UKF (HOLDINGS) LIMITED
英裘(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1468

Annual Report 2017

Contents

CORPORATE INFORMATION

Board of Directors

Executive Directors
Mr. Wong Chun Chau *(Chairperson)*
Ms. Kwok Yin Ning *(Chief Executive Officer)*

Independent Non-executive Directors
Ms. Mak Yun Chu
Mr. Hung Wai Che
Mr. Tang Tat Chi

Company Secretary
Mr. Lam Chi Tat

Audit Committee
Ms. Mak Yun Chu *(Chairperson)*
Mr. Hung Wai Che
Mr. Tang Tat Chi

Remuneration Committee
Mr. Hung Wai Che *(Chairperson)*
Ms. Mak Yun Chu
Mr. Tang Tat Chi

Nomination Committee
Mr. Tang Tat Chi *(Chairperson)*
Ms. Mak Yun Chu
Mr. Hung Wai Che
Mr. Wong Chun Chau

Authorised Representatives
Mr. Wong Chun Chau
Ms. Kwok Yin Ning

Principal Bankers
The Hongkong and Shanghai Banking Corporation Limited
CTBC Bank Co. Limited
Nanyang Commercial Bank, Limited
DBS Bank (Hong Kong) Limited

Auditor
HLM CPA Limited

Registered Office
Cricket Square,
Hutchins Drive,
P. O. Box 2681,
Grand Cayman
KY1-1111,
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong
902, Harbour Centre, Tower 2,
8 Hok Cheung Street, Hunghom,
Kowloon, Hong Kong

Hong Kong Branch Share Registrar and Transfer Office
Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands
Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Corporate Website
http://www.ukf.com.hk

Stock Code
1468

Listing Dates
24 August 2012 (Growth Enterprise Market)
20 March 2015 (Main Board)

CHAIRMAN'S STATEMENT

Business Review

The fur market in this financial year started in a positive way initially as the biggest mink auction house, Kopenhagen Fur, received better bidding of the skins resulting in the mink prices going up by almost 10 percent in every auction until September 2016 which was the last auction of the season. The upward trend during this six months from April 2016 has helped boost the fur trade in general, and made profit on fur skin trading segment. However, new challenges set in that wiped out the benefits of the upward mink prices. Some Chinese fur buying brokers undercut the buying commission by 50 percent putting the over 80-year history fur market in an unprecedented muddle.

Moreover, the competition of the fur market has even escalated to the manner that a couple of fur dressers even offered no buying commission since September 2016 as long as the customers dressed the purchased skins with them. They have even cooperated with local banks in China to finance their customers' purchases. All these extraordinary actions have created a heavily negative and chaotic atmosphere in the fur market.

Worse, the fur skin prices suffered a drop in January 2017, the beginning of a new fur season. This has affected our mink farming, as the average of the skins sold in auctions were still below our farming cost.

Fur Skin Trading

As the Group anticipated correctly the upward trend of the fur skins during the period of April to September auctions, U.K. Fur Limited, the Group's fur skin trading vehicle, had performed well and contributed profit for the Group in this financial year.

Fur Skin Brokerage and Financing

Facing the cut-throat competition from the Chinese fur buying brokers, the buying commission profit margin for the last 80 years have been lost. Loyal Speed Limited ("Loyal Speed"), the Company's fur skin brokerage and financing arm, could hardly compete especially when the Chinese local banks supported and financed the ultimate buyers with much cheaper bank interest than the regular fur companies could offer. In addition, the fur skins held by Loyal Speed as collaterals for the outstanding purchase price owed by the customers, were sold at a big discount which was close to the then market price, causing the impairment of the loan receivables.

Mink Farming

The operating of the mink farms has been good and efficient. Even though the average mink prices of revenue that UKF (Denmark) A/S generated were close to the farming costs, the depreciation for the 12 mink farms, as an operating expenditure, still making mink farming to incur a net loss for the year.

Securities Brokerage

On 20 January 2017, the Group successfully completed the acquisition of Great Roc Capital Securities Limited ("Great Roc"). It is a company permitted to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). In around two months' time, Great Roc managed to contribute approximately HK$6.9 million revenue.

CHAIRMAN'S STATEMENT

Prospect

The fur business has been apparently encountering an exceptional difficult time while the mink prices are still below the farming cost. One can reasonably foresee that a lot of peer companies will go bankrupt and the market will remain unease for some time. The only pleasant news is that fur is still in fashion, and a lot of famous fashion brands are still using fur in their coming fall and winter collections.

As soon as the mink prices recover to a last 10 years' average level and farms cut production to minimize their loss, our mink farming segment will show a handsome profit as Danish minks are still of the highest demand.

Although the securities brokerage business has yet contributed any profit for the financial year, it is growing inspiringly in the new financial year and we expect that this segment would become a major revenue driver of the Group. Going forward, the Group is taking this business as the first step in building and expanding its presence in the financial services sector. The Group will continue to expedite the development of its new financial business segment and explore other business and investment opportunities in the financial service sector with a view to enhance the Group's future development.

Wong Chun Chau
Chairman
Hong Kong, 29 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

The consolidated audited revenue of the Group for the year ended 31 March 2017 was approximately HK$130.0 million, representing a decrease of approximately 40.84% from approximately HK$219.7 million for the year ended 31 March 2016. The decrease in the revenue was mainly attributable to (i) the reduction in commission income and financing interest income of the Group's fur skins brokerage and financing business and (ii) the newly acquired securities brokerage business could only contribute around two months' revenue. The increase in auction price of fur skin in 2016 provided little help in this respect as the trading volume shrank.

Cost of sales

The cost of sales of the Group amounted to approximately HK$119.9 million for the year ended 31 March 2017, representing a decrease of approximately 49.34% from approximately HK$236.7 million for the year ended 31 March 2016 which was in line with the decrease in revenue.

Write back of inventories

As fur skin price gradually increased in this financial year, there was approximately HK$0.4 million write back of inventories to the net realisable value.

Impairment of goodwill

Facing the unprecedented fierce competition, the performance of fur skins brokerage showed no sign of improvement. In view of above, the Group recognised an impairment loss of approximately HK$37.9 million for the year ended 31 March 2017 (2016: HK$37.6 million).

