwriting commission income are recognised when the relevant transactions have been arranged on the relevant services have been rendered.

viii) Investment management fee income

Investment management fee income is recognised when the relevant services are rendered.

t) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) TRANSLATION OF FOREIGN CURRENCIES (Continued)

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

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

On the disposal of a foreign operation (i.e., a disposal of the group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

u) BORROWING COSTS

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

v) RELATED PARTIES

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

i) has control or joint control over the group;

ii) has significant influence over the group; or

iii) is a member of the key management personnel of the group or the group's parent.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) RELATED PARTIES (Continued)

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

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

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

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

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

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

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

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

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

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

w) EMPLOYEE BENEFITS

i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) EMPLOYEE BENEFITS (Continued)

ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in employee share-based compensation reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the employee share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the employee share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained earnings).

iii) *Termination benefits*

Termination benefits are recognised at the earlier of when the group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

x) SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the board of directors, which is the chief operating decision maker ("CODM") for the purposes of allocating resources to, and accessing the performance, the group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) PROVISIONS AND CONTINGENT LIABILITIES

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(y)(ii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(y)(ii).

(ii) Other provisions and contingent liabilities

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

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

z) DISCONTINUED OPERATION

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

z) DISCONTINUED OPERATION (Continued)

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

aa) PROPERTY UNDER DEVELOPMENT

Property under development is stated at the lower of cost and net realisable value on an individual basis. Costs comprise the acquisition costs and other direct costs attributable to such properties.

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

In the current year, the group has applied the following new and revised HKFRSs issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

None of these developments have had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The group's major financial instruments include trade and other receivables, loans receivables, trading securities, promissory notes receivable, cash and cash equivalents, available-for-sale investments, fixed deposits, interest-bearing bank borrowings, trade and other payables, unconvertible bonds, consideration receivable, contingent consideration receivable/purchase consideration payable and warrants.

Details of these financial instruments are disclosed in respective notes. The group has exposure to the credit risk, liquidity risk, currency risk, interest rate risk and equity price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i) CREDIT RISK

a) As at 31 March 2017 and 2016, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

b) The group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

As at 31 March 2017, the group has certain concentration of credit risk as 55% (2016: 52%) of total cash at bank and on hand and fixed deposits with maturity of 3 months or more were deposited at one financial institution in the Hong Kong with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK (CONTINUED)

c) In respect of trade receivables arising from rental income from investment properties, in order to minimise the credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its tenants' financial position and condition are performed on each and every major tenant periodically. These evaluations focus on the tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates. The group has trade receivables of HK$11,539,000 (2016: HK$14,902,000) from the tenants. The group has received rental deposits amounting to HK$2,328,000 (2016: HK$2,482,000) from the tenants as collateral. Rents are usually due upon presentation of billing.

In respect of loan receivables from clients, the objective of the group's measures to manage credit risk is to control potential exposure to recoverability problem. The group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. The group holds collateral against loan receivables in the form of trading securities listed in Hong Kong held by individual customers. Loan receivables balances are monitored on an ongoing basis, management reviews the recoverable amount of loan receivables at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the group's credit risk is significantly reduced. Interest income are usually billed on monthly basis.

In respect of trade receivables arising from financial services, the group's maximum exposure to credit risk which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties is the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the group has monitoring procedures for ensuring that follow-up actions are taken to recover overdue debts. The group reviews the recoverable amount of each individual client and borrower at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the company consider that the group's credit risk is significantly reduced. Apart from the exposure to margin clients, the directors of the company considers that the concentration of credit risk is limited due to customer base being large and unrelated.

d) The group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor, tenant and margin client. The default risk of the industry in which debtors, tenants or margin client operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the group had concentration of credit risk as for 53% (2016: 88%), 100% (2016: 100%) and 100% (2016: Nil) of the loan receivables, rental receivables and secured margin loan receivables from the business of dealing in securities were due from the group's five largest debtors, the two largest tenants and three largest margin clients respectively.

Further quantitative disclosures in respect of the group's exposure to credit risk arising from trade and other receivables and loans receivable are set out in notes 25 and 26, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

ii) LIQUIDITY RISK

Individual operating entities within the group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the company's board approval. The group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The group relies on interest-bearing bank borrowings and unconvertible bonds as a significant source of liquidity.

The following tables set out the remaining contractual maturities at the end of the reporting period of the group's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the group can be required to pay.

	2017							2016						
	Weighted average effective interest rate	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	Total contractual undiscounted cash outflow HK$'000	Carrying amount HK$'000	Weighted average effective interest rate	Within 1 year or on demand HK$'000 (Restated)	More than 1 year but less than 2 years HK$'000 (Restated)	More than 2 years but less than 5 years HK$'000 (Restated)	More than 5 years HK$'000 (Restated)	Total contractual undiscounted cash outflow HK$'000 (Restated)	Carrying amount HK$'000 (Restated)
Trade and other payables	–	16,247	–	–	–	16,247	16,247	–	20,128	–	–	–	20,128	20,128
Interest-bearing bank borrowings	5.39%	10,270	–	–	–	10,270	10,148	5.94%	22,715	11,140	–	–	33,855	32,457
Unconvertible bonds	5%	1,000	1,000	21,267	–	23,267	20,000	5%	1,000	1,000	22,267	–	24,267	20,000
Contingent consideration receivable/ purchase consideration payable:														
– promissory note	–	–	–	–	–	–	–	10.7%	4,800	66,514	–	–	71,314	58,613
– contingent consideration receivable	–	–	–	–	–	–	–	–	–	(77,638)	–	–	(77,638)	(61,799)
		27,517	1,000	21,267	–	49,784	46,395		48,643	1,016	22,267	–	71,926	69,399

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iii) CURRENCY RISK

a) *Exposure to currency risk*

The group is exposure to currency risk related primarily to cash and cash equivalents and trade and other payables that are denominated in currencies other than the functional currency of the relevant group entities.

Most of the group's transactions, assets and liabilities are denominated in Hong Kong Dollars, which is the same as the functional currency of the entity to which they related.

The following table details the group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong Dollars, translated using the spot rate at the year end date.

Exposure to foreign currencies (expressed in Hong Kong Dollars)

	2017	2016
	Renminbi	Renminbi
	HK$'000	HK$'000
		(Restated)
Cash and cash equivalents	**5**	–
Trade and other payables	**(5,413)**	(5,771)
Overall exposure to currency risk	**(5,408)**	(5,771)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iii) CURRENCY RISK (Continued)

b) *Sensitivity analysis*

The following table indicates the instantaneous change in the group's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2017		2016	
	Increase/ (decrease) in foreign exchange rates	**(Increase)/ decrease in loss after tax and accumulated losses HK$'000**	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease in loss after tax and accumulated losses HK$'000 (Restated)
Renminbi	**5%**	**(226)**	5%	(241)
	(5%)	**226**	(5%)	241

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' (loss)/profit after tax and equity measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the group which expose the group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iv) INTEREST RATE RISK

The group's interest rates risk arises primarily from group's cash at bank, fixed deposits, loan receivables, unconvertible bonds and interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the group to cash flow interest rate risk and fair value interest rate risk respectively. The group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider to hedge significant interest rate exposures when the need is anticipated.

At 31 March 2017, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease the group's loss after tax and accumulated losses by approximately HK$76,000 (2016: HK$243,000). This is attributable to variable rate interest-bearing bank borrowings.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2016.

v) EQUITY PRICE RISK

The group is exposed to equity price changes arising from trading of listed securities classified as trading securities and available-for-sale investments. The sensitivity analysis has been determined based on the exposure to equity price risk.

The group's trading securities are listed on the Stock Exchange of Hong Kong and are included in the Hang Seng Index.

All of the group's unquoted available-for-sale investments are held for long term purposes. Their performance is assessed at least periodically against performance of similar listed entities, based on the information available to the group, together with an assessment of their relevance to the group's long term plans.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

v) EQUITY PRICE RISK (Continued)

At 31 March 2017, it is estimated that an increase/(decrease) of 3% (2016: 3%) in the fair value of the group's trading securities and unquoted available-for-sale investments with all other variables held constant would have decreased/(increased) the group's loss after tax (and accumulated losses) and increase/(decrease) the group's other components of consolidated equity as follows:

	2017		2016	
	(Increase)/ decrease in loss after tax and accumulated losses HK$'000	**Increase/ (decrease) in other components of equity* HK$'000**	(Increase)/ decrease in loss after tax and accumulated losses HK$'000 (Restated)	(Increase)/ decrease in other components of equity* HK$'000 (Restated)
Available-for-sale investments	**–**	**15,048**	–	11,324
Trading securities	**4,595**	**–**	4	–
	4,595	**15,048**	4	11,324

* Excluding accumulated losses

For the purpose of this analysis, for the available-for-sale investments, the impact is deemed to be on the investment revaluation reserve and no account is given for factors such as impairment which might impact on the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT

a) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorized 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 as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The group has a team headed by the chief financial officer performing valuations for the financial instruments, including warrants, available-for-sale investments and contingent consideration receivable which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the directors and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the directors. Discussion of the valuation process and results with the directors and the audit committee is held twice a year, to coincide with the reporting dates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

	Fair value measurements as at 31 March 2017 categorised into				Fair value measurements as at 31 March 2016 categorised into			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Fair value at 31 March 2017 HK$'000	Level 1 HK$'000 (Restated)	Level 2 HK$'000 (Restated)	Level 3 HK$'000 (Restated)	Fair value at 31 March 2016 HK$'000 (Restated)
Recurring fair value measurements assets:								
Available-for-sale investments (note 1 & 2)	–	72,562	429,035	501,597	–	177,459	200,000	377,459
Trading securities	153,152	–	–	153,152	127	–	–	127
Contingent consideration receivable (note 4)	–	–	–	–	–	–	61,799	61,799
Liabilities:								
Warrants (note 3)	–	–	–	–	–	–	73	73

During the years ended 31 March 2016 and 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

Note:

1 The valuation techniques and key inputs used of available-for-sale investments for level 2 fair value measurement are as follows:

The fair value of available-for-sale investments is assessed to approximate the net asset values indicated on the net asset value statements issued by investment fund managers, which take into consideration the fair value of the assets held under the investments.

2 The valuation techniques and key inputs used of available-for-sale investments for level 3 fair value measurement at the end of the reporting period are as follows:

	Valuation techniques	**Significant unobservable inputs**	**Percentage of discount**
Available-for-sale investments	Market comparable companies	Discount for lack of marketability	25% (2016: 25%)

The fair value of unlisted available-for-sale equity investment is assessed to approximate the net asset values indicated on the net asset value statements issued by investment fund managers, which take into consideration the fair value of the assets held under the investments. Where appropriate, a discount is applied to take into consideration of the unlisted securities held under the investment. The fair value measurement is negatively correlated to the discount for lack of marketability. No sensitivity analysis is disclosed for the impact of changes in the discount for the lack of marketability as the management considers that the exposure is insignificant to the group.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2017 HK$'000	2016 HK$'000 (Restated)
Available-for-sale investments:		
At the beginning of the year	**200,000**	–
Additions	**70,000**	200,000
Changes in fair value	**159,035**	–
At the end of the year	**429,035**	200,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

Note: (Continued)

3 The valuation techniques and key inputs used of warrants for the level 3 fair value measurement at the end of reporting period are as follows:

	Valuation techniques	Significant unobservable input	Range
Warrants (note 32)	Binomial option pricing model	Risk free rate	not applicable (2016: 0.06%-0.10%)
		Expected volatility	not applicable (2016: 131.36%-144.14%)

The increase in risk free rate would result in decrease in fair value measurement of warrants while and increase in expected volatility would result in increase in fair value measurement of warrants, and vice versa.

No sensitivity analysis is disclosed for the impact of changes in the risk free rate as the exposure is insignificant to the group.

A 5% increase or decrease in the expected volatility used while holding all other variables constant would increase or decrease the carrying amount of the warrants by HK$Nil or HK$Nil respectively (2016: increase or decrease the carrying amount of the warrants by HK$32,000 or HK$23,000 respectively).

4 The valuation techniques and key inputs used of contingent consideration receivable for the level 3 fair value measurement at the end of reporting period are as follows:

	Valuation techniques	Significant unobservable input	Range
Contingent consideration receivable/contingent consideration receivable included in purchase consideration payable (note 36(b))	Discounted cash flow analysis	Probability – weighted profit/(loss)	not applicable (2016: Profit of HK$2,281,000-profit of HK$14,500,000)
		Discount rate	not applicable (2016: 7.8%-8.1%)

The increase in probability-weighted profit and discount rate used would result in decrease in fair value measurement of contingent consideration receivable while the increase in loss used would result in increase in fair value measurement of contingent consideration receivable, and vice versa.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

Note: (Continued)

A 5% increase or decrease in the probability-weighted profit used while holding all other variables constant would decrease or increase the carrying amount of the contingent consideration receivable by HK$Nil or HK$Nil respectively (2016: decrease or increase the carrying amount of contingent consideration receivable by HK$1,268,000 or HK$1,269,000 respectively).

A 5% increase or decrease in the discount rate used while holding all other variables constant would increase/decrease the carrying amount of the contingent consideration receivable by HK$Nil or HK$Nil respectively (2016: increase or decrease the carrying amount of contingent consideration receivable by HK$26,000 or HK$27,000 respectively).