Gross profit and gross profit margin

The Group recorded a gain of approximately HK$10.1 million for the year ended 31 March 2017, compared with the gross loss of approximately HK$16.9 million for the year ended 31 March 2016 as the fur skin price in auction improved where write down of inventory was not necessary.

Administrative expenses

The administrative expenses of the Group increased by approximately 72.39 % from approximately HK$63.8 million for the year ended 31 March 2016 to approximately HK$110.1 million for the year ended 31 March 2017. The increase in the administrative expenses was primarily due to bad debts from fur skins brokerage and financing business and net foreign exchange loss from depreciation of Danish Krone against Hong Kong dollars.

Finance costs

The finance costs of the Group slightly increased by approximately 3.7% from approximately HK$5.7 million for the year ended 31 March 2016 to approximately HK$5.9 million for the year ended 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Capital Structure

The Group mainly finances its operations with internally generated cash flow, bank borrowings and corporate bond. The Group maintained bank balances and cash of approximately HK$128.7 million as at 31 March 2017 (2016: approximately HK$66.1 million) in Hong Kong dollars ("HK$") and United States dollars ("US$"). The net assets of the Group as at 31 March 2017 were approximately HK$427.0 million (2016: approximately HK$286.1 million).

On 29 July 2016, the Company entered into a placing agreement with Sun International Securities Limited as the placing agent (the "Placing Agent") where the Company agreed to appoint and the Placing Agent agreed to, on a best effort basis, procure not less than six placees to subscribe up to 210,000,000 new shares of the Company (the "Shares") by means of specific mandate at a price of HK$0.18 each (the "Placing"). Such Placing was conditional upon the approval of shareholders of the Company (the "Shareholders") at the special general meeting. The special mandate was approved by the Shareholders and 210,000,000 Shares were successfully placed on 29 November 2016, a gross and net proceeds raised were HK$37.8 million and HK$37.6 million respectively. The intended use of net proceeds was applied for expansion of the new securities brokerage business. As at 31 March 2017, approximately HK$35 million was used for the same purpose.

The Company has also issued 660,000,000 new shares under specific mandate as part of consideration settled in a acquisition of a securities brokerage company. Please refer to Section "Material Acquisitions or Disposals and Significant Investments" below.

Financial Key Performance

The above financial data were chosen to present in this annual report as they represent a material financial impact on the consolidated financial statements of the Group for the current and/or the previous financial year, that a change of which could affect the revenue and profit conspicuously. It is believed that by presenting the changes of these financial data can effectively explain the financial performance of the Group for the year ended 31 March 2017.

As at 31 March 2017, the Group had bank borrowings, which represented trust receipt loans, term loans and revolving loans of approximately HK$9.9 million, HK$58.3 million and HK$100 million respectively to finance its purchases of fur skins, margin financing and general working capital (2016: HK$59.5 million, HK$71.4 million and Nil respectively). All of bank borrowings were held in HK$, US$ and Danish Krone ("DKK"). The Group has obtained various banking facilities of up to HK$214 million (2016: HK$280 million) with different covenants such as (i) corporate guarantees provided by the Company, (ii) charge over fixed assets, inventories and biological assets and/or (iii) the requirements that the net external gearing ratio shall not be more than 150% and the tangible net worth of the Group shall grow by at least HK$15 million annually. The net external gearing ratio, representing the ratio of total interest bearing borrowings to the net assets of the Group, was about 70.9% as at 31 March 2017 (2016: about 49.6%).

The Group adopts a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised.

During the year, the Group had not engaged in any financial instruments for hedging or speculative activities.

The Group has certain investments and operations in Denmark which are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered to be manageable as such impact will be offset by borrowings denominated in DKK.

Charge of Assets

As at 31 March 2017, the Group charged the key management insurance contract which is classified as an available-for-sale investment of approximately HK$11 million (2016: HK$10 million), property, plant and equipment, biological assets and inventories of approximately DKK101,573,000 (approximately HK$113,528,000) (2016: DKK104,403,000, approximately HK$122,882,000) for bank borrowings.

Capital Commitments

As at 31 March 2017, the Group did not have any significant capital commitments (2016: Nil).

Material Acquisitions or Disposals and Significant Investments

On 30 July 2016, Pearl Bay Investments Limited, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Excel Blaze Limited ("Vendor") and Mr. Yan Kam Cheong ("Vendor's Guarantor"), to acquire 100% equity interest of Great Roc Capital Securities Limited (the "Target Company"), which is a licensed corporation to carry out Type 1 and Type 4 regulated activities under the Securities and Futures Ordinance ("SFO"), together with a shareholder's loan for a total consideration of HK$264,300,000 which was proposed to be partly settled by issue of 660,000,000 new shares at the price of HK$0.18 per share and a promissory note issued by the Company. The consideration was determined on an arm's length basis and normal commercial terms with reference to (i) the audited net asset value of the Target Company as at 29 February 2016; (ii) the shareholder's loan; (iii) the historical financial performance of the Target Company; and (iv) the business prospect of the Target Company. Both the Vendor and the Vendor's Guarantor are independent third parties of the Company. The acquisition was approved by Shareholders at the special general meeting held on 14 November 2016 and was completed on 20 January 2017.

Employee Information

As at 31 March 2017, the Group had a total of 66 staff members including Directors (2016: 59). Staff costs including Director's remuneration amounted to approximately HK$24.9 million for the year ended 31 March 2017 (2016: approximately HK$25.7 million). Remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, and options that were granted or may be granted under the pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and the share option scheme of the Company (the "Share Option Scheme", together with the Pre-IPO Share Option Scheme, the "Share Option Schemes") both of which were approved by the then sole shareholder on 1 August 2012.

Risk Management

Credit Risk

Credit risk exposure represents trade receivables and loan receivables from customers principally arising from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that appropriate and speedy follow up actions are taken on overdue balances. In this regard, the Board considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensures sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long terms.

Foreign currency risk

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in US$ and DKK. The sales and purchases transactions of the Group are exposed to the foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk. The management of the Group may implement foreign currency forward contracts to hedge the exposure to foreign currency risk. Apart from the aforementioned foreign currency contracts, the management of the Group did not consider it is necessary to use foreign currency hedging policy as most of the assets and liabilities denominated in currencies other than the functional currency of the entity to which they related are short term foreign currency cash flows. As the HK$ is pegged to the US$, the Group considers the risk of movements in exchange rates between the HK$ and the US$ to be insignificant.

During the year under review, the Group has certain investments in foreign operations in Denmark, whose net assets are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered to be manageable as such impact will be offset by borrowings denominated in DKK.

Advances to the Entities

Pursuant to the Rules 13.13 and 13.15 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), a disclosure obligation arises where the relevant advance to the entities from the Group exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. As at 31 March 2017, Loyal Speed Limited, an indirect wholly-owned subsidiary of the Company, has advanced loans to a fur brokerage customer, namely Modern Fur Company Limited (the "MF Loans") to finance its purchase of fur skins from the auction houses and the amounts due to the Group from the above customer did not exceed 8% of the total assets of the Group (approximately HK$840.4 million).

The table below sets out the details of the MF Loans as at 31 March 2017:

	MF Loans
Amount due to the Group	HK$10,467,192
Credit Term	180 days
Interest Rate	0.4% per month
Collateral	The fur skins purchased with the relevant part of the MF Loan

Loans made to Fur Supply (China) Limited during prior and current years were either settled or written off by the end of the reporting period.

Environmental Policies and Compliance with Relevant Laws and Regulations

The purpose of this report is to communicate management approaches, strategies, priorities and key performances with stakeholders. Please refer to Section Environmental, Social and Governance Reporting below for details.

Key Relationships with Employees, Customers and Suppliers

Please refer to "Major Customers and Suppliers" and "Employees" sections in "Report of the Directors".

Significant Securities Investments

During the year ended 31 March 2017, the Company has not engaged in significant securities investments.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. WONG Chun Chau (黃振宙), aged 60, was appointed as an executive Director on 31 March 2011 and was designated as the Chairman of the Company on 1 August 2012 and a member of the nomination committee of the Company.

Mr. Wong has also been a director of U.K. Fur Limited since 2009, Trade Region Limited since 2011, UKF Finance Limited since 2012, Loyal Speed Limited and UKF (Denmark) A/S since 2013. Mr. Wong has more than 30 years' experience in the field of fur skin trading and management. Mr. Wong graduated with high honour from Clemson University, South Carolina, U.S.A. in 1977 with a Bachelor of Science degree in Chemical Engineering. He also attended a special training course in Copenhagen, Denmark, in 1981 about fur sorting and auction procedure, and acquired in-depth knowledge and skills on sorting raw fur materials, inspection of show-lots and compilation of catalogues, sales procedures and invoicing, etc. He is responsible for formulating and monitoring the Group's overall strategic plan and development.

Mr. Wong was a director of the Hong Kong Fur Federation from 1987 to 2006 and served as a director in its Skin Dealers' Committee from 1993 to 2000 and from 2003 to 2006, Overseas Affairs Committee from 1993 to 2006 and China & Local Promotion Committee from 2001 to 2006 whereas he was the director-in-charge of the Skin Dealers' Committee from 1995 to 1998. Mr. Wong is also currently the vice chairman of the International Fur Brokers Association Ltd.

Ms. KWOK Yin Ning (郭燕寧), aged 61, was appointed as an executive Director on 31 March 2011 and was designated as the Chief Executive Officer of the Company on 1 August 2012. She is also a director of several subsidiaries of the Company. She has been working in the fur industry for more than 30 years and has 20 years of managerial experience. She is responsible for the Group's corporate management and strategic planning.

Ms. Kwok attained a diploma on Management Studies in 1995 which was jointly awarded by the Hong Kong Polytechnic University and the Hong Kong Management Association.

Independent Non-Executive Directors

Ms. MAK Yun Chu (麥潤珠), aged 59, is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and has over 10 years of experience in accounting and administration. Ms. Mak has been an independent non-executive director of Heng Tai Consumables Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") (stock code: 197) since April 2004 and was an independent non-executive director of Wealth Glory Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange from September 2010 to November 2013 (stock code: 8269).

Ms. Chu has been an independent non-executive Director of the Company, the chairperson of the audit committee of the Company and the member of the remuneration committee and nomination committee of the Company since 15 March 2016.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. TANG Tat Chi (鄧達智), aged 62, became an independent non-executive Director on 1 August 2012. He is also the chairman of the nomination committee of the Company and a member of the audit committee and the remuneration committee of the Company. Mr. Tang is the founder and a director of W. Tang Company Limited, a company established in 1984 and engaged in the business of fashion design. Before starting his own company, he had worked as a fashion designer at YGM Apparel Limited from September 1981 to April 1984.

Mr. Tang obtained a Bachelor of Arts degree in 1978 from the University of Guelph, Ontario, Canada. He also served on the Committee on the Promotion of Civic Education, which is a non-statutory committee in Hong Kong tasked with the promotion of civic education outside schools from 2003 to 2005. Mr. Tang has more than 20 years of experience in the field of fashion design.

Mr. HUNG Wai Che (孔偉賜), aged 41, has over 13 years of experience in legal field and operating and managing various energy and recycling projects including power station and oil refinery factories in China and Hong Kong. He graduated from the University of Wales, Aberystwyth, United Kingdom with Honours Degree in Law.

Senior Management

Mr. John EGGERT, aged 64, joined the Group in July 2013 as the area general manager of the mink farms and is currently a director of UKF (Denmark) A/S, an indirect wholly-owned subsidiary of the Company. Mr. Eggert holds a degree in Farm Management from Nordic Agricultural University, Denmark. He has more than 39 years of experience in farm management and operations in Denmark, Canada, Egypt, South Africa, China, Romania, Bosnia, Ukraine and Russia. He is responsible for the Group's mink farming management and operation in Denmark.

CORPORATE GOVERNANCE REPORT

The Company endeavours in maintaining a high standard of corporate governance for the enhancement of shareholders' value and providing transparency, accountability and independence. Save as disclosed in this annual report, the Company has fully complied with the required code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 to the Listing Rules for the year ended 31 March 2017.

Compliance with the Model Code for Securities Transactions by Directors

The Group adopted the code of conduct for securities transactions by Directors ("Securities Dealings Code") on terms no less exacting than that set out in Appendix 10 of the Listing Rules. Upon the Group's specific enquiry, all Directors confirmed that during the year ended 31 March 2017, they had fully complied with the Securities Dealings Code.