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2017 HK$'000	2016 HK$'000 (Restated)
Contingent consideration receivables/contingent consideration receivable included in purchase consideration (payable):		
At the beginning of the year	**61,799**	65,565
Disposal of a subsidiary	**(59,809)**	–
Change in unrealised losses included in other gain or loss#	**(1,990)**	(3,766)
At the end of the year	**–**	61,799

	2017 HK$'000	2016 HK$'000
# Total loss included in profit or loss that is attributable to the change in unrealised losses relating to those assets held at the end of the reporting period (included in other gains and losses)	**–**	–

b) *Fair value of financial assets and liabilities carried at other than fair value*

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values. The fair value is estimated at the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vii) FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING

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

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

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

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

As at 31 March 2017

Type of financial assets	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Related amounts not offset in the consolidated statement of financial position Collateral received* HK$'000	Net amount HK$'000
Accounts receivable arising from the business of dealing in securities	105,444	(42,363)	63,081	(52,229)	10,852
Deposit placed with clearing house	230	–	230	–	230

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vii) FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING (Continued)

Type of financial liabilities	**Gross amounts of recognised financial liabilities HK$'000**	**Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000**	**Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000**	**Related amounts not offset in the consolidated statement of financial position Collateral pledged HK$'000**	**Net amount HK$'000**
Accounts payable arising from the business of dealing in securities	**48,335**	**(42,363)**	**5,972**	**–**	**5,972**

As at 31 March 2016

Type of financial assets	Gross amounts of recognised financial assets HK$'000 (Restated)	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000 (Restated)	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000 (Restated)
Contingent consideration receivable, at fair value	61,799	(58,613)	3,186

Type of financial liabilities	Gross amounts of recognised financial liabilities HK$'000 (Restated)	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000 (Restated)	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000 (Restated)
Promissory note, at amortised cost	58,613	(58,613)	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. ACCOUNTING JUDGEMENTS AND ESTIMATES

a) KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Estimated impairment of receivables

When there is objective evidence of impairment loss, the group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2017, the carrying amount of trade receivables, loan receivables and consideration receivables are HK$5,799,000 (net of allowance for doubtful debts of HK$5,795,000) (2016: carrying amount of HK$14,373,000, net of allowance for doubtful debts of HK$6,179,000), HK$275,000,000 (2016: HK$120,000,000) and HK$Nil (2016: HK$21,600,000) respectively.

ii) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recognised during the year. The useful lives are based on the group's historical experience with similar assets and taking into account anticipated obsolescence and technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

The carrying amount of plant and equipment as at 31 March 2017 was HK$12,865,000 (2016: HK$8,495,000).

iii) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2017 at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

The carrying amount of investment properties as at 31 March 2017 was HK$234,015,000 (2016: HK$228,635,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

a) KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

iv) *Impairment of intangible assets*

The group assess whether there are any indicators of impairment for intangible assets. If any such indication exists the recoverable amount of the asset or the cash generating unit to which it belongs is estimated to determine impairment losses on the asset. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amount, which would effect profit or loss in future years.

The carrying amount of intangible assets as at 31 March 2017 was HK$9,330,000 (2016: HK$14,695,000).

v) *Impairment of goodwill*

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2017 was HK$4,748,000 (2016: HK$21,260,000).

vi) *Fair value of warrants*

Management uses their judgement in selecting an appropriate valuation technique for warrants that do not have a quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied.

For warrants, assumptions are made based on quoted market rates adjusted for specific features of the convertible bonds. Changes in assumption used could materially affect the fair value of the balance and as a result affect the group’s financial condition and result of operation.

The carrying amount of warrants as at 31 March 2017 was HK$Nil (2016: HK$73,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

a) KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

vii) Fair value of contingent consideration receivable

The fair value of contingent consideration receivable of acquisition was determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions, including the discount rates and estimation of post-acquisition performance of the acquired subsidiaries. Changes in assumption used could materially affect the fair value of the balances and as a result affect the group's financial condition and results of operation.

The carrying amount of contingent consideration receivable as at 31 March 2017 was HK$Nil (2016: HK$3,186,000).

viii) Fair value of available-for-sale investments

The fair value of available-for-sale investments were measured using valuation technique based on inputs that can be observed in the market and unobservable inputs such as company specific financial information. The carrying amount of available-for-sale investments as at 31 March 2017 was HK$501,597,000 (2016: HK$377,459,000).

b) CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In determining the carrying amounts of some assets and liabilities, the group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the group's accounting policies.

i) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

6. SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in these financial statements, are identified on the basis of internal reports which provides information about components of the group. These information are reported to and reviewed by the board of directors, which is the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment.

The CODM considers the business from product perspectives. The group has presented the following three reportable segments. These segments are managed separately. The properties investment segment, the educational support services segment and money lending service segment offer very different products and services.

PROPERTIES INVESTMENT: The properties investment reportable operating segment derives its revenue primarily from leasing of investment properties.

MONEY LENDING BUSINESS: The money lending business reportable segment derives its revenue primarily from lending out loans and receive interest.

FINANCIAL SERVICES: The financial services reportable segment derives its revenue from providing brokerage services for securities dealing, placing and undertaking services, margin financing and asset management.

The operation of educational support business, which derives its revenue from the provision of students referral services to overseas schools, overseas education counselling and schools enrolling services of students, trading of educational software and hardware and provision of education, skill training and education consultation, was discontinued in the current year. The following segment information does not include any amounts for the discontinued operations, which is described in more detail in note 10.

During the year, the group has entered into a new segment of financial services.

No reportable operating segment has been aggregated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

6. SEGMENT REPORTING (Continued)

a) SEGMENT RESULTS, ASSETS AND LIABILITIES

For the purposes of assessing segment performance and allocating resources between segments, the group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the group's accounting policies. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs such as directors' salaries, share of loss of an associate, unallocated finance costs, corporate income, depreciation and interest income and fair value change in contingent consideration receivable and convertible bonds and warrants. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss.

All assets are allocated to reportable segments other than available-for-sale investments, property under development, consideration receivable, interest in an associate, contingent consideration receivable and corporate assets. All liabilities are allocated to reportable segments other than deferred tax liabilities, tax payable, unconvertible bonds, purchase consideration payable and corporate liabilities.

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2017 and 2016 is set out below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

6. SEGMENT REPORTING (Continued)

a) SEGMENT RESULTS, ASSETS AND LIABILITIES (Continued)

Continuing operations:

	2017				2016		
	Properties investment HK$'000	Money lending business HK$'000	Financial services HK$'000	Total HK$'000	Properties investment HK$'000 (Restated)	Money lending business HK$'000 (Restated)	Total HK$'000 (Restated)
Revenue from external customers	9,354	48,491	5,500	63,345	10,845	4,249	15,094
Reportable segment revenue	9,354	48,491	5,500	63,345	10,845	4,249	15,094
Reportable segment profit/(loss) before taxation	17,843	45,047	(5,004)	57,886	(19,029)	3,073	(15,956)
Interest income of bank deposits	7	–	36	43	2	–	2
Depreciation and amortisation							
– Plant and equipment	(841)	–	(161)	(1,002)	(318)	–	(318)
– Intangible asset	–	–	(1,813)	(1,813)	–	–	–
Valuation gain/(loss) on investment properties	20,015	–	–	20,015	(20,089)	–	(20,089)
Finance costs	(1,137)	–	–	(1,137)	(2,542)	–	(2,542)
Reportable segment assets	246,312	309,831	123,022	679,165	241,574	124,125	365,699
Additions to non-current assets during the year	4,638	–	16,983	21,621	15	–	15
Reportable segment liabilities	29,403	1,066	8,809	39,278	49,195	1	49,196

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

6. SEGMENT REPORTING (Continued)

b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER ITEMS:

	2017 HK$'000	2016 HK$'000 (Restated)
(i) Revenue		
Total reportable segment revenue	**63,345**	15,094
Consolidated revenue	**63,345**	15,094
(ii) (Loss)/profit		
Total reportable segments' profit/(loss)	**57,886**	(15,956)
Share of loss of an associate	**(8)**	(128)
Unallocated corporate income	**1,205**	23
Depreciation	**(2,585)**	(1,910)
Interest income	**113**	843
Unallocated finance costs	**(4,862)**	(8,197)
Fair value change in contingent consideration receivables	**(1,990)**	(3,766)
Fair value change on warrants	**73**	(24,669)
Unallocated corporate expenses	**(83,794)**	(47,806)
Consolidated loss before taxation from continuing operations	**(33,962)**	(101,566)
(iii) Assets		
Reportable segments' assets	**679,165**	365,699
Interest in an associate	**–**	9,575
Available-for-sale investments	**501,597**	377,459
Property under development	**18,576**	18,053
Trading securities	**153,152**	–
Consideration receivable	**–**	21,600
Contingent consideration receivable	**–**	3,186
Unallocated corporate assets	**94,934**	73,499
Assets relating to educational support business (now discontinued)	**–**	45,084
Consolidated total assets	**1,447,424**	914,155
(iv) Liabilities		
Reportable segments' liabilities	**(39,278)**	(49,196)
Warrants	**–**	(73)
Unconvertible bonds	**(20,000)**	(20,000)
Unallocated corporate liabilities	**(8,594)**	(17,267)
Liabilities relating to educational support business (now discontinued)	**–**	(4,698)
Consolidated total liabilities	**(67,872)**	(91,234)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

6. SEGMENT REPORTING (Continued)

b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER ITEMS: (Continued)

(v) Other items

	2017				
	Properties investment HK$'000	Money lending business HK$'000	Financial services HK$'000	Unallocated HK$'000	Total HK$'000
Interest income					
– bank deposits	7	–	36	113	156
Depreciation	(841)	–	(161)	(2,585)	(3,587)
Finance cost	(1,137)	–	–	(4,862)	(5,999)

	2016			
	Properties investment HK$'000 (Restated)	Money lending business HK$'000 (Restated)	Unallocated HK$'000 (Restated)	Total HK$'000 (Restated)
Interest income				
– promissory notes	–	–	756	756
– bank deposits	2	–	87	89
Depreciation	(318)	–	(1,910)	(2,228)
Finance cost	(2,542)	–	(8,197)	(10,739)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

6. SEGMENT REPORTING (Continued)

c) GEOGRAPHICAL INFORMATION

The following is an analysis of geographical location of (i) the group's revenue from continuing operation external customers and (ii) the group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The group's non-current assets (other than financial instruments) include plant and equipment, investment properties, intangible assets, goodwill and deposit for acquisition of subsidiaries and interest in an associate. The geographical location of plant and equipment and investment properties are based on the physical location of the asset. In the case of intangible assets, goodwill and deposit for acquisition of subsidiaries, it is based on the location of operation to which they are allocated. In the case of interest in an associate, it is the location of operations of such associate.

	Revenue from external customers		Non-current assets	
	2017 **HK$'000**	2016 HK$'000 (Restated)	**2017** **HK$'000**	2016* HK$'000 (Restated)
Hong Kong (place of domicile)	**53,991**	4,249	**18,981**	16,215
PRC	**9,354**	10,845	**238,342**	229,424
Others	**–**	–	**3,635**	1,582
	63,345	15,094	**260,958**	247,221

* The non-current assets as at 31 March 2016 exclude those assets relating to the discontinued operations.

d) INFORMATION ABOUT MAJOR CUSTOMERS

Revenues from customers contributed 10% or more of the total revenue of the group are as follows:

	2017 **HK$'000**	2016 HK$'000 (Restated)
Customer A – revenue from properties investment	**6,747**	7,493
Customer B – revenue from properties investment	**–**	3,353
	6,747	10,846

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

7. REVENUE

Revenue from continuing operations represents rental income from investment properties, investment management fee income, commission and fees income on dealing in securities, placing and underwriting commission, interest income from margin and initial public offer financing and loan interest income. The amount of each significant category of revenue recognised during the year is as follows:

	2017	2016
	HK$'000	HK$'000
		(Restated)
Continuing operations:		
Rental income from investment properties	**9,354**	10,845
Loan interest income	**48,491**	4,249
Investment management fee income	**159**	–
Commission and fees income on dealing in securities	**2,251**	–
Placing and underwriting commission	**2,360**	–
Interest income from margin and initial public offer financing	**730**	–
	63,345	15,094

8. OTHER INCOME AND OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	HK$'000
		(Restated)
Continuing operations:		
a) Other income		
Interest income on promissory notes	**–**	756
Interest income on bank deposits	**156**	89
	156	845
Dividend income	**16**	–
Gain on disposal of plant and equipment	**73**	–
Sundry income	**1,081**	21
	1,326	866

During the year, the interest income that was derived from financial assets not at fair value through profit or loss amounting to HK$49,377,000 (2016: HK$5,094,000), included interest income on loans and from margin and initial public offer financing in revenue and interest income in other income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

8. OTHER INCOME AND OTHER GAINS AND LOSSES (Continued)

	2017	2016
	HK$'000	HK$'000
		(Restated)
b) Other gains and losses		
Net foreign exchange gain	**995**	2
Fair value loss on contingent consideration receivable	**(1,990)**	(3,766)
Fair value gain/(loss) on warrants	**73**	(24,669)
	(922)	(28,433)

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

	2017	2016
	HK$'000	HK$'000
		(Restated)
Continuing operations:		
a) Finance costs		
Interest expense on bank borrowings	**1,137**	2,542
Interest expense on other borrowings	**5**	–
Interest expense on promissory notes	**3,857**	7,198
Interest expense on unconvertible bonds	**1,000**	1,000
Total interest expense on financial liabilities not at fair value through profit or loss	**5,999**	10,740

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

9. LOSS BEFORE TAXATION (Continued)

	2017 HK$'000	2016 HK$'000 (Restated)
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	32,381	23,099
Contribution to defined contribution retirement plans	786	709
	33,167	23,808
c) Other items		
Auditor's remuneration		
– audit services	1,540	1,372
– other services	1,294	1,098
Amortisation of intangible assets		
– included in cost of sales and services rendered	1,813	–
– included in other expenses	–	–
	1,813	–
Depreciation	3,587	2,228
Gross rental income from investment properties less direct outgoings of HK$902,000 (2016: HK$974,000)	(8,452)	(9,871)
Operating lease charges: minimum lease payments including directors' quarters of HK$2,181,000 (2016: HK$2,400,000)	8,744	7,282
(Gain)/loss on disposal of plant and equipment	(73)	250
d) Other expenses		
Fair value loss of trading securities	31,282	24
Write off of other receivables	39	–
Loss on disposal of interest in an associate	67	–
Realised loss on dealing of trading securities	3,378	–
Impairment loss of goodwill	721	–
	35,487	24

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

10. DISCONTINUED OPERATIONS

DISPOSAL OF INVESTMENT IN MINING OPERATION

On 17 February 2016, the company entered into a sale agreement to dispose of entire equity interests in Main Pacific Group Limited and Universe Prosper Limited and their subsidiaries, which carried out mining operation. The disposal was completed on 11 March 2016. Upon completion of the disposal, the group discontinued its mining operation. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 38.