Board of Directors

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board comprises two executive Directors and three independent non-executive Directors and is accountable to shareholders. The powers and duties of management and control of the business of the Company are generally vested in its Board. It is the duty of the Board to enhance value of the Company to the shareholders. The composition of the Board and biographies of the Directors are set out on pages 10 to 11 of this annual report.

The two executive Directors are responsible for the leadership and control of the Company, overseeing the Group's businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The three independent non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing adequate checks and balances in the Board in order to protect shareholders' interest and overall interest of the Group.

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 3.13 of the Listing Rules. Throughout the year ended 31 March 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications on accounting or related financial management expertise. The number of independent non-executive Directors has represented at least one-third of the Board.

Roles of Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer are held by Mr. Wong Chun Chau and Ms. Kwok Yin Ning respectively. This ensures a clear distinction between the Chairman's duty to manage the Board and the Chief Executive Officer's duty to oversee the overall internal operation of the Group.

Division of Responsibilities of the Board and Management

The following types of matters are reserved for the Board's approval:

(a) corporate and capital structure;

(b) corporate strategy;

(c) policies (including but not limited to those relating to corporate governance);

(d) business and management;

(e) key financial matters;

(f) appointment of Board members, senior management and auditor;

(g) remuneration of directors and senior management; and

(h) communication with shareholders and the Stock Exchange.

The matters delegated by the Board to the management's decision include:

(a) approval of extension of the Group's activities not in a material manner into a new geographical location or a new business;

(b) approval and assessment of the performance of all business units;

(c) approval of expenses up to a certain limit;

(d) approval of connected transactions not requiring disclosure under the Listing Rules;

(e) approval of the nomination and appointment of personnels other than the members of the Board and senior management;

(f) approval of press release concerning matters decided by the Board;

(g) approval of any matters related to routine matters or day-to-day operation of the Group; and

(h) matters further delegated by the Board from time to time.

Appointment, Re-election and Removal

Under article 84 of the Company's Article of Association, at each annual general meeting, not less than one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors who have been longest in office since their last re-election or appointment shall also retire by rotation.

Under code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term, subject to re-election. The term of appointment for each of the independent non-executive Directors appointed by the Company is 3 years, subject to re-election and other requirements under the Company's Articles of Association, the Code and the respective letter of appointments.

Number of Meetings and Directors' Attendance

Regular Board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 31 March 2017, the Board held 4 regular Board meetings and one additional meeting. The Company held the annual general meeting on 26 August 2016 for the year ended 31 March 2016. The table below sets out the individual attendance record of each Director at the Board meetings and general meeting during the year:

	Attendance/Number of meetings		
Name of Directors	**Regular Board meetings**	**Additional Board meeting**	**General meetings**
Executive Directors			
Mr. Wong Chun Chau *(Chairman)*	4/4	1/1	1/2
Ms. Kwok Yin Ning	4/4	1/1	1/2
Independent Non-executive Directors			
Ms. Mak Yun Chu	4/4	1/1	2/2
Mr. Hung Wai Che (appointed on 26 August 2016)	3/3	0/0	1/1
Mr. Tang Tat Chi	4/4	1/1	0/1
Mr. Jean-pierre Philippe (retired on 26 August 2016)	1/2	1/1	0/1

The company secretary attended all the scheduled Board meetings to report matters relating to corporate governance, risk management, statutory compliance, accounting and finance.

Under code provision A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

Practice and Conduct of Meetings

Code provision A.1.3 stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Schedules, notices and draft agenda of each meeting are normally made available to Directors in advance in accordance with code provision A.1.3.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or audit committee meeting to keep the Directors abreast of the latest developments and financial position of the Group and to enable them to make informed decisions. All Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each Director also have separate and independent access to the senior management whenever necessary. With the support of the senior management, the Chairman is responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the company secretary and opened for inspection by the Directors.

Article 100 of the Company's Articles of Association requires Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Training and continuing development of Directors

Each Director should participate in continuous professional development to develop and refresh their skills to ensure that he has appropriate understanding of the business and operations of the Group and that he is sufficiently aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged where necessary.

The Company has also from time to time provided the Directors with continuous update on the latest development regarding the Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors have participated in appropriate continuous professional development and refresh their knowledge and skills during the year. Such professional development was completed either by way of attending briefings, conference, forum, courses and seminars and self-reading which are relevant to the business or directors' duties.

Board Committees

The Board has set up 3 Board committees, namely the audit committee, the remuneration committee and the nomination committee, to oversee particular aspects of the Group's affairs.

The committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

Audit Committee

The Company established an audit committee (the "Audit Committee") on 1 August 2012 which comprises all 3 independent non-executive Directors. The current members are Ms. Mak Yun Chu (Chairperson), Mr. Tang Tat Chi and Mr. Hung Wai Che.

The Audit Committee is governed by its written terms of reference in compliance with code provision C.3.3 of the Code. Among other things, the primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. During the year, the committee met its responsibilities in reviewing the interim and annual results for the year ended 31 March 2016 with the professional accounting firm engaged by the Group, which conducted regular internal audits and report to the committee.

During the year, 2 committee meetings were held. The attendance records of each member of the Audit Committee at the committee meetings are set out below:

Name of Directors	Attendance/ Number of Meetings
Ms. Mak Yun Chu *(Chairperson)*	2/2
Mr. Hung Wai Che *(Chairperson)* (appointed on 26 August 2016)	1/1
Mr. Tang Tat Chi	2/2
Mr. Jean-pierre Philippe (retired on 26 August 2016)	1/1

Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") on 1 August 2012 which comprises 3 independent non-executive Directors. The current members are Mr. Hung Wai Che (Chairperson), Ms. Mak Yun Chu and Mr. Tang Tat Chi.

The Remuneration Committee is governed by its terms of reference in compliance with code provision B.1.2 of the Code. The primary duties of the Remuneration Committee include the following:

(a) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and

(c) evaluating the performance and exercising the delegated power of the Board to determine the remuneration packages of all executive Directors and senior management.

During the year ended 31 March 2017, the Remuneration Committee met once with presence of all the eligible members for the time being (i.e. Mr. Jean-pierre Philippe, Ms. Mak Yun Chu and Mr. Tang Tat Chi) and reviewed, determined and made recommendation (as the case may be) on the remuneration package of Directors of the Group.