DISPOSAL OF INVESTMENT IN EDUCATIONAL SUPPORT BUSINESS

On 22 August 2016, the company entered into a sale agreement to dispose of entire equity interests in Liqun Investments Limited and its 90% owned subsidiary, which carried out educational support business. The disposal was completed on 10 November 2016. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 38.

On 11 November 2016, the company entered into a sale agreement to dispose of 90% equity interests in Able Up Investment Limited and its wholly-owned subsidiaries, which carried out educational support business. The disposal was completed on 14 November 2016. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 38.

Upon completion of the above disposals, the group discontinued its educational support business.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

10. DISCONTINUED OPERATIONS (Continued)

ANALYSIS OF RESULTS FOR THE YEAR FROM DISCONTINUED OPERATIONS

The results of the discontinued operations included in the loss for the year are set out below. The comparative loss and cash flows from the discontinued operations have been re-presented to include the operation classified as discontinued in the current year. The comparative consolidated statement of profit or loss has been restated to show the discontinued operations separately from continuing operations.

	2017 **HK$'000**	2016 HK$'000 (Restated)
Discontinued operations:		
Revenue	**10,881**	20,082
Cost of sales and services rendered	**(8,429)**	(18,461)
Gross profit	**2,452**	1,621
Other income	**65**	1,153
Other gains and losses	**(37)**	–
Administrative expenses	**(3,837)**	(9,098)
Exploration and development expenses of mine	**–**	(141)
Other expenses	**–**	(22,398)
Loss from operations	**(1,357)**	(28,863)
Finance costs	**–**	(24)
Loss before taxation	**(1,357)**	(28,887)
Income tax credit	**816**	1,308
Loss after taxation	**(541)**	(27,579)
Gain on disposal of subsidiaries (note 38)	**23,691**	18,382
Attributable income tax expense	**–**	(5,895)
	23,691	12,487
Profit/(loss) for the year from discontinued operations	**23,150**	(15,092)
Attributable to:		
Owners of the company	**23,204**	(12,526)
Non-controlling interests	**(54)**	(2,566)
Profit/(loss) for the year	**23,150**	(15,092)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

10. DISCONTINUED OPERATIONS (Continued)

Loss for the year from discontinued operations include the following:

	2017 HK$'000	2016 HK$'000 (Restated)
Discontinued operations:		
a) Finance costs		
Interest expenses on other borrowings	–	24
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	2,381	4,912
Contribution to defined contribution retirement plans	73	236
	2,454	5,148
c) Other items		
Amortisation of intangible assets		
– included in cost of sales and services rendered	4,947	8,043
– included in other expenses	–	–
Depreciation	179	1,458
Gross rental income from investment properties less direct outgoings of HK$Nil (2016: HK$Nil)	(55)	(8)
Operating lease charges: minimum lease payments	552	900
Gain on disposal of plant and equipment	–	(850)
d) Other expenses		
Write off of prepayment	–	350
Impairment loss of intangible assets	–	22,048
	–	22,398

	2017 HK$'000	2016 HK$'000 (Restated)
Cash flows from discontinued operations		
Net cash (used in)/generated from operating activities	(581)	5,069
Net cash used in investing activities	(81)	(5,399)
Net cash generated from financing activities	–	–
Net cash outflows from discontinued operations	(662)	(330)
Profit/(loss) per share from discontinued operations		
Basic	HK$0.64 cents	(HK$1.39 cents)
Diluted	HK$0.64 cents	(HK$1.39 cents)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

10. DISCONTINUED OPERATIONS (Continued)

The calculations of basic and diluted earnings per share from the discontinued operations are based on:

	2017 **HK$'000**	2016 HK$'000 (Restated)
Profit/(loss) attributable to owners of the company from the discontinued operations	**23,204**	(12,526)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (note 15)	**3,649,175**	901,573
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 15)	**3,649,175**	901,573

11. DIRECTORS' AND CHIEF EXECUTIVE'S 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, and the chief executive's emoluments are as follows:

	2017				
	Fees HK$'000	**Salaries and other benefits in kind* HK$'000**	**Discretionary bonuses HK$'000**	**Retirement scheme contribution HK$'000**	**Total HK$'000**
Executive directors					
Au Tat On	**–**	**842**	**100**	**18**	**960**
Xu Dong *(chief executive)* (note)	**–**	**8,046**	**1,840**	**18**	**9,904**
	–	**8,888**	**1,940**	**36**	**10,864**
Independent non-executive directors					
Lai Wai Yin	**120**	**–**	**–**	**–**	**120**
Cao Jie Hin	**120**	**–**	**–**	**–**	**120**
Tse Kwong Wah	**120**	**–**	**–**	**–**	**120**
	360	**–**	**–**	**–**	**360**
Non-executive director					
Yu Wai Fong (resigned on 5 December 2016)	**–**	**4,323**	**920**	**18**	**5,261**
Han Wei (appointed on 5 December 2016)	**–**	**175**	**–**	**8**	**183**
	–	**4,498**	**920**	**26**	**5,444**
Total	**360**	**13,386**	**2,860**	**62**	**16,668**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	2016				
	Fees HK$'000 (Restated)	Salaries and other benefits in kind* HK$'000 (Restated)	Discretionary bonuses HK$'000 (Restated)	Retirement scheme contribution HK$'000 (Restated)	Total HK$'000 (Restated)
Executive directors					
Au Tat On	–	682	140	18	840
Xu Dong *(chief executive)* (note)	–	6,972	1,650	18	8,640
	–	7,654	1,790	36	9,480
Independent non-executive directors					
Lai Wai Yin	120	–	–	–	120
Cao Jie Hin	120	–	–	–	120
Tse Kwong Wah	120	–	–	–	120
	360	–	–	–	360
Non-executive director					
Yu Wai Fong	–	3,323	830	18	4,171
	–	3,323	830	18	4,171
Total	360	10,977	2,620	54	14,011

* Other benefits in kind included in director's quarters.

Note: Mr. Xu Dong is the director and the chief executive of the company and is responsible for the company's day to day management and overall activities. The remuneration of Mr. Xu Dong for 2016 and 2017 is disclosed above.

No emoluments have been paid to the directors as an inducement to join or upon joining the group or as compensation for loss of office during the years ended 31 March 2017 and 2016. No director waived or agreed to waive any emoluments during the years ended 31 March 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the group, three (2016: three) are directors of the company whose emoluments are included in the disclosure in note 11 above. The emoluments of the remaining two (2016: two) individuals are as follows:

	2017	2016
	HK$'000	HK$'000
		(Restated)
Salaries and other emoluments	**5,283**	4,041
Contributions to retirement scheme contributions	**110**	90
	5,393	4,131

The emoluments of the two (2016: two) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2017	2016
Nil – HK$1,000,000	**–**	1
HK$1,000,001 – HK$1,500,000	**–**	–
HK$1,500,001 – HK$2,000,000	**1**	–
HK$2,000,001 – HK$2,500,000	**–**	–
HK$2,500,001 – HK$3,000,000	**–**	–
HK$3,000,001 – HK$3,500,000	**–**	–
HK$3,500,001 – HK$4,000,000	**1**	1
	2	2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

13. INCOME TAX (CREDIT)/EXPENSES (RELATING TO CONTINUING OPERATIONS)

a) Income tax relating to continuing operations recognised in profit or loss represents:

	2017	2016
	HK$'000	HK$'000
		(Restated)
Current tax		
Hong Kong Profits Tax (note 31(a))	**1,067**	1
Deferred tax		
Origination and reversal of temporary differences	**4,705**	(5,022)
Income tax expenses/(credit)	**5,772**	(5,021)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of estimated assessable profits for the year.

The provision for PRC Enterprise Income Tax ("EIT") is calculated at 25% (2016: 25%) of the estimated assessable profits for the year. No provision for EIT was provided for as the company's subsidiaries operating in the People's Republic of China incurred losses for the years ended 31 March 2017 and 2016.

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

	2017	2016
	HK$'000	HK$'000
		(Restated)
Loss before taxation from continuing operations	**(33,962)**	(101,566)
Notional tax on loss before taxation, calculated at the tax rates applicable to respective tax jurisdictions	**(4,205)**	(18,603)
Tax effect of non-taxable income	**(13,971)**	(27,018)
Tax effect of non-deductible expenses	**19,923**	39,121
Tax effect of temporary differences not recognised	**176**	168
Tax effect of utilisation of tax losses previously not recognised	**(2,162)**	–
Tax effect of unused tax losses not recognised	**6,032**	1,311
One-off tax reduction	**(20)**	–
Over provision in prior year	**(1)**	–
Income tax expenses/(credit)	**5,772**	(5,021)

14. DIVIDENDS

The directors did not propose the payment of any dividend for the year ended 31 March 2017 (2016: Nil) in view of the loss for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

15. LOSS PER SHARE

FROM CONTINUING AND DISCONTINUED OPERATIONS

The calculation of basic loss per share is based on the loss attributable to owners of the company of HK$16,530,000 (2016: HK$109,071,000) and on the weighted average number of 3,649,175,000 ordinary shares is issue during the year (2016: 901,573,000 ordinary shares).

Weighted average number of ordinary shares:

	2017	2016
	'000	'000
		(Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (note a)	**3,649,175**	901,573

Note a: The number of ordinary shares for the year ended 31 March 2017 has been adjusted to take into account the retrospective adjustment to the number of shares outstanding before the rights issue which was completed during the year 2017 to reflect the bonus element inherent in the rights issue.

The number of ordinary shares for the year ended 31 March 2016 has been adjusted to take into account the retrospective adjustment to the number of shares outstanding before the rights issue which was completed during the year 2017 to reflect the bonus element inherent in the rights issue.

FROM CONTINUING OPERATIONS

The calculation of basic loss per share for continuing operations is based on the loss attributable to owners of the company of HK$39,734,000 (2016: HK$96,545,000) and on the weighted average number of 3,649,175,000 ordinary shares is issue during the year (2016: 901,573,000 ordinary shares).

FROM DISCONTINUED OPERATIONS

Basic profit (2016: loss) per share from the discontinued operations is HK$0.64 cents per share (2016: HK$1.39 cents per share) and diluted profit (2016: loss) per share from the discontinued operations is HK$0.64 cents per share (2016: HK$1.39 cents per share), based on the profit for the year from the discontinued operations attributable to owners of the company of approximately HK$23.2 million (2016: loss of approximately HK$12.5 million) and the denominators detailed above for both basic and diluted profit (2016: loss) per share from discontinued operations.

DILUTED LOSS PER SHARE

Diluted loss per share equals to basic loss per share because the outstanding warrants had an anti-dilutive effect on the basic loss per share for the year ended 31 March 2016 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

16. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000 (Restated)	Furniture and equipment HK$'000 (Restated)	Motor vehicles HK$'000 (Restated)	Motor vessels HK$'000 (Restated)	Total HK$'000 (Restated)
Cost					
At 1 April 2015	321	2,220	33,905	–	36,446
Additions	–	465	7,889	–	8,354
Disposal of subsidiaries	–	(324)	(15,119)	–	(15,443)
Disposals	–	–	(8,616)	–	(8,616)
Exchange alignment	–	(56)	(1,144)	–	(1,200)
At 31 March 2016	321	2,305	16,915	–	19,541
At 1 April 2016	321	2,305	16,915	–	19,541
Additions	2,699	2,460	1,812	2,433	9,404
Acquisition of subsidiaries (note 45)	–	25	–	–	25
Disposal of subsidiaries	(284)	(1,167)	–	–	(1,451)
Disposals	–	(25)	(2,661)	–	(2,686)
Exchange alignment	(37)	(74)	(316)	(33)	(460)
At 31 March 2017	2,699	3,524	15,750	2,400	24,373
Accumulated depreciation					
At 1 April 2015	(26)	(1,290)	(22,180)	–	(23,496)
Charge for the year	(58)	(256)	(3,372)	–	(3,686)
Eliminated on disposals of assets	–	–	7,340	–	7,340
Written back on disposal of subsidiaries	–	208	7,744	–	7,952
Exchange alignment	–	44	800	–	844
At 31 March 2016	(84)	(1,294)	(9,668)	–	(11,046)
At 1 April 2016	(84)	(1,294)	(9,668)	–	(11,046)
Charge for the year	(886)	(512)	(2,246)	(122)	(3,766)
Eliminated on disposals of assets	–	–	2,537	–	2,537
Written back on disposal of subsidiaries	109	396	–	–	505
Exchange alignment	9	45	206	2	262
At 31 March 2017	(852)	(1,365)	(9,171)	(120)	(11,508)
Carrying amount					
At 31 March 2017	1,847	2,159	6,579	2,280	12,865
At 31 March 2016	237	1,011	7,247	–	8,495

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

17. INVESTMENT PROPERTIES

	HK$'000 (Restated)
Valuation (Level 3 fair value measurements):	
At 1 April 2015	261,262
Loss on revaluation	(20,089)
Exchange alignment	(12,538)
At 31 March 2016	228,635
At 1 April 2016	228,635
Gain on revaluation	20,015
Exchange alignment	(14,635)
At 31 March 2017	234,015

All of the group's investment properties are held in the PRC.

All of the group's investment properties were revalued on 31 March 2017 and 31 March 2016 by Castores Magi (Hong Kong) Limited, an independent firm of professional valuers, who has recognised and relevant professional qualification and recent experience in the location and category of properties being valued. The properties had been revalued on the income capitalisation approach. The group's chief financial officer has discussion with the valuers on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date. The investment properties are leased to third parties under operating leases, further details of which are included in note 39(b)(i) to the financial statements.

The group's investment properties of approximately HK$160,096,000 (2016: approximately HK$155,223,000) were pledged to secure general banking facilities granted to the group (note 30).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

17. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES

i) *Fair value hierarchy*

The following table presents the fair value of the group's investment properties measured at the end of the reporting period on a recurring basis, categorized 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 as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

		Fair value measurements as at 31 March 2017 categorised into				Fair value measurements as at 31 March 2016 categorised into		
	Fair value at 31 March 2017 HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	Fair value at 31 March 2016 HK$'000 (Restated)	Level 1 HK$'000 (Restated)	Level 2 HK$'000 (Restated)	Level 3 HK$'000 (Restated)
Recurring fair value measurement								
Investment properties:								
– Commercial – PRC	**234,015**	**–**	**–**	**234,015**	228,635	–	–	228,635

During the year ended 31 March 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2016: Nil). The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

17. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES (Continued)

ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties I Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	HK$168 - HK$524 (2016: HK$165 - HK$343)
		Rental growth rate	1% (2016: 1%)
		Market yield	5.5% (2016: 6%)
Investment properties II Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	HK$132 – HK$205 (2016: HK$154 – HK$232)
		Rental growth rate	1% (2016: 1%)
		Market yield	5.5% (2016: 6%)

A significant increase/(decrease) in the estimated rental value (per square metre and per month) and rental growth rate in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the market yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2017 HK$'000	2016 HK$'000 (Restated)
Investment properties – Commercial – PRC		
At 1 April	**228,635**	261,262
Valuation gain/(loss) on investment properties	**20,015**	(20,089)
Exchange alignment	**(14,635)**	(12,538)
At 31 March	**234,015**	228,635

All the gains recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

18. SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the group.

			Proportion of ownership interest			
Name	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
Luck Grow Group Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
Lok Wing Group Limited	Hong Kong	50,000,000 ordinary shares	100%	–	100%	Investment holding
上海祥宸行置業有限公司 Shanghai Xiang Chen Hang Place The Industry Co Limited* (Note)	PRC	US$12,571,540	100%	–	100%	Property investment
Allied China Development Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
View Success Holdings Limited	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
北京博思嘉睿商務顧問有限公司 (Note)	PRC	HK$4,000,000	100%	–	100%	Agency service
Triglory Group Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
Triple Glory Holdings Limited	Hong Kong	1 ordinary share	100%	–	100%	Money lending business

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

18. SUBSIDIARIES (Continued)

Name	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
China Properties Investment North America Inc.	Canada	10,000 ordinary shares of CAD300 each	100%	–	100%	Property investment
Big Fair International Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
Fair Union Investment Limited	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
C.P. Securities International Limited	Hong Kong	110,819,999 ordinary shares	100%	–	100%	Financial services
C.P. Financial Management Limited	Hong Kong	3,500,000 ordinary shares	100%	–	100%	Financial services
GR Global Limited	The British Virgins Islands	100 ordinary shares of US$1 each	100%	100%	–	Investment holding
HKFM Global Fund SPC	Cayman Islands	100 management shares of US$1 each	100%	–	100%	Financial services
HKFM Investment Management Limited	Cayman Islands	50,000 ordinary shares of US$1 each	100%	–	100%	Financial services

Note: Registered under the laws of the PRC as a wholly-foreign-owned enterprise.

* For identification only.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

19. INTANGIBLE ASSETS

	Mining right HK$'000 (Restated)	Agency agreements HK$'000 (Restated)	Employment contract HK$'000 (Restated)	Customer relationship HK$'000 (Restated)	Software HK$'000 (Restated)	Trading rights HK$'000 (Restated)	Total HK$'000 (Restated)
Cost							
At 1 April 2015	631,989	6,257	8,000	8,000	4,000	–	658,246
Disposal of subsidiaries	(597,206)	–	–	–	–	–	(597,206)
Exchange alignment	(34,783)	–	–	–	–	–	(34,783)
At 31 March 2016	–	6,257	8,000	8,000	4,000	–	26,257
At 1 April 2016	–	6,257	8,000	8,000	4,000	–	26,257
Acquisition of subsidiaries	–	–	–	–	–	11,143	11,143
Disposal of subsidiaries	–	(6,257)	(8,000)	(8,000)	(4,000)	–	(26,257)
At 31 March 2017	–	–	–	–	–	11,143	11,143
Accumulated amortisation and impairment							
At 1 April 2015	528,292	999	1,440	720	360	–	531,811
Charge for the year	–	1,043	4,000	2,000	1,000	–	8,043
Exchange alignment	(29,614)	–	–	–	–	–	(29,614)
Impairment for the year	22,048	–	–	–	–	–	22,048
Written back on disposal of subsidiaries	(520,726)	–	–	–	–	–	(520,726)
At 31 March 2016	–	2,042	5,440	2,720	1,360	–	11,562
At 1 April 2016	–	2,042	5,440	2,720	1,360	–	11,562
Charge for the year	–	651	2,455	1,227	614	1,813	6,760
Exchange alignment	–	–	–	–	–	–	–
Impairment for the year	–	–	–	–	–	–	–
Written back on disposal of subsidiaries	–	(2,693)	(7,895)	(3,947)	(1,974)	–	(16,509)
At 31 March 2017	–	–	–	–	–	1,813	1,813
Carrying amount							
At 31 March 2017	–	–	–	–	–	9,330	9,330
At 31 March 2016	–	4,215	2,560	5,280	2,640	–	14,695

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

19. INTANGIBLE ASSETS (Continued)

a) MINING RIGHT

i) In year 2010, the group acquired the subsidiaries which hold the mining right for the copper and molybdenum in Chifeng, Inner Mongolia in the PRC with a carrying amount of HK$565,618,000.

ii) The mining right is stated at cost less accumulated amortisation and any impairment losses.

The subsidiary of the company commenced to dig the mine in order to test the quality of the mine since 2012. In the opinion of the company's director, as amortisation of the mining right for the year 2016 was insignificant to the group's result and financial position, no amortisation of the mining right was recognised during the year 2016.

iii) During the year ended 31 March 2016, the group determined the recoverable amounts of cash generating unit of the mining rights in the amount of RMB64,000,000 (equivalent to approximately HK$77,907,000) based on value in use calculation with reference to the valuation performed by Roma Appraisals Limited, who is an independent firm of professionally qualified valuers and has a recognised and relevant professional qualification and experiences in the category of mining. That calculation used cash flows projections based on financial budgets as approved by management at pre-tax discount rate of 23.68%. As a result, the recoverable amount of the mining rights were below their carrying amount, impairment losses of approximately HK$22,048,000 have been recognised to profit or loss and included in the loss for the year from discontinued operations as shown in the consolidated statement of profit or loss. The decrease in the recoverable amounts of cash generating unit for the mining rights during the year ended 31 March 2016 was mainly due to the decrease in market price of copper and molybdenum. Thus, the income expected to be generated from the mine decreased. The management estimated the financial projection based on their experience.

iv) On 17 February 2016, the company entered into a sale agreement to dispose of Main Pacific Group Limited and Universe Prosper Limited and their subsidiaries, which carried out the group's mining activities. The disposal was completed on 11 March 2016, upon completion of the disposal, the group discontinued the mining operation (note 10).

b) TRADING RIGHTS

Intangible assets include trading rights in the Stock Exchange and the Hong Kong Futures Exchange Limited, with finite life.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

20. GOODWILL

	Educational support service HK$'000 (Restated)	Sales of educational products HK$'000 (Restated)	Financial services HK$'000 (Restated)	Total HK$'000 (Restated)
Cost				
At 1 April 2015, 31 March 2016 and 1 April 2016	4,764	16,496	–	21,260
Acquisition of subsidiaries (note 45)	–	–	5,469	5,469
Disposal of subsidiaries	(4,764)	(16,496)	–	(21,260)
At 31 March 2017	–	–	5,469	5,469
Accumulated impairment losses				
At 1 April 2015, 31 March 2016 and 1 April 2016	–	–	–	–
Impairment loss	–	–	721	721
At 31 March 2017	–	–	721	721
Carrying amount				
At 31 March 2017	–	–	4,748	4,748
At 31 March 2016	4,764	16,496	–	21,260

Goodwill is allocated to the following cash-generating units ("CGUs") in the educational support business segment and financial services segment as follows:

	2017 HK$'000	2016 HK$'000 (Restated)
Educational support service	**–**	4,764
Sales of educational products	**–**	16,496
Financial services	**4,748**	–
At 31 March	**4,748**	21,260

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

20. GOODWILL (Continued)

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS CONTAINING GOODWILL

Goodwill acquired through business combinations has been allocated to the CGUs for impairment testing. The recoverable amount of the CGUs, are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 1% (2016: Nil), Nil (2016: 3%) and Nil (2016: 3%) respectively for financial services, educational support service and sales of educational products, which do not exceed the long-term average growth rates for the business in which the CGUs operate. The cash flows are discounted using a discount rate of 11.34% (2016: Nil), Nil (2016: 20.69%) and Nil (2016: 26.52%) respectively for financial services, educational support service and sales of educational products. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. Based on the results of the impairment tests, there was no impairment of goodwill as at 31 March 2016 and 2017.

21. DEPOSIT FOR ACQUISITION OF A SUBSIDIARY

	2017 **HK$'000**	2016 HK$'000 (Restated)
At 1 April	**1,560**	–
Deposit paid (note a)	**–**	1,560
Acquisition of a subsidiary (note a)	**(1,560)**	–
At 31 March	**–**	1,560

a) During the year ended 31 March 2016, a subsidiary of the group entered into sales and purchase agreements with certain independent third parties ("the vendors"), in relation to acquisition of the 100% equity interest in C.P. Securities International Limited (formally known as J.A.F. Brokerage Limited ("JAF")).

During the year ended 31 March 2016, the group paid deposits in cash of HK$1,560,000 to the vendors. The acquisition was completed on 11 April 2016 and the deposit is transferred as part of the consideration.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

22. INTEREST IN AN ASSOCIATE

	2017	2016
	HK$'000	HK$'000
		(Restated)
Unlisted shares	**–**	9,575

The following list contains only the particulars of the associate, which is an unlisted corporate entity whose quoted market price is not available. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of company	**Place of incorporation and business**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Held by the company**	**Held by subsidiaries**	**Principal activity**
EdKnowledge Group Limited	Hong Kong	3,382 ordinary shares	– (31 March 2016: 32.39%)	– (31 March 2016: 32.39%)	–	Educational services (Note 2)

Note 1: During the year ended 31 March 2016, the directors of the company are in the opinion that no impairment is necessary.

Note 2: The investment in Edknowledge Group Limited, an educational services corporation in Hong Kong, enables the group to have a prime opportunity to enter the educational services business in Hong Kong and diversify the revenue stream of the group.

Note 3: On 27 May 2016, the company entered into a sales and purchase agreement with an independent third party in relation to disposal of 32.39% of entire issued paid-up capital of Edknowledge Group Limited, at a consideration of HK$9,500,000. The disposal of associate was completed on 3 June 2016. This transaction has resulted in the Group recognising a loss of HK$67,000 in consolidated statement of profit or loss.

The above associate is accounted for using the equity method in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

22. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information of the associate adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	EdKnowledge Group Limited	
	2017	2016
	HK$'000	HK$'000
		(Restated)
Gross amounts of the associate's		
Current assets	**–**	1,688
Current liabilities	**–**	(13)
Equity	**–**	1,675
Revenue	**–**	3,290
Loss from operations	**(24)**	(472)
Other comprehensive income	**–**	–
Total comprehensive income	**(24)**	(472)
Dividend received from the associate	**–**	–
Reconciled to the group's interests in the associate:		
Net assets of the associate	**–**	1,675
Proportion of the group's interest in the associate	**0%**	32.39%
Share of net asset	**–**	543
Goodwill	**–**	7,917
Brand name	**–**	2,915
Impairment loss	**–**	(1,800)
Carrying amount of the group's interest in the associate	**–**	9,575

23. AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
	HK$'000	HK$'000
		(Restated)
Unlisted investments fund, at fair value	**501,597**	377,459

The gain on fair value change in the investments of approximately HK$54,138,000 (2016: HK$27,459,000) which were recognised in other comprehensive income and reflected in the investment revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

24. PROPERTY UNDER DEVELOPMENT

	2017 HK$'000	2016 HK$'000 (Restated)
Property under development, at cost		
At 1 April	**18,053**	–
Additions	**989**	18,053
Exchange alignment	**(466)**	–
At 31 March	**18,576**	**18,053**

The property under development is a freehold land located in Canada.

At 31 March 2017, the property under development are held for resale after property development.

The amount of the property under development expected to be recoverable after more than one year is HK$18,576,000 (2016: HK$18,053,000).

25. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000 (Restated)
Trade receivables	**11,594**	20,552
Less: allowance for doubtful debts (note 25(b)(i))	**(5,795)**	(6,179)
Trade receivables (net)	**5,799**	14,373
Accounts receivable from the business of dealing in securities (note 3)		
Clearing house and cash clients	**10,852**	–
Secured margin loans	**52,229**	–
Interest receivables from money lending business	**6,680**	1,692
Other loan and interest receivables (note 2)	**45,138**	45,138
Less: impairment (note 25(b)(ii))	**(45,138)**	(45,138)
Other loan and interest receivables (net)	**–**	–
Other receivables	**311**	1,177
Loans and receivables	**75,871**	17,242
Prepayments and deposits	**7,015**	9,025
	82,886	26,267

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

25. TRADE AND OTHER RECEIVABLES (Continued)

Note:

1) All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

2) On 27 July 2011, the company entered into a participation deed with the Simsen Capital Finance Limited ("Simsen") and the sub-participation agreement with Power Alliance International Limited respectively in relation to the participation of the advancement of the first participation amount of HK$42,000,000 and second participation amount of HK$8,000,000 (together the "Participation Loans"). The interest rate for Participation Loans was 18% per annum. The Participation Loans are in association with a loan agreement (the "Loan Agreement") between Simsen and Make Success Limited ("Borrower"). The Borrower has assigned a promissory note of HK$300,000,000 (the "PN") and a convertible note of HK$90,000,000 (the "CN") as security to Simsen under the Loan Agreement. The PN and CN were issued by Mayer Holdings Limited ("Mayer") to the Borrower.