Nomination Committee

The Company established a nomination committee (the "Nomination Committee") on 1 August 2012 which comprises all 3 independent non-executive Directors and 1 executive Director. The current members are Mr. Tang Tat Chi (Chairperson), Mr. Hung Wai Che, Ms. Mak Yun Chu and Mr. Wong Chun Chau.

The Nomination Committee is governed by its terms of reference in compliance with code provision A.4.5 of the Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee include:

(a) reviewing the structure, size and diversity of the Board at least annually and making recommendations on any proposed changes to the Board to complement the issuer's corporate strategy;

(b) nominating potential candidates for directorship;

(c) reviewing the nomination of directors and making recommendations to the Board on terms of such appointment; and

(d) assessing the independence of independent non-executive Directors.

The Company has adopted the Board Diversity Policy which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board. The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Nomination Committee considers that the current composition of the Board is characterised by diversity after taking into account its own business model and specific needs, whether considered in terms of professional background and skills.

During the year ended 31 March 2017, the Nomination Committee met once with the presence of all members for the time being (i.e. Mr. Tang Tat Chi, Mr. Jean-pierre Philippe, Ms. Mak Yun Chu and Mr. Wong Chun Chau) and (i) reviewed and discussed the structure, size and diversity of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group and (ii) recommended on the re-election of the retiring Directors.

Company Secretary

Mr. Lam Chi Tat was appointed as company secretary of the Company with effect from 9 December 2016. Although Mr. Lam is not an employee of the Company as required under code provision F.1.1 of the Code, the Company has assigned Ms. Kwok Yin Ning, the Chief Executive Officer and an executive Director, as the contact person with Mr. Lam. Information in relation to the performance, financial position and other major developments and affairs of the Group are speedily delivered to Mr. Lam through the contact person assigned. Having in place a mechanism that Mr. Lam will get hold of the Group's development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Lam as the company secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

During the year ended 31 March 2017, the company secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

Directors and Officers Insurance

Appropriate insurance covering on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Directors' and Auditor's Responsibilities in Respect of the Consolidated Financial Statements

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

The Directors acknowledge their responsibilities for the preparation of the accounts which give a true and fair view of the financial position of the Group and of its financial performance and cash flows for the year ended 31 March 2017.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 42 to 48.

CORPORATE GOVERNANCE REPORT

Auditor's Remuneration

The remuneration paid/payable to the auditor of the Company for the year ended 31 March 2017 is set out as follows:

Services rendered	**Paid/payable** HK$'000
Statutory audit services	802
Non-statutory audit services:	
Reporting accountant in relation to acquisition	202
	1,004

Internal Controls and Corporate Governance Policies

The Board has overall responsibility for monitoring the internal control system and corporate governance of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system and developed and reviewed the corporate governance policies at least once a year to safeguard the interests of the shareholders and the assets of the Company and ensure compliance with legal and regulatory requirements by the Group. During the year, the Board has conducted a review of the effectiveness of the internal control system of the Company and reviewed the corporate governance policy documents and terms of reference of Board committees of the Company and the compliance with the legal and regulatory requirements, including the Code.

Internal Audit And Risk Management

During the Financial Year, the Group has complied with code provision C.2 of the Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis and an internal audit on the internal control and risk management systems performed on an annual basis. Main features of the risk management and internal control systems are described as follows:

Risk Management System

The Group has adopted a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted for the financial year, no significant risk was identified.

Communication with Shareholders

The Company endeavours to maintain an on-going dialogue with the shareholders and in particular to communicate with the shareholders through annual general meetings or other general meetings and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

Shareholders' Rights

Convening an extraordinary general meeting

Pursuant to article 58 of the Company's Articles of Association, extraordinary general meetings of the Company (the "EGM") shall be convened on the requisition of any one or more 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. Such shareholders shall have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and the EGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings (AGM), the Company's financial reports (annual, interim and (if any) quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to Mr. Wong Chun Chau, the Chairman of the Board at the Company's principal place of business in Hong Kong by post at 902, 9th Floor, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong or by email to admin@ukf.com.hk. Shareholders may also directly raise questions during the shareholders' meetings.

Putting forward proposals at Shareholders' meeting

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request. The request to put forward a proposal must be made within 30 days from the date of the relevant shareholders' meeting.

Investor Relations

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and (if any) quarterly reports. The corporate website of the Company (http://www.ukf.com.hk) has provided an effective communication platform to the public and the shareholders.

During the year, there had been no significant change in the Company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

According to the latest disclosure requirements stipulated in the Rules Governance the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), UKF (Holdings) Limited (the "Company"), together with its subsidiaries (collectively the "Group") is required to publish ESG Report from the financial year beginning from 1 January 2016. In fact, even before such requirements, the Company has long been complied with all applicable laws, rules and regulations in the areas which the ESG Report is concerned and requires to disclose. The purpose of this report is to communicate management approaches, strategies, priorities and key performances with stakeholders. The Board of Directors (the "Board") of the Company has the overall responsibility for the Company's ESG strategy and reporting and should evaluate and determine the Company's ESG-related risks to ensure that appropriate and effective ESG risk management and internal control system are in place.

Environmental Issues

The Group is mainly engaged in (i) trading of skin fur and mink farming in Denmark; and (ii) securities and money lending. Although it is not expected to have any impact on the environment by emitting air pollutants such as nitrites, sulphites, and other pollutants and hazardous waste subject to the regulation of relevant laws of Hong Kong or greenhouse gases including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and Sulphur hexafluoride. Therefore, it is considered that a company policy in relation to greenhouse gas emission is not necessary.

Since water is not an element necessary for our business operations and generation of waste water is minimal, it is considered that company policy in relation to dealing with sewage is not necessary. In particular, for trading of skin fur and mink farming business, during the year ended 31 March 2017, no discharge of unprocessed sewage arisen from maintaining the minks directly into water stream was noted and no complaints were received for such.

To conserve the environment, the Group sells the animal fats from minks in the production of bio-diesel. Other by-products of mink farming are sold for the production of fertilisers. It also uses by-products from the fish and meat industries as animal feeds for minks. The relevant Danish government authority pays environmental control visits to the farms every year without giving prior notice to the Group. The Directors confirmed that the environmental protection measures adopted by the mink farms of the Group have complied with the relevant legislation provisions in all material aspects and there were no circumstances that would lead to administrative penalties in this regard.