   The repayment date of the loan is the date falling three months from the date of drawdown which may be extended for further three months if so agreed by the parties thereto. The Loan had been drawn down by the borrower on 7 June 2011, and the repayment date of the Loan was 6 September 2011. On 7 September 2011, both parties agreed to extend the Loan for further three months to 5 December 2011. The Borrower had defaulted the first and second payments during the year ended 31 March 2012.

   Following a litigation between Mayer and the Borrower, Simsen disposed of the PN on 10 February 2012 for an amount of HK$10,000,000 with the consent of the company. During the year ended 31 March 2015, the company received HK$4,862,000 from the disposal of the PN after the payment of other loan participant of Simsen, all cost and expenses in connection with the disposal.

3) The settlement terms of accounts receivable, except for secured margin loans, arising from the business of dealing in securities are two days after trade date.

   For secured margin loans, as at 31 March 2017, the loans are repayable on demand subsequent to settlement date and carry variable interest at commercial rates. They are generally included in "Neither past due nor impaired" category. The total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$219,802,000 (2016: HK$Nil) as at 31 March 2017. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited. As at 31 March 2017, 100% (2016: not applicable) of the outstanding balances were secured by sufficient collateral on an individual basis. The collateral held can be repledged and can be sold at the group's discretion to settle any outstanding amount owed by margin clients. Management of the group has assessed the market value of the pledged securities of each individual customer that has margin shortfall as at the end of each reporting period and considered that no impairment allowance is necessary taking into consideration of subsequent repayment of monies or additional collateral received from clients or their guarantors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

25. TRADE AND OTHER RECEIVABLES (Continued)

a) AGEING ANALYSIS

(i) Trade receivable

Trade receivables are net of allowance for doubtful debts of HK$5,795,000 (2016: HK$6,179,000) with the following ageing analysis presented based on invoice dates:

	2017 **HK$'000**	2016 HK$'000 (Restated)
Within 1 month	**32**	2,456
1 to 3 months	**23**	4,065
3 to 6 months	**–**	2,315
Over 6 months	**5,744**	5,537
	5,799	14,373

Trade receivables are due within 0-60 days from the date of billing. Further details on the group's credit policy are set out in note 4(i).

(ii) Accounts receivable from the business of dealing in securities

No allowance for doubtful debt had been provided for accounts receivable from the business of dealing in securities and the ageing analysis presented based on invoice dates:

	2017 **HK$'000**	2016 HK$'000 (Restated)
Within 1 month	**43,117**	–
1 to 3 months	**19,964**	–
	63,081	–

Accounts receivable from clearing house and cash clients are due two days after trade date while accounts receivable from secured margin loans are due immediately from the date of billing. Further details on the group's credit policy are set out in note 4(i).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

25. TRADE AND OTHER RECEIVABLES (Continued)

a) AGEING ANALYSIS (Continued)

(iii) Interest receivables

No allowance for doubtful debt had been provided for interest receivables and the ageing analysis is presented based on invoice dates as follows:

	2017 HK$'000	2016 HK$'000 (Restated)
Within 1 month	**6,680**	1,692
	6,680	1,692

Interest receivables are due immediately from the date of billing. Further details on the group's credit policy are set out in note 4(i).

b) IMPAIRMENT OF TRADE RECEIVABLES

i) The movements in the allowance for doubtful debts

Impairment losses in respect of trade receivables are recorded using an allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

	2017 HK$'000	2016 HK$'000 (Restated)
At 1 April	**6,179**	6,500
Exchange alignment	**(384)**	(321)
At 31 March	**5,795**	6,179

Note:

1) As at 31 March 2017 and 2016, trade receivables of the group amounting to approximately HK$5,795,000 (2016: HK$6,179,000) were individually determined to be impaired. These individually impaired receivables were outstanding for over 1 year as at the end of the reporting period. The group does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

25. TRADE AND OTHER RECEIVABLES (Continued)

b) IMPAIRMENT OF TRADE RECEIVABLES (Continued)

ii) The movements of impairment loss of loan and interest receivables

	2017	2016
	HK$'000	HK$'000
		(Restated)
At 1 April and 31 March	**45,138**	45,138

c) TRADE RECEIVABLES THAT ARE NOT IMPAIRED

(a) Trade receivables

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

	2017	2016
	HK$'000	HK$'000
		(Restated)
Neither past due nor impaired	**55**	2,814
Past due but not impaired		
– Less than 3 months past due	**–**	5,204
– 3 to 6 months past due	**–**	818
– Over 6 months past due	**5,744**	5,537
	5,799	14,373

Receivables that were neither part due nor impaired related to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired mainly relate to customers and tenants that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group hold rental deposits of HK$2,328,000 (2016: HK$2,482,000) as collateral over the balances related to rent.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

25. TRADE AND OTHER RECEIVABLES (Continued)

c) TRADE RECEIVABLES THAT ARE NOT IMPAIRED (Continued)

(b) Accounts receivable from the business of dealing in securities

The ageing analysis of accounts receivable from the business of dealing in securities that are neither individually nor collectively considered to be impaired are as follows:

	2017 HK$'000	2016 HK$'000 (Restated)
Neither past due nor impaired	**59,671**	–
Past due but not impaired		
– Less than 3 months past due	**3,410**	–
	63,081	–

Receivables that were past due but not impaired relate to a number of clients that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group holds Hong Kong listed securities as collateral over the balances related to margin loans.

(c) Interest receivables

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

	2017 HK$'000	2016 HK$'000 (Restated)
Neither past due nor impaired	**4,752**	–
Past due but not impaired		
– Less than 3 months past due	**1,928**	1,692
	6,680	1,692

Receivables that were past due but not impaired relate to a number of borrowers that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group holds Hong Kong listed securities as collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

26. LOAN RECEIVABLES

	2017	2016
	HK$'000	HK$'000
		(Restated)
Loan receivables arising from:		
– Money lending business	**275,000**	120,000
Amounts due within one year included under current assets	**275,000**	120,000

Notes:

i) During the year ended 31 March 2017, the group lent total amount of HK$275,000,000 (2016: HK$120,000,000) to independent third parties. These loan receivables had 6 to 16 month loan periods and bore interest at 18% per annum, and the corresponding interest were expected to be repaid on monthly basis. These loan receivables were secured by Hong Kong listed securities. The loan receivables with a carrying amount of HK$275,000,000 (2016: HK$120,000,000) are secured by listed securities and the fair value of such pledged securities was approximately HK$607,906,000 at 31 March 2017 (2016: approximately HK$308,321,000). The fair value of pledged marketable securities is higher than the corresponding outstanding loans.

On 24 April 2017, one of the loans was matured, the company received the loan repayment with principal amount of HK$15,000,000 together with the loan interest.

On 3 June 2017, one of the loans was matured, the company received the loan repayment with principal amount of HK$15,000,000 together with the loan interest.

On 8 June 2017, one of the loans was matured, the company received the loan repayment with principal amount of HK$26,000,000 together with the loan interest.

a) MATURITY PROFILE

As at the end of the reporting period, the maturity profile of loan receivables, based on maturity date, is as follows:

	2017	2016
	HK$'000	HK$'000
		(Restated)
Due within 1 month or on demand	**15,000**	–
Due after 1 month but within 3 months	**41,000**	27,000
Due after 3 months but within 6 months	**139,000**	40,000
Due after 6 months but within 12 months	**80,000**	53,000
	275,000	120,000

The loan receivables were neither past due nor impaired at the end of the reporting period. The directors of the company are of the opinion that no provision for impairment is necessary in respect of these loan receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

27. TRADING SECURITIES

	2017 HK$'000	2016 HK$'000 (Restated)
Listed equity securities, at fair value in Hong Kong	**153,152**	127

Details of the investments in trading securities were as follows:

Stock name	Stock Code	Nature of business	Number of shares held at 31 March 2017	Percentage of shareholding in the listed securities held by the Fund at 31 March 2017	Market value at 31 March 2016 approximately (HK$'000)	Market value at 31 March 2017 approximately (HK$'000)
QPL International Holdings Limited	243	Manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners	9,000,000	0.4%	–	5,130
SOHO China Limited	410	Investment in real estate development, property leasing and property management	19,500	0.0004%	72	81
China e-Wallet Payment Group Limited	802	Provision of biometric and RFID products and solution services, internet and mobile application and related services	40,000,000	1.7%	–	26,800
Unity Investments Holdings Limited	913	Investment in listed companies in Hong Kong stock markets, and also investment in unlisted companies	67,000,000	3.8%	–	8,776
Milan Station Holdings Limited	1150	Retailing of handbags, fashion accessories and embellishments operation	25,000,000	3.1%	–	9,000
Lerado Financial Group Company Limited	1225	Providing financial services, including securities broking, margin financing and money lending etc., and manufacturing and distributing children plastic toys and medical care products	107,000,000	4.6%	–	12,411
China Investment and Finance Group Limited	1226	Trading of securities trading and investment holding	90,000,000	4.0%	–	22,500
Major Holdings Limited	1389	Sale and distribution of premium wine and spirits products	5,600,000	0.2%	–	7,223
China Aoyuan Property Group Limited	3883	Property Development, provision consultancy services and hotel ownership	35,000	0.001%	55	81
Hao Wen Holdings Limited	8019	Carrying money lending business, trading and manufacturing of biomass fuel and trading of electronic parts	85,000,000	4.0%	–	16,150
KPM Holding Limited	8027	Provision of design, fabrication, installation and maintenance of signage and related products	50,000,000	1.6%	–	45,000
Total					127	153,152

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

27. TRADING SECURITIES (Continued)

Note:

1. The market value of listed equity securities is based on their closing bid prices at the end of the reporting period.

2. None of the above trading securities is individually carrying at value more than 5% of the group's net assets.

28. CASH AND CASH EQUIVALENTS

	2017	2016
	HK$'000	HK$'000
		(Restated)
Cash at bank and on hand	**155,255**	63,065
Less: Fixed deposit with maturity of 3 months or more	**(11,658)**	(16,742)
Trust account (Note)	**(6,822)**	–
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**136,775**	46,323

Deposit with banks carry interest at market rates ranging from 0.001% to 0.78% (2016: 0.001% to 1.15%) per annum.

Note: The group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities. These clients' money are maintained in one or more trust bank accounts and bear interest at commercial rates. The group has recognised the corresponding accounts payable to respective clients and other institutions. However, the group currently does not have an enforceable right to offset those payables with the deposits placed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

29. TRADE AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000 (Restated)
Trade payables	–	1,943
Accounts payable from the business of dealing in securities		
Margin and cash clients (note a)	5,972	–
Other payables and accruals	10,016	17,405
Amounts due to directors (note 40) (note a and b)	226	505
Amounts due to related parties (note 40) (note a and b)	33	275
Financial liabilities measured at amortised cost	16,247	20,128
Receipt in advance	1,383	2,626
Rental deposit received (non-refundable)	2,328	2,482
	19,958	25,236

Notes:

a) The settlement terms of accounts payable, except for margin loans, arising from the business of dealing in securities are two days after trade date. All of the remaining trade and other payables (including amounts due to related parties and amounts due to directors) are expected to be settled or recognised as income within one year or are repayable on demand.

Accounts payable to margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date.

As at 31 March 2017, included in accounts payable, amounts of HK$5,972,000 (2016: HK$Nil) respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the group currently does not have an enforceable right to offset these accounts payables with the deposits placed.

b) The amounts due to directors and amounts due to related parties are unsecured, interest-free and repayable on demand.

The following is an aging analysis of trade payables presented based on the invoice date:

	2017 HK$'000	2016 HK$'000 (Restated)
Within 1 month	–	865
1 to 3 months	–	592
3 to 6 months	–	486
	–	1,943

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

30. INTEREST-BEARING BANK BORROWINGS

At 31 March 2017, the secured bank borrowings were due for repayment as follows:

	2017 HK$'000	2016 HK$'000 (Restated)
Current liabilities		
Within 1 year or on demand	**10,148**	21,638
Non-current liabilities		
After 1 year but within 2 years	–	10,819
After 2 years but within 5 years	–	–
After 5 years	–	–
	–	10,819
Total	**10,148**	32,457

All of the interest-bearing borrowings were carried at amortised cost. None of the non-current interest bearing borrowings is expected to be settled within one year.

None of the portion of interest-bearing borrowings due for repayment after one year contain a repayment on demand clause.

The range of effective interest-rates (which are also equal to contractual interest rates) on the group's bank borrowings are as follows:

	2017	2016
Effective interest rates:		
Variable-rate borrowings	**5.39%**	5.39%-6.22%

At 31 March 2017, the bank borrowings were secured by the investment properties of the group with an aggregate carrying amount of approximately HK$160,096,000 (2016: approximately HK$155,223,000) (see note 17).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a) CURRENT TAXATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION REPRESENT

	2017 HK$'000	2016 HK$'000 (Restated)
Current tax		
Provision for Hong Kong Profits Tax	**1,067**	1
Provisional tax paid for Hong Kong Profits Tax	**–**	(178)
	1,067	(177)
Representing:		
Tax recoverable	**–**	(178)
Tax payable	**1,067**	1
	1,067	(177)

b) DEFERRED TAX LIABILITIES RECOGNISED

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

	Intangible assets HK$'000 (Restated)	**Revaluation of investment properties** HK$'000 (Restated)	**Depreciation allowances in excess of related depreciation** HK$'000 (Restated)	**Total** HK$'000 (Restated)
Deferred tax liabilities arising from:				
At 1 April 2015	3,752	16,701	77	20,530
Deferred tax (credited)/charged to profit or loss	(1,327)	(5,022)	18	(6,331)
Exchange alignment	–	(732)	–	(732)
At 31 March 2016	2,425	10,947	95	13,467
At 1 April 2016	**2,425**	**10,947**	**95**	**13,467**
Acquisition of subsidiaries	**1,838**	**–**	**–**	**1,838**
Deferred tax (credited)/charged to profit or loss	**(1,115)**	**5,004**	**–**	**3,889**
Disposal of subsidiaries	**(1,609)**	**–**	**(95)**	**(1,704)**
Exchange alignment	**–**	**(791)**	**–**	**(791)**
At 31 March 2017	**1,539**	**15,160**	**–**	**16,699**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

c) DEFERRED TAX ASSETS NOT RECOGNISED

As at 31 March 2017, the group has unused tax losses arising in Hong Kong of HK$22,837,203 (2016: HK$21,305,275) that are available for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profits streams.