Moreover, the Company is still highly committed to conserving the Earth's energy and resources within the Company's business scopes by implementing a series of energy conservation measures. To name a few, the Company has been adopting a practice of switching off all idle electric devices, recycling used papers and other waste which is recycle-able, optimising the workplace temperature. The management has actively engaged in telephone conference meetings rather than face-to-face meetings when appropriate. This helps not only reduce the travelling expenses but the carbon emission produced from travelling.

Social Issues

Permits obtained for mink farming business

The Group has obtained all valid permissions to operate the mink farms, and has obtained relevant environmental permits issued by the respective municipality or county for the expansion of breeding capacity of the mink farms and are effective and in force.

In order to ensure the number of breeders on each farm will not exceed the permitted breeding capacity, management team of the Group engages in the discussions from time to time to determine the number of breeders to be kept in the season. Thereafter, farm managers or staff in each farm will sort and count the breeders according to the instruction of the management and prepare a breeder list which shows the type and number of mink breeders for each farm. The breeder list will be reviewed by the CEO of UKF (Denmark) A/S who will check against the number of breeders allowed under the respective permit. Then, the management will approve the breeder list.

Protection of mink welfare

The managers or their assistants stationed in the mink farms take steps to comply with the relevant Danish legislative provisions and the Code of Practice for the Care and Health of Farmed Mink, Fitch and Fox in Europe issued by the European Fur Breeders' Association.

For example, they arrange vaccination for the minks on each of the Group's farm and take extra care for sick animals at a quarantined area or at hospital in farms. Farms of the Group are equipped with alarm systems. Minks are pelted at a professional pelting centre approved by Kopenhagen Fur. Farm managers record incidents at the farms on daily log book. Where any issues relating to compliance arises, the farm managers report and discuss such issues with the CEO of UKF (Denmark) A/S in the monthly meeting. The CEO of UKF (Denmark) A/S also inspects the mink farms every week to ensure the minks are raised in healthy condition.

All mink farms of the Group are subject to annual statutory veterinarian visits. The Vets from the Danish government authority pay visits to the farms of the Group at least twice a year. The visits involve a routine inspection to identify any health or welfare issues on the farms. The relevant Danish authorities are responsible for checking that the legislation in relation to animal welfare is observed at Danish fur farms. In particular, The Danish Veterinary and Food Administration also makes regular inspections of farm welfare. Apart from the statutory visits, the Group also conducts inspections twice a year. The Directors confirmed that the Group has not been warned or penalised, or informed of any non-compliance relating to animal welfare by any of the relevant authorities.

The Group also confirms that it has also complied with the Protection of Endangered Species of Animals and Plants Ordinance (Cap 586) of Hong Kong and does not engage in trading of specimens of any species listed in the said ordinance.

Relationship with Employees

Equal opportunity

The Group is committed to providing a working environment that is free from discrimination on the basis of gender, race, colour, age, religion, national origin, pregnancy or disability. This includes employment practices, such as hiring, transfer, recruitment, training, promotion, discipline, rates of pay and benefits, in order to ensure employees and job applicants enjoy equal opportunities and fair treatment. The salary and benefit levels of the Group's employees are reviewed annually on a performance related basis. A wide range of benefits including comprehensive medical, life and disability insurance coverage and retirement schemes are also provided to employees.

Employment and Labour standard

When recruiting staff, the Company chooses the right candidates only based on their qualifications, experience and ability without taking into consideration of their gender, race, age and religion. However, the Company prohibits hiring child labour and forced labour. An employment contract which clearly defines the job title and duties, terms of employment including salary, contributions of Mandatory Provident Fund or applicable pensions in Denmark, working hours, number of days of annual leave and other benefits, has to be signed before the candidates become the staff of the Company. Mechanism of performance assessment which leads to promotion or demotion as well as a list of events which leads to summary dismissal is also mentioned in the employment contract. The terms of employment with all employees are at least in compliance with the current Employment Ordinance in Hong Kong or similar employment laws in Denmark. Where, applicable, no employees were remunerated at a rate below statutory minimum wage.

Where applicable and mandatory, the Group has contributed all statutory insurance, mandatory fund and levies.

Moreover, the Company also treats personal data privacy seriously and follow the requirements of Personal Data (Privacy) Ordinance (the "PD(P)O") in Hong Kong and applicable privacy rules and laws in Denmark. All employees, including the resigned ones, as well as candidates' personal information is kept strictly confidential and is used for employment/recruitment purpose only. The personal information requested to provide is designed to minimise the level of personal privacy to be input and will not be kept longer than necessary and/or required under the PD(P)O and similar Denmark law.

Health and safety

The Group has been strictly in compliance with the relevant occupational safety rules or ordinance in both Hong Kong and Denmark to provide a safe workplace for the staff and workers and report to the responsible government authority in case of any accidents occurred. During the year ended 31 March 2017, no material industrial accidents have occurred. In addition, all staff in Hong Kong have been insured with health policy.

Development and training

The Group understands that staff are an important asset to every enterprise and determine its success. Therefore, a policy is in place to encourage staff to pursue up-to-date job-related knowledge by providing different level of education allowance according to their ranking and position. While feasible and available, they are also encouraged to switch to different posts with a view to experiencing challenges from different facets of the Company's business, assisting them to build up to all-rounded competent personnel. Regular training is particularly provided to Board members and senior management to facilitate them to keep abreast with the ever change of business environment and regulatory framework.

Community investment

Last but not least, the Company encourages staff to care the community by participating in all kinds of social activities as they wish after work. This includes physically attendance of social events or donations. If necessary, the Company can arrange a flexible working hours for the staff concerned.

During the financial year ended 31 March 2017, the Group is not aware of any non-compliance with the laws, regulations and policies regarding employment, occupational health and safety or labour standards that have a significant impact on the Group.

Operating Practice

Supply chain management

The Group has either long established suppliers or suppliers from well-known enterprises to ensure that they are able to deliver the goods/services as requested. The Group has been continuously optimising and improving the supplier management system, regulating the access, supervision, evaluation and departure of suppliers, and constantly increasing specialisation and transparency of supply chain management. The evaluation of a supplier mainly includes background, qualification (for example, holding necessary licenses to provide such services), quality control of service, financial status, past performance in similar service, fulfilment of contract, professionalism of project team, operation in good integrity and social responsibility. Whether the supplier is qualified is determined based on the evaluation results, and those suppliers who fail to meet the requirements will ultimately be disqualified. The Group values communication with suppliers, including continuous communication with suppliers in routine work and establishing strategic cooperation with suppliers through technical support and unique competitive advantage that can achieve a win-win situation and strengthen the cooperation with each other.