In addition, the group has unused tax losses of RMB53,527,015 (2016: RMB65,707,453) available for offset against future profits that may be carried forward for a period of up to five years for PRC Enterprise Income tax purposes. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

32. WARRANTS

On 19 June 2014, the company issued convertible bonds in an aggregate principal amount of HK$135,000,000 with an interest rate at 1% per annum due in two years from the date of issue. The company is entitled to redeem the convertible bonds in whole or in part at 103% of the face value of the convertible bonds prior to the maturity date and at 100% of the face value of the convertible bonds on the maturity date. The holders of the convertible bonds (the "Bondholders") has option to convert the convertible bonds into fully paid 900,000,000 conversion shares of the company at the conversion price of HK$0.15 per share at any time prior to the maturity date. The conversion shares rank pari passu with all the existing shares of the company. In addition, 225,000,000 warrants in an aggregate principal amount of HK$67,500,000 will be issued to the registered holders of the convertible bonds on the basis of one warrant for every four conversion shares upon the exercise of the conversion rights attaching to the convertible bonds. The subscription price per warrant share is HK$0.3 at any time within 24 months commencing from the date of exercise of the conversion right attaching to the convertible bonds.

Convertible bonds and warrants of the company consisted of the debt instrument and embedded derivatives. Upon initial recognition, the convertible bonds and warrants are designated as financial liabilities at fair value through profit or loss. The fair value of the convertible bonds and warrants is measured at each conversion date and at the end of each reporting period. Any gains or losses arising from changes in fair value are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

32. WARRANTS (Continued)

MOVEMENTS OF THE CONVERTIBLE BONDS AND WARRANTS

For the year ended 31 March 2015, the convertible bonds in the principal amount of HK$135,000,000 was converted into approximately 900,000,000 shares of the company. For the year ended 31 March 2015 approximately 225,000,000 warrants was issued to Bondholders, among which, approximately 20,000,000 warrants were exercised in June 2015. As at 11 January 2016, the company announced resolution of capital reorganization has been passed and became effective on 11 January 2016. Subscription price of warrants changed from HK$0.3 to HK$1.5 and number of New Shares to be allotted and issued upon exercising of the Warrants changed from 190,833,332 to 38,166,666. As at 31 March 2016, warrants with fair value of HK$73,000 at the exercise price of HK$1.5 per share representing approximately 38,166,666 ordinary shares of the company were not yet exercised. In current year, all of the outstanding warrants are expired and the fair value of warrants is credited to profit or loss account.

The movements of the convertible bonds, contingently issuable warrants and warrants (level 3 fair value measurements) were as follows:

	Convertible bonds HK$'000 (Restated)	Contingent issuable warrants HK$'000 (Restated)	Warrants HK$'000 (Restated)	Total HK$'000 (Restated)
At 1 April 2015	–	–	17,472	17,472
Realised fair value loss, to profit or loss	–	–	40,418	40,418
Unrealised fair value gain, to profit or loss#	–	–	(15,749)	(15,749)
Total losses recognised in profit or loss included in other gains and losses	–	–	24,669	24,669
Exercise of warrants	–	–	(42,068)	(42,068)
At 31 March 2016	–	–	73	73

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

32. WARRANTS (Continued)

MOVEMENTS OF THE CONVERTIBLE BONDS AND WARRANTS (Continued)

	Convertible bonds HK$'000	Contingent issuable warrants HK$'000	Warrants HK$'000	Total HK$'000
At 1 April 2016	–	–	73	73
Expiry of warrants	–	–	(73)	(73)
At 31 March 2017	–	–	–	–

	2017 HK$'000	2016 HK$'000 (Restated)
# Total gain included in profit or loss that is attributable to the change in unrealised gain relating to those assets and liabilities held at the end of the reporting period (included in other gains and losses)	–	15,749

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

33. UNCONVERTIBLE BONDS

	2017 HK$'000	2016 HK$'000 (Restated)
Unconvertible bonds	**20,000**	20,000

The amount represented two unconvertible bonds of total HK$20,000,000 (2016: HK$20,000,000) with HK$10,000,000 each. As at 31 March 2017, accrued interest of HK$234,000 (2016: HK$234,000) was included in other payables and accruals. The unconvertible bonds bear interest at 5% per annum on the outstanding aggregate principal amount. The interest is payable in arrears annually on the anniversary of issue date or redemption date. The company may redeem principal amounts of outstanding bonds in whole or in part at any time before the maturity date. The maturity date of the unconvertible bonds are 7 years from their issue date i.e. 7 February 2020 and 4 December 2020 respectively.

34. (CONTINGENT CONSIDERATION RECEIVABLE)/PURCHASE CONSIDERATION PAYABLE

	2017 HK$'000	2016 HK$'000 (Restated)
At 1 April	**(3,186)**	1,162
Disposal of a subsidiary (note 38(i))	**285**	–
Fair value loss on contingent consideration	**1,990**	3,766
Early redemption of promissory note	**–**	(10,000)
Interest charged at effective interest rate	**3,857**	7,198
Interest payables	**(2,946)**	(5,312)
At 31 March	**–**	(3,186)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

34. (CONTINGENT CONSIDERATION RECEIVABLE)/PURCHASE CONSIDERATION PAYABLE (Continued)

Contingent consideration receivable of HK$Nil (2016: contingent consideration receivable of HK$3,186,000) represented the setting off of promissory note ("PN II") of HK$Nil (2016: HK$58,613,000) and contingent consideration receivable of HK$Nil (2016: HK$61,799,000) arising from the business combination of Liqun Investments Limited and its subsidiary, Kotech Educational Limited from a third party, the vendor, pursuant to sale and purchase agreement ("Agreement").

The PN II and the contingent consideration receivable are subject to legally enforceable right to set off.

(a) PROMISSORY NOTE

The fair value of the PN II at the date of issuance on 21 November 2014 was HK$66,727,000, which was determined by independent valuer, Roma. Roma has experience in valuation of the promissory notes. The effective interest rates used in the calculation of the fair value was 10.7%.

As at 31 March 2017, accrued interest of HK$Nil (2016: HK$6,521,000) was included in other payables and accruals. The PN II bears interest of 8% per annum on the outstanding aggregate principal amount. The interest is payable in arrears on the day falling on the first and second anniversary of the issue date and any unpaid interest shall be paid on the maturity date on 21 May 2017.

The company could early redeem on 30 September 2015, 31 March 2016, 30 September 2016 and 31 March 2017 and the amount to be redeemed are calculated based on the net profit of Kotech's Education Limited ("Kotech") on the respective dates. The holder of PN II may not redeem prior to the maturity date.

During the year ended 31 March 2016, Kotech has achieved the Guaranteed Profit (as defined below) for the period ended 30 September 2015. The company has served notice to the holder of PN II for the early and partial redemption of PN II in an aggregate principal amount of HK$10,000,000 together with the accrued interest thereon.

The remaining principal amount of the PN II together with the accrued interest thereon were fully settled in partial consideration of the disposal of Liqun Investments Limited and its subsidiary back to the vendor on 10 November 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

34. (CONTINGENT CONSIDERATION RECEIVABLE)/PURCHASE CONSIDERATION PAYABLE (Continued)

(b) CONTINGENT CONSIDERATION RECEIVABLE

Pursuant to the Agreement and consent letter, each of the vendor and the guarantors, who are the shareholders of the vendor, guarantees to the company that Kotech shall attain certain performance targets (the "Guaranteed Profit") for the six months or year ending 30 September 2015, 31 March 2016, 30 September 2016 and 31 March 2017 respectively.

If the Guaranteed Profit could not be met, the vendor shall pay to the company by setting off with the outstanding PN II. If the amount exceeds the PN II outstanding, the vendor shall pay the remaining portion in cash to the company.

On the date of acquisition, the fair value of the contingent consideration receivable was estimated to be approximately HK$65,565,000, representing profit guarantee made by the vendor in accordance with the terms of sale and purchase agreement. The fair value was arrived at based on discounted cash flow of Kotech's forecast financial budgets used to capture the present value of the expected future economic benefits that will flow into the group by applying probability-weighted average of achieving the required benchmark, using discount rate ranged from 10.4% to 10.9%. The valuation was performed by Roma Appraisals Limited, an independent qualified professional valuer not connected to the group. The chief financial officer discussed with Roma on the valuation assumptions and valuation results.

The potential undiscounted amount of the contingent consideration receivable that the vendor could be required to pay to the group is between zero (if the Guaranteed Profit is attained) and HK$100,000,000 (if Kotech Educational makes an audited net loss after tax for the aggregate of the two financial years ending 31 March 2017).

As at 31 March 2016, the fair value of the contingent consideration receivable was estimated to be approximately HK$61,799,000, representing profit guarantee made by the vendor in accordance with the terms of sale and purchase agreement. The fair value was arrived at based on discounted cash flow of Kotech's forecast financial budgets used to capture the present value of the expected future economic benefits that will flow into the group by applying probability-weighted average of achieving the required benchmark, using discount rate ranged from 7.84% to 8.06%. The valuation was performed by Roma Appraisals Limited, an independent qualified professional valuer not connected to the group. The chief financial officer discussed with Roma on the valuation assumptions and valuation results.

As of the date of disposal on 10 November 2016, the fair value of the contingent consideration receivable was estimated to be approximately HK$59,809,000, representing profit guarantee made by the vendor in accordance with the terms of sale and purchase agreement. The fair value was arrived at based on Kotech's actual financial outcome up to the disposal date used to project the future economic benefits that will flow into the group irrespective of the disposal by applying Binomial Option Pricing Model. The valuation was performed by Castores Magi Asia Limited, an independent qualified professional valuer not connected to the group. The chief financial officer discussed with Castores on the valuation assumptions and valuation results.

In partial consideration of the disposal, the group waived the vendor from any liability arising from the Guaranteed Profit.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

35. SHARE CAPITAL

	Number of ordinary shares of HK$0.03 each	Number of ordinary shares of HK$0.15 each	Number of ordinary shares of HK$0.01 each	
	'000	'000	'000	HK$'000
				(Restated)
Authorised:				
At 1 April 2015	10,000,000	–	–	300,000
Share consolidation (note v)	(10,000,000)	2,000,000	–	–
Share subdivision (note v)	–	(2,000,000)	30,000,000	–
At 31 March 2016 and 31 March 2017	–	–	30,000,000	300,000

				HK$'000
				(Restated)
Issued and fully paid:				
At 1 April 2015	1,504,082	–	–	45,122
Placing of new shares I (note i)	2,500,000	–	–	75,000
Placing of new shares II (note ii)	809,000	–	–	24,270
Exercise of share options (note iii)	24,500	–	–	735
Exercise of warrants (note iv)	20,000	–	–	600
Share consolidation (note v)	(4,857,582)	971,516	–	–
Capital reduction (note v)	–	(971,516)	971,516	(136,012)
At 31 March 2016	–	–	971,516	9,715
At 1 April 2016	**–**	**–**	**971,516**	**9,715**
Right issue (note vi)	**–**	**–**	**3,886,066**	**38,861**
At 31 March 2017	**–**	**–**	**4,857,582**	**48,576**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

35. SHARE CAPITAL (Continued)

i) *Placing of new shares I*

On 10 March 2015, the company and Tanrich Securities Company Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 2,500,000,000 new shares at the price of HK$0.1 per placing share. The placing of shares were completed on 28 May 2015. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$250,000,000.

ii) *Placing of new shares II*

On 27 October 2015, the company and Gransing Securities Co., Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 809,000,000 new shares at the price of HK$0.19 per placing share. The placing of shares were completed on 13 November 2015. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$153,710,000.

iii) *Exercise of share options*

On 17 March 2015, the company has granted 24,500,000 share options (the "Options") under the share option scheme adopted by the company on 16 December 2011. All 24,500,000 share options were exercised at a price of HK$0.243 into 24,500,000 ordinary shares during the year ended 31 March 2016. An amount equivalent to the par value of the shares issued of approximately HK$735,000 was recognised as share capital and the premium paid on the exercise of the share options of approximately HK$5,219,000 was credited to share premium for the year ended 31 March 2016. HK$5,288,000 has been transferred from employee share-based compensation reserve to share premium account in accordance with policy set out in note 2(w)(ii). As at 31 March 2016, the company has no share option outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

35. SHARE CAPITAL (Continued)

iv) Exercise of warrants

Warrants were exercised at a price of HK$0.3 into 20,000,000 ordinary shares during the year ended 31 March 2016. An amount equivalent to the par value of the share issued of approximately HK$600,000 was recognised as share capital and the premium paid on the exercise of the warrants of approximately HK$5,400,000 was credited to share premium for the year ended 31 March 2016. Fair value of warrants of HK$42,067,000 has been transferred to share premium account.

v) Capital Reorganisation

On 12 January 2016, the company completed capital reorganisation which comprised of i) share consolidation; ii) the capital reduction; and iii) the share subdivision (collectively known as the "capital reorgansation"). Every five shares of par value of HK$0.03 each in issued and unissued of the company be consolidated into one share of par value of HK$0.15 each (the "consolidated share"). The par value, HK$0.15, of each of the consolidated share is reduced to HK$0.01 each by the cancellation of HK$0.14 on each of the issued consolidated share.