Product responsibility

The Group appreciates the importance of customer satisfaction and has been highly committed to providing best quality of goods and services and continuously in search of excellence. Of which, product quality and safety has been emphasized to ensure no violence of all applicable product safety regulations. In case of any complaints by customers on goods quality, follow-up actions are taken immediately to address the problems to minimise the effect on the customers. The Group also protects customers' privacy from leakage in any form. During the financial year ended 31 March 2017, the Group operated in accordance with the applicable product liability requirements including health and safety, advertising, labelling and privacy matters and is not aware of any incidents of non-compliance with any laws and regulations that have a significant impact on the Group concerning product responsibility.

Anti-corruption

The Company is committed to ensuring that each of its business unites meets its legal obligations and prevents, detects and eliminates corrupt practices, and cooperates to reduce opportunities for bribery and corruption.

The Company requires all staff at all times to act honestly and with integrity and to safeguard the resources for which they are responsible. Bribery is an ever-present threat to these resources and therefore must be a concern to all the Company's members of staff.

The Company does not tolerate any form of corruption (including the giving and receiving of bribes) within the organisation and takes the most serious view of any attempt to commit corrupt practices by members of staff, contractors, agents and business partners. Cases of suspected corruption will be properly investigated and appropriate action taken, including reporting to the appropriate authorities, disciplinary action, prosecution and active pursuit of recovery.

All management and staff are highly encouraged to report all cases of suspected corruption either to their line manager, to another member of management.

This policy has been adopted and endorsed by the Company's senior management and is to be communicated to everyone in our business to ensure their commitment to it. Our senior management attaches the utmost importance to this policy and as stated above will apply a "zero tolerance" approach to acts of bribery and corruption by any of our employees or by business partners working on our behalf, including advisors, agents or contractors.

The Company also expects that all third parties dealing with the Company to apply the highest ethical standards in their business relationships and that they have an appropriate anti-bribery and anti-corruption compliance programme in place.

Any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action.

During the financial year ended 31 March 2017, the Group is not aware of any breach of laws and regulations that have a significant impact on the Group in relation to bribery, fraud and money laundering.

REPORT OF THE DIRECTORS

The Board is pleased to present their annual report together with the consolidated financial statements of the Company 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 41 to the consolidated financial statements. The Group is principally engaged in the trading of fur skins, fur skins brokerage, mink farming and securities and money lending. Except for the inclusion of securities business through acquisition (please refer to the Section "Material Acquisition or Disposals and Significant Investments" in Management Discussion and Analysis), there is no significant change in the nature of the Group's principal activities during the year.

Segmental Information

The Group's segment information and revenue for the year ended 31 March 2017 are set out in Note 6 to the consolidated financial statements.

Business Review

A review of the business of the Group during the year are provided in the section headed "Business Review" on pages 3 to 4 of this annual report. An analysis of the Group's performance during the year using key financial performance indicators are provided in the section headed "Financial Review" on pages 5 to 7 of this annual report.

Principal Risks and Uncertainties

The Group's business risks are mainly (i) global economic condition that influences the fur skin price and demand of luxurious goods; (ii) currency risks; and (iii) customer's appetite on mink and fur. The plunge in fur skin price, which has brought an adverse impact on all business areas of the Group for the period under review is expected to pose uncertainty on the performance of the Group's fur business. For securities and money lending business, it is subject to the sentiment and conditions of the equity markets in Hong Kong as well as the compliance risk for material non-compliance of the SFO may have significant impact on the continuity of the licence to continue the regulated activities.

Contingent Liabilities

During the year ended 31 March 2017, there were no contingent liabilities noted by the Directors.

Environmental Policies and Performance

The Group has long considered environmental protection and energy conservation as one of its key priorities in order to enhance the sustainable development and undertake relative social responsibility. For details, please refer to the section "Environmental, Social and Governance Reporting" in this annual report.

Compliance with Relevant Laws and Regulations

During the year ended 31 March 2017, the Board was not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Group.

Relationships with Employees, Customers and Suppliers

The Company understands the importance of maintaining a good relationship with employees, customers and suppliers as they are the foundation of the Group's success.

Employees

The Company strictly complies with all the applicable rules and regulations in relation to employment, to name a few, the Labour Ordinance, Mandatory Provident Fund Ordinance and Personal Data (Privacy) Ordinance, etc. The Group has purchased all necessary insurance and made monthly contributions for its staff and has measures in place endeavoured to protect all staff's personal information. There are channels for staff to express their opinions with regard to their work. Moreover, the Group also strives to provide a safe, healthy and harmonious workplace with fair and equal opportunities for staff of both gender.

Customers

The Group highly values the relationship with its customers (i.e. distributors of mink and fur) and has been emphasising the philosophy of fair dealing. As a result, it has won the loyalty of its customers and established a long-term relationship with them. The Group has, from time to time, sought feedbacks from its customers on the goods and services it provides with a view to improve its service quality continuously.

Suppliers

The Group has also established a long-term relationship and mutual trust with suppliers to ensure the quality and stability of supply of goods. Furthermore, the Company has measure in place for anti-bribery.

Results and Dividends

The results of the Group for the year ended 31 March 2017 and the financial position of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 49 to 131.

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

Summary of Financial Information

A summary of the published results and assets and liabilities of the Group for the five financial years ended 31 March 2017, as extracted from the consolidated financial statements in the previous and current annual reports of the Company, is set out on page 132 of this annual report. This summary does not form part of the consolidated financial statements.

Future Prospects and Development

The fur business has been apparently encountering an exceptional difficult time while the mink prices are still below the farming cost. One can reasonably foresee that a lot of peer companies will go bankrupt and the market will remain unease for some time. The only pleasant news is that fur is still in fashion, and a lot of famous fashion brands are still using fur in their coming fall and winter collections.

As soon as the mink prices recover to a last 10 years' average level and farms cut production to minimize their loss, our mink farming segment will show a handsome profit as Danish minks are still of the highest demand.