Pursuant to special resolution passed on 11 January 2016, each of the company's authorised but unissued consolidated shares of par value of HK$0.15 each were subdivided into fifteen subdivided shares of par value of HK$0.01 each (the "share subdivision"). The share subdivision was effective on 12 January 2016, the authorised share capital of the company was divided into 30,000,000,000 shares of HK$0.01 each.

vi) Right issue

On 24 May 2016, the company proposed to issue 3,886,065,724 right shares at the subscription price of HK$0.141 per right share on the basis of four right shares for every one existing issued share. 3,886,065,724 shares were fully issued when the right issue was completed on 2 August 2016 and approximately HK$547,935,000 was raised, before deduction of relevant expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The company has a share option scheme which was adopted on 16 December 2011 whereby the directors of the company are authorized, at their discretion, to invite the company's employees, company's director (including independent non-executive directors), other employees and director of the group, suppliers of goods or services to the group, customers of the group, persons or entities that provided research, development or other technological support to the group, any shareholder of the group (collectively "Participant") and any company wholly owned by one or more persons belonging to any of the Participant, to take up options at a nominal consideration to subscribe for ordinary shares of the company. The exercise price of options should be the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The share option scheme shall be valid and effective for a period of ten years ending on 15 December 2021, after which no further options will be granted.

The option vest immediately from the date of grant and then exercisable within a period of 5 years from 17 March 2015 to 16 March 2020. Each option gives the holder the right to subscribe for one ordinary share in the company and is settled gross in shares.

a) The terms and condition of the grant are as follows:

Date of grant	Exercisable period	Exercise price	Number of share options
i) Options granted to directors			
17 March 2015	17 March 2015 to 16 March 2020	HK$0.243	21,000,000
ii) Options granted to employees			
17 March 2015	17 March 2015 to 16 March 2020	HK$0.243	3,500,000
			24,500,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

a) The terms and condition of the grant are as follows: (Continued)

For the year ended 31 March 2016

	Number of share options					
	Outstanding at 1 April 2015	Exercise during the year	Outstanding at 31 March 2016	Date of grant of share options*	Exercisable period of share options	Exercise price of share options** HK$
Directors						
Mr Xu Dong	10,000,000	(10,000,000)	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
Ms Yu Wai Fong	10,000,000	(10,000,000)	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
Mr Au Tat On	1,000,000	(1,000,000)	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
	21,000,000	(21,000,000)	–			
Employees						
Other employees	3,500,000	(3,500,000)	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
	3,500,000	(3,500,000)	–			
Total number of share options	24,500,000	(24,500,000)	–			

* The share options vested immediately from the date of the grant.

** The exercise price of the share option is subject of adjustment in the case of rights issues, or other relevant changes in the company's share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

36. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

b) The number and weighted average exercise price of share options under the scheme are as follows:

	2017		2016	
	Weighted average exercise price HK$	**Number of shares issuable under options**	Weighted average exercise price HK$	Number of shares issuable under options
Outstanding at 1 April	–	–	0.243	24,500,000
Granted during the year	–	–	–	–
Exercised during the year	–	–	(0.243)	(24,500,000)
Outstanding at 31 March	–	–	–	–
Exercisable at the end of the year	–	–	–	–

The share option scheme is governed by chapter 17 of the Listing Rules.

No option was outstanding at 31 March 2016 and 31 March 2017.

The weighted average share price at the dates of exercise of share options during the year was HK$Nil (2016: HK$0.77).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

37. RESERVES

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

The company

	Share premium HK$'000 (Restated)	Contributed surplus HK$'000 (Restated)	Employee share-based compensation reserve HK$'000 (Restated)	Exchange fluctuation reserve HK$'000 (Restated)	Investment revaluation Reserve HK$'000 (Restated)	Accumulated losses HK$'000 (Restated)	Total HK$'000 (Restated)
At 1 April 2015	1,211,024	–	5,288	110,808	–	(862,536)	464,584
Change in equity for 2015/2016:							
Loss for the year	–	–	–	–	–	(191,219)	(191,219)
Other comprehensive income							
Exchange differences on translation of:							
– changes in presentation currency	–	–	–	(74,719)	–	42,629	(32,090)
Changes in fair value of available-for-sale investments	–	–	–	–	27,459	–	27,459
Total comprehensive loss for the year	–	–	–	(74,719)	27,459	(148,590)	(195,850)
Exercise of share options (note 35(iii))	10,507	–	(5,288)	–	–	–	5,219
Share issues expenses	(4,037)	–	–	–	–	–	(4,037)
Exercise of warrants (note 35(iv))	47,467	–	–	–	–	–	47,467
Placing of new shares (note 35(i) and (ii))	304,440	–	–	–	–	–	304,440
Capital reduction (note 35(v))	–	136,012	–	–	–	–	136,012
Total transactions with owners	358,377	136,012	(5,288)	–	–	–	489,101
At 31 March 2016	1,569,401	136,012	–	36,089	27,459	(1,011,126)	757,835
At 1 April 2016	**1,569,401**	**136,012**	**–**	**36,089**	**27,459**	**(1,011,126)**	**757,835**
Change in equity for 2016/2017							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(22,864)**	**(22,864)**
Other comprehensive income							
Changes in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**54,138**	**–**	**54,138**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**54,138**	**(22,864)**	**31,274**
Right issue (note 35(vi))	**509,074**	**–**	**–**	**–**	**–**	**–**	**509,074**
Share issues expenses	**(13,698)**	**–**	**–**	**–**	**–**	**–**	**(13,698)**
Total transactions with owners	**495,376**	**–**	**–**	**–**	**–**	**–**	**495,376**
At 31 March 2017	**2,064,777**	**136,012**	**–**	**36,089**	**81,597**	**(1,033,990)**	**1,284,485**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

37. RESERVES (Continued)

b) NATURE AND PURPOSES OF THE RESERVES

i) *Share premium*

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981. The share premium account of the company is distributable to the owners of the company in the form of fully paid bonus shares.

ii) *Special reserve*

The group's special reserve represents the difference between the nominal value of the shares and the share premium account of the subsidiaries acquired pursuant to the group reorganisation in prior years, over the nominal value of the company's shares issued in exchange therefore and the difference between the total consideration and the net assets value of the subsidiaries acquired for the year ended 31 March 2011.

iii) *Employee share-based compensation reserve*

The employee share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the company recognised in accordance with the accounting policy adopted for share-based payments in note 2(w)(ii).

iv) *Exchange fluctuation reserve*

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities whose functional currency is other than Hong Kong Dollars. The reserve is dealt with in accordance with the accounting policies set out in note 2(t).

v) *Investment revaluation reserve*

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(f).

vi) *Contributed surplus*

The contributive surplus represents the credit arising from capital reduction for the year ended 31 March 2016.

c) DISTRIBUTABILITY OF RESERVES

At 31 March 2017, the aggregate amount of reserves available for distribution to owners of the company was approximately HK$1,202,888,000 (2016: equivalent to approximately HK$730,376,000) subject to the restriction on the share premium account as stated above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

37. RESERVES (Continued)

d) CAPITAL MANAGEMENT

The group's objectives when managing capital are to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

The group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing bank borrowings, promissory note and unconvertible bonds and loan from a related party) less cash and cash equivalents and fixed deposits. Total equity comprises all components of equity.

During the year ended 31 March 2017, the group's strategy, which was unchanged from 2016, was to maintain a gearing ratio as low as feasible. In order to maintain or adjust the ratio, the group may adjust the amount of dividends paid to the owners, return capital to the owners, issue new shares or sell assets to reduce debt. The gearing ratios at 31 March 2017 and 2016 were as follows:

	2017 **HK$'000**	2016 HK$'000 (Restated)
Total borrowings		
Interest-bearing bank borrowings (note 30)	**10,148**	32,457
Unconvertible bonds (note 33)	**20,000**	20,000
Less: Cash and cash equivalents (note 28)	**(136,775)**	(46,323)
Fixed deposit (note 28)	**(11,658)**	(16,742)
Trust account (note 28)	**(6,822)**	–
Adjusted net cash	**(125,107)**	(10,608)
Total equity	**1,379,552**	822,921
Gearing ratio	**N/A**	N/A

Several subsidiaries of the group (the "Regulated Subsidiaries") are granted licenses by the Hong Kong Securities and Futures Commission (the "SFC") for the business they operate in. The Regulated Subsidiaries are subject to liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). Management of the group closely monitors, on a daily basis, the Regulated Subsidiaries' liquid capital level to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Regulated Subsidiaries has no non-compliance of capital requirements imposed by the SF(FR)R throughout both years.

Neither the company nor its other subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

38. DISPOSAL OF SUBSIDIARIES

i) DISPOSAL OF LIQUN INVESTMENT

On 10 November 2016, the group completed the disposal of entire equity interests in Liqun Investment and its subsidiaries which carried out educational support operation.

	HK$'000
Consideration received	
Cash received during the year	40,000
Waiver of interest payables	9,467
Promissory note redeemed (note 34(a))	59,524
Waiver of contingent consideration receivables (note 34(b))	(59,809)
	(285)
	49,182

Analysis of assets and liabilities over which control was lost:

	HK$'000
Plant and equipment	925
Goodwill (note 20)	16,496
Intangible assets	6,184
Trade receivable	4,543
Deposits, prepayments and other debtors	154
Bank balances and cash	19
Trade payables	(87)
Other payables and accruals	(1,703)
Deferred tax liabilities	(1,116)
Net assets disposal date	25,415
Gain on disposal of subsidiaries:	
Consideration received	49,182
Non-controlling interests	892
Net assets disposed of	(25,415)
	24,659
Net cash inflows arising on disposal:	
Cash consideration received	40,000
Cash and cash equivalents balance disposed of	(19)
	39,981

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

38. DISPOSAL OF SUBSIDIARIES (Continued)

ii) DISPOSAL OF ABLE UP INVESTMENT

On 14 November 2016, the group completed the disposal of entire equity interests in Able Up Investment and its subsidiaries which carried out educational support operation.

	HK$'000
Consideration received:	
Cash received during the year	8,000
	8,000

Analysis of assets and liabilities over which control was lost:

	HK$'000
Plant and equipment	21
Goodwill	4,764
Intangible assets	3,564
Tax recoverable	239
Trade receivable	257
Deposits, prepayments and other debtors	982
Bank balances and cash	312
Other payables and accruals	(116)
Deferred tax liabilities	(588)
Net assets at disposal date	9,435
Gain on disposal of subsidiaries	
Consideration received	8,000
Non-controlling interests	467
Net assets disposed of	(9,435)
	(968)
Net cash inflows arising on disposal:	
Cash consideration received	8,000
Cash and cash equivalents balance disposed of	(312)
	7,688

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

38. DISPOSAL OF SUBSIDIARIES (Continued)

iii) DISPOSAL OF MAIN PACIFIC GROUP LIMITED AND UNIVERSE PROSPER LIMITED

On 11 March 2016, the group completed the disposal of entire equity interests in Main Pacific Group Limited and Universe Prosper Limited and their subsidiaries which carried out mining operation.

	HK$'000 (Restated)
Consideration received:	
Cash received during the year	43,200
Cash consideration receivable	21,600
	64,800

Analysis of assets and liabilities over which control was lost:

	HK$'000 (Restated)
Plant and equipment	7,491
Intangible asset	76,480
Trade and other receivables	1,193
Amounts due from the group	2,234
Cash and cash equivalents	1,169
Trade and other payables	(12,741)
Amounts due to the group	(76,281)
Net liabilities disposal of	(455)
Gain on disposal of subsidiaries:	
Consideration received	64,800
Assignment of debts due to the group	(76,497)
Non-controlling interests	6,654
Release of exchange fluctuation reserve upon disposal	22,970
Net liabilities disposed of	455
	18,382
Net cash inflow arising on disposal:	
Consideration received	43,200
Cash and cash equivalents balance disposed of	(1,169)
	42,031

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

39. COMMITMENTS

a) CAPITAL COMMITMENTS

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

	2017	2016
	HK$'000	HK$'000
		(Restated)
Contracted for, but not provided for:		
Office renovation Project	**–**	915

b) OPERATING LEASE COMMITMENTS

i) The group as lessor:

The group leases its investment properties under operating lease arrangements to tenants, with leases negotiated for terms ranging from eight to twelve years. The terms of the leases generally require the tenants to pay security deposits. At the end of the reporting period, the group had total future minimum lease payments receivable under non-cancellable operating leases with its tenants falling due as follows:

	2017	2016
	HK$'000	HK$'000
		(Restated)
Within one year	**11,083**	11,273
In the second to fifth year, inclusive	**27,350**	41,930
Over five years	**41,737**	43,543
	80,170	96,746

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

39. COMMITMENTS (Continued)

b) OPERATING LEASE COMMITMENTS (Continued)

ii) The group as lessee:

The group leases certain office premises and director's quarters under operating leases. Leases for these properties are negotiated for terms ranging from two to five years.

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

	2017	2016
	HK$'000	HK$'000
		(Restated)
Within one year	**7,729**	7,125
In the second to fifth years, inclusive	**6,468**	4,075
Over five years	**–**	3,887
	14,197	15,087

40. MATERIAL RELATED PARTY TRANSACTIONS

a) KEY MANAGEMENT PERSONNEL EMOLUMENTS

Emoluments for key management personnel, including amounts paid to the company's directors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12 are as follows:

	2017	2016
	HK$'000	HK$'000
		(Restated)
Short-term employee benefits	**22,596**	18,336
Post-employment benefits	**190**	217
	22,786	18,553

Total emoluments is included in "staff costs" (see note 9(b)).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

40. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

b) OUTSTANDING BALANCES WITH RELATED PARTIES

In addition to the transactions detailed elsewhere in these financial statements, the group had the following transactions with related parties during the year:

	2017 HK$'000	2016 HK$'000 (Restated)
Amounts due to directors (note 29)	226	505
Amounts due to related parties (note 29)	33	275

The amount due to related parties represented the advance from a director of company's subsidiaries. The balances with these related parties and the amounts due to directors are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

41. FINANCIAL INSTRUMENTS BY CATEGORY

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

2017

Financial assets

	Available for sale financial assets HK$'000	Financial assets at fair value through profit or loss Held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
Trading securities	–	153,152	–	153,152
Available-for-sale investments	501,597	–	–	501,597
Financial assets included in trade and other receivables	–	–	75,871	75,871
Loan receivables	–	–	275,000	275,000
Consideration receivable	–	–	–	–
Fixed deposit	–	–	11,658	11,658
Cash and bank balances	–	–	143,597	143,597
	501,597	153,152	506,126	1,160,875

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Total HK$'000
Financial liabilities included in trade and other payables	16,294	16,294
Interest-bearing bank borrowings	10,148	10,148
Unconvertible bonds	20,000	20,000
	46,442	46,442

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2016

Financial assets

		Financial assets at fair value through profit or loss			
	Available for sale financial assets HK$'000 (Restated)	Contingent consideration receivable HK$'000 (Restated)	Held for trading HK$'000 (Restated)	Loans and receivables/ (Loans and borrowings) HK$'000 (Restated)	Total HK$'000 (Restated)
Trading securities	–	–	127	–	127
Available-for-sale investments	377,459	–	–	–	377,459
Contingent consideration receivables*	–	61,799	–	(58,613)	3,186
Financial assets included in trade and other receivables	–	–	–	17,242	17,242
Loan receivables	–	–	–	120,000	120,000
Consideration receivable	–	–	–	21,600	21,600
Fixed deposit	–	–	–	16,742	16,742
Cash and cash equivalents	–	–	–	46,323	46,323
	377,459	61,799	127	163,294	602,679

Financial liabilities

	Financial liabilities at fair value through profit or loss – held for trading HK$'000 (Restated)	Financial liabilities at amortised cost HK$'000 (Restated)	Total HK$'000 (Restated)
Financial liabilities included in trade and other payables	–	20,128	20,128
Interest-bearing bank borrowings	–	32,457	32,457
Warrants	73	–	73
Unconvertible bonds	–	20,000	20,000
	73	72,585	72,658

* Contingent consideration receivable of HK$3,186,000 was resulted from offsetting of the promissory note of HK$58,613,000 and contingent consideration receivable of HK$61,799,000 (note 34).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

42. COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2017 HK$'000	2016 HK$'000 (Restated)	As at 1 April 2015 HK$'000 (Restated)
Non-current assets				
Plant and equipment		**524**	–	–
Investment in subsidiaries	18	**788,591**	351,074	382,186
Available-for-sale investments		**501,597**	377,459	–
Interest in an associate		**–**	9,087	9,560
Contingent consideration receivable		**–**	3,186	–
		1,290,712	740,806	391,746
Current assets				
Deposits and prepayments		**665**	391	159
Other receivables		**22**	22	9,066
Consideration receiavble		**–**	21,600	–
Trading securities		**163**	127	151
Promissory notes receivable		**–**	–	123,200
Cash and cash equivalents		**68,944**	38,736	28,947
		69,794	60,876	161,523
Current liabilities				
Other payables and accruals		**7,445**	14,059	3,675
Amounts due to subsidiaries		**–**	–	1,254
Warrants		**–**	73	–
		7,445	14,132	4,929
Net current assets		**62,349**	46,744	156,594
Total assets less current liabilities		**1,353,061**	787,550	548,340
Non-current liabilities				
Unconvertible bonds		**20,000**	20,000	20,000
Warrants		**–**	–	17,472
Purchase consideration payable		**–**	–	1,162
		20,000	20,000	38,634
NET ASSETS		**1,333,061**	767,550	509,706
EQUITY				
Equity attributable to owners of the company				
Share capital	35	**48,576**	9,715	45,122
Reserves	37(a)	**1,284,485**	757,835	464,584
TOTAL EQUITY		**1,333,061**	767,550	509,706

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

43. LITIGATION

In 1998, the company brought up legal proceedings against ASG Capital Limited and ASG Brokerage Limited (the "Defendants") for breach of the placing and underwriting agreement dated 9 December 1997 in that the Defendants failed to fulfill their underwriting obligations thereunder and for the recovery of RMB40 million being the economic loss suffered by the company together with interest and legal cost. The proceedings are now in pre-trial stage of discovery of documents of the parties and the date of the trial has not been fixed. The last action of the parties to the proceedings took place in middle of 2005 when solicitors acting for the company in the legal proceedings served a notice to inspect documents to those acting for the Defendants.

44. RETIREMENT BENEFITS SCHEME

The group operates a Mandatory Provident Fund ("MPF") scheme for all Hong Kong eligible employees including executive directors. The assets of the MPF scheme are held separately from those of the group in funds under the control of trustees.

The retirement benefit cost for the MPF scheme charged to the consolidated statement of profit or loss represents contributions payable to the MPF scheme by the group at 5% specified in the rules of the MPF scheme.

Employees who are employed in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The group is required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the group with respect to the pension scheme is to make the required contributions under the scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

45. BUSINESS COMBINATION

The net assets acquired in the transaction and the goodwill arising are as follows:

	(a) CPFM HK$'000	(b) CPS HK$'000	(c) GR Global HK$'000	Total HK$'000
Property, plant and equipment (note 16)	–	25	–	25
Intangible assets (note 19)	4,144	6,999	–	11,143
Trade and other receivables	76	714	74	864
Bank balances and cash	608	5,427	378	6,413
Trade and other payables	(72)	(1,596)	(208)	(1,876)
Deferred tax liabilities (note 31(b))	(683)	(1,155)	–	(1,838)
Total identified net assets	4,073	10,414	244	14,731
Goodwill arising on acquisition of subsidiaries (note 20)	2,550	2,198	721	5,469
Total Consideration	6,623	12,612	965	20,200
Consideration paid in the year ended 31 March 2017	6,623	12,612	965	20,200
Cash and cash equivalent balances acquired	(608)	(5,427)	(378)	(6,413)
Net cash outflow in the year ended 31 March 2017	6,015	7,185	587	13,787

a) C.P. FINANCIAL MANAGEMENT LIMITED

On 24 May 2016, a wholly-owned subsidiary of the group entered into a sale and purchase agreement with Mr. Lee Siu Kuen (vendor), an independent third party, for the acquisition of the 100% equity interests in C.P. Financial Management Limited ("CPFM") (Formerly known as Hong Kong Financial Management Limited), for a total consideration of HK$6,717,417. The consideration for the acquisition shall be satisfied in following manner:

i) HK$900,000, being the first deposit;

ii) HK$2,100,000, being the second deposit payable within one business day after signing of the agreement;

iii) HK$3,717,417, being the remaining balance payable upon completion of the agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

45. BUSINESS COMBINATION (Continued)

a) C.P. FINANCIAL MANAGEMENT LIMITED (Continued)

A variation order dated 15 November 2016 signed between the wholly-owned subsidiary and vendor to fix the final purchase price at HK$6,623,217. A shortfall of $94,200 existed and the vendor paid back to the company.

CPFM is principally engaged in provision of asset management services. The group takes the view that the steady growth of the needs and demands of the provision of such services, which provides a prime opportunity for the group to diversify its revenue stream which, in turn, would increase the shareholders' value and benefit the company and the shareholders as a whole. The acquisition was completed on 14 September 2016.

The following summarises the acquisition date fair value of the total consideration transferred:

	HK$'000
Cash	6,717
Variation of final purchase price	(94)
Total consideration	6,623

The goodwill is attributable to the future economic benefits from the acquisition which allowed the group to expand the sources of revenue from financial service sector by utilising the management's network and potential customer base, integrated with the management's experience and expertise in the financial service sector. None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the consolidated statement of profit or loss, CPFM contributed revenue and loss of HK$158,000 and HK$1,561,000, respectively, to the revenue and loss of the group for the year ended 31 March 2017.

Had the business combination been effected on 1 April 2016, the revenue of the group and loss for the year would have been approximately HK$63,498,000 and HK$39,822,000 respectively. The directors consider these "pro forma" information is for illustrative purposes only and is not necessary an indication of the revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is it intended to be a projection of future results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

45. BUSINESS COMBINATION (Continued)

b) C.P. SECURITIES INTERNATIONAL LIMITED

On 20 November 2015 and on 31 March 2016, a wholly-owned subsidiary of the group entered into a sale and purchase agreement and a supplemental sale and purchase agreement, respectively, to acquire 100% equity interests in C.P. Securities International Limited ("CPS") (Formerly known as J.A.F. Brokerage Limited), for a total consideration of HK$12,612,000. The consideration for the acquisition shall be satisfied in following manner:

i) HK$1,560,000, being the deposit;

ii) HK$11,052,000, being the remaining balance payable upon completion of the agreement.

CPS is principally engaged in brokerage services for securities dealing, placing and undertaking services and margin financing. The group takes the view that the steady growth of the needs and demands of the provision of such services, which provides a prime opportunity for the group to diversify its revenue stream which, in turn, would increase the shareholders' value and benefit the company and the shareholders as a whole. The acquisition was completed on 11 April 2016.

	HK$'000
Cash	12,612
Total consideration	12,612

The goodwill is attributable to the future economic benefits from the acquisition which allowed the group to expand the sources of revenue from financial service sector by utilising the management's network and potential customer base, integrated with the management's experience and expertise in the financial service sector. None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the consolidated statement of profit or loss, CPS contributed revenue and loss of HK$4,921,000 and HK$1,597,000, respectively, to the revenue and loss of the group for the year ended 31 March 2017.

Had the business combination been effected on 1 April 2016, the revenue of the group and loss for the year would have been approximately HK$63,459,000 and HK$39,906,000 respectively. The directors consider these "pro forma" information is for illustrative purposes only and is not necessary an indication of the revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is it intended to be a projection of future results

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

45. BUSINESS COMBINATION (Continued)

c) GR GLOBAL LIMITED

On 23 September 2016, the company entered into a sale and purchase agreement with Mr. Lee Siu Kuen (vendor), an independent third party, for the acquisition of the 100% equity interests in GR Global Limited and its subsidiaries, HKFM Global Fund SPC and HKFM Investment Management Limited, collectively called GR Global Group ("GR Global"), for a total consideration of HK$965,000. The consideration for the acquisition shall be satisfied in following manner:

The following summarises the acquisition date fair value of the total consideration transferred:

i) HK$965,000, being the one-off consideration

	HK$'000
Total consideration paid	965
Total consideration paid	965

The goodwill is attributable to the future economic benefits from the acquisition which allowed the group to expand the sources of revenue from financial service sector by utilizing the management's network and potential customer base, integrated with the management's experience and expertise in the financial service sector. None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the consolidated statement of profit or loss, GR Global contributed revenue and loss of HK$ NIL and HK$37,647,000, respectively, to the revenue and loss of the group for the year ended 31 March 2017.

Had the business combination been effected on 1 April 2016, the revenue of the group and loss for the year would have been approximately HK$63,345,000 and HK$39,898,000 respectively. The directors consider these "pro forma" information is for illustrative purposes only and is not necessary an indication of the revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is it intended to be a projection of future results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

46. EVENTS AFTER THE END OF THE REPORTING PERIOD

No material events were undertaken by the Group subsequent to 31 March 2017.

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

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

	Effective for accounting periods beginning on or after
Amendments to HKFRSs, Annual improvements to HKFRSs 2014-2016 Cycle	1 January 2018
Amendments to HKFRS 4, Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract	1 January 2018
HKFRS 9, Financial Instruments	1 January 2018
HKFRS 15, Revenue from contracts with customers and the related amendments	1 January 2018
Amendments to HKFRS 15, Clarifications to HKFRS 15	1 January 2018
Amendments to HKAS40, Transfers of investment property	1 January 2018
New interpretation to HK(IFRIC)-Int 22, Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to HKFRS 2, Share-based payment: Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 16, Lease	1 January 2019
HKFRS 10 and HKAS28, Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	A date to be determined by the HKICPA

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

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
Continuing operations:					
Revenue	**63,345**	15,094	11,357	5,791	11,571
(Loss)/profit before taxation	**(33,962)**	(101,566)	12,597	(57,829)	(154,758)
Income tax credit (expenses)	**(5,772)**	5,021	(8,936)	413	5,541
(Loss)/profit for the year from continuing operations	**(39,734)**	(96,545)	3,661	(57,416)	(149,217)
Discontinued operations:					
Profit/(loss) for the year from discontinued operations	**23,150**	(15,092)	(32,046)	(107,640)	(8,132)
Loss for the year	**(16,584)**	(111,637)	(28,385)	(165,056)	(157,349)

ASSETS AND LIABILITIES

	As at 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
Total assets	**1,447,424**	914,155	623,388	538,492	650,437
Total liabilities	**(67,872)**	(91,234)	(124,545)	(118,538)	(90,723)
Net assets	**1,379,552**	822,921	498,843	419,954	559,714

PROPERTIES HELD BY THE GROUP FOR INVESTMENT

As at 31 March 2017

	Location	Existing Use	Term of Lease
1.	Unit Nos. 201 and 202 on Mezzanine Level, Yun Hai Building, Nos. 1329 and 1331 Huai Hai Zhong Road, Xuhui District, Shanghai, The PRC.	Commercial	Medium term
2.	Whole of Levels 1 and 2, Shimei Mansion, No.445 Jiangning Road, Jingan District, Shanghai, The PRC.	Commercial	Medium term
3.	Whole of Levels 3 and 4, Shimei Mansion, No.445 Jiangning Road, Jingan District, Shanghai, The PRC.	Commercial	Medium term