Although the securities brokerage business has yet contributed any profit for the financial year, it is growing inspiringly in the new financial year and we expect that this segment would become a major revenue driver of the Group. Going forward, the Group is taking this business as the first step in building and expanding its presence in the financial services sector. The Group will continue to expedite the development of its new financial business segment and explore other business and investment opportunities in the financial service sector with a view to enhance the Group's future development.

Reserves

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 51 and Note 42 to the consolidated financial statements respectively.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

Share Capital and Share Options

Details of the Company's share capital and share options movements during the year under review, together with reasons for the movements, are set out in Notes 30 and 35 to the consolidated financial statements respectively.

Pre-emptive Rights

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

Purchase, Redemption or Sale of Listed Securities of the Company

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

Major Customers and Suppliers

The percentages of purchases and sales for the year ended 31 March 2017 attributable to the Group's major suppliers and customers are as follows:

	Approximate % to total revenue for the year ended 31 March 2017
Purchases	
— the largest supplier	32.6%
— the five largest suppliers combined	97.2%
Sales	
— the largest customer	50.0%
— the five largest customers combined	93.6%

None of the Directors, their associates or (to the best knowledge of the Directors) shareholders holding 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.

Charitable Contribution

During the year, the Group made charitable contribution totalling HK$704,000 (2016: HK$304,200).

Directors

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

Executive Directors

Mr. Wong Chun Chau *(Chairman)*
Ms. Kwok Yin Ning *(Chief Executive Officer)*

Independent Non-executive Directors

Ms. Mak Yun Chu
Mr. Hung Wai Che (appointed on 26 August 2016)
Mr. Tang Tat Chi
Mr. Jean-pierre Philippe (retired on 26 August 2016)

Mr. Jean-pierre Philippe retired as a Director of the Company after the conclusion of the annual general meeting held on 26 August 2016. Mr. Philippe confirmed that he has no disagreements with the Board and there is nothing needed to be brought to the attention to the shareholders of the Company in relation to his retirement.

Pursuant to article 83(3) of the Company's Articles of Association, Mr. Hung Wai Che shall hold office until the forthcoming AGM and shall then be eligible for re-election at the AGM. For the purpose of rotation at the forthcoming AGM, Mr. Hung Wai Che is not taken into account. Pursuant to article 84(1) of the Company's Articles of Association and the Corporate Governance Code of the Company, Mr. Wong Chun Chau and Mr. Tang Tat Chi will retire by rotation at the forthcoming AGM. All of them, being eligible, will offer themselves for re-election at the AGM.

Directors' Biographies

Biographies details of the Directors of the Group are set out on pages 10 to 11 of this annual report.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company. Each of the independent non-executive Directors has signed an appointment letter with the Company for a period of three years. The appointment of all Directors are subject to (i) the termination pursuant to the terms of their respective service contract or appointment letter and (ii) the rotation, removal, vacation or termination of their offices as Directors or the disqualification to act as Directors as set out in the Company's Articles of Association, the applicable laws and the Listing Rules.

Other than those disclosed above, no Director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Independence Confirmation

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and hence are independent.

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the financial year are set out in Note 10 to the consolidated financial statements.

Pension Schemes

Particulars of the Group's pension schemes are set out in Note 36 to the consolidated financial statements.

Management Contracts

As at 31 March 2017, the Company did not enter into or have any management and administration contracts in respect of the whole or any substantial part of any business of the Company.

Emolument Policy

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

Directors' Interests in Transactions, Arrangements and Contracts

No transactions, arrangements and contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and in which a Director or his/her associates had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2017.

Directors' Interests in Competing Business

As far as the Directors are aware of, none of the Directors or the controlling shareholders of the Company has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 March 2017.

Continuing Connected Transaction

Upon the completion of acquisition of Great Roc Capital Securities Limited ("Great Roc") on 20 January 2017, it has become the wholly owned subsidiary of the Company.

On 15 December 2016, Great Roc entered into a tenancy agreement with Top Value Limited as landlord ("Top Value") for a term of two years commencing from 1 February 2017 to 30 January 2019. Top Value is wholly-owned by Mr. Yan Kam Cheong ("Mr. Yan"), who is also the sole shareholder of Excel Blaze Limited, a substantial shareholder of the Company interested as to approximately 16.87%. Since Great Roc has become the Company's wholly-owned subsidiary, this tenancy constitutes a continuing connected transaction in accordance with Chapter 14A of the Listing Rules, which is subject to announcement, reporting and annual review but exempt from approval of independent shareholders of the Company.

The annual cap for the two months ended 31 March 2017, and the two financial years ending 31 March 2018 and 2019 are HK641,000, HK$4,012,000 and HK$3,342,000 respectively.

Save as disclosed above, none of the related party transactions as disclosed in Note 37 to the consolidated financial statements for the year ended 31 March 2017 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

The independent non-executive Directors have reviewed and confirmed that all the continuing connected transactions taken place during the year and up to the year ended 31 March 2017 were (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the same on terms that are fair and reasonable and in the interests of the Company's shareholders as whole. Moreover, the Company's auditors have provided an unqualified letter to the Board containing their findings and conclusions in respect of the continuing connected transactions taken place during the year ended 31 March 2017 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 31 March 2017, the following Directors or the chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) had to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

(A) Interests in the Company — Long position in shares of the Company

Name	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company (Note 2)
Mr. WONG, Chun Chau (Note 1)	Interest of controlled corporation	653,232,000	16.70%
	Beneficial owner	35,539,200	0.91%
Ms. KWOK, Yin Ning	Beneficial owner	34,262,400	0.88%

Note 1: Under the SFO, Mr. Wong is deemed to be interested in 653,232,000 shares which are held by Trader Global Investments Limited, a company wholly owned by Mr. Wong.

Note 2: Such percentage was calculated against the number of issued shares of the Company as at 31 March 2017, being 3,911,034,015 shares.

(B) Interests in the Company — Long position in underlying shares or equity derivatives of the Company

Name	Nature of Interest	Share Options	Approximate percentage of shareholding in the Company (Note 1)	Approximate percentage of shareholding in the Company assuming all the options granted under the Share Option Schemes were exercised
Mr. WONG, Chun Chau	Beneficial owner	51,698,240	1.32%	1.29%
Ms. KWOK, Yin Ning	Beneficial owner	46,809,600	1.20%	1.17%

Note 1: Such percentage was calculated against the number of issued shares of the Company as at 31 March 2017, being 3,911,034,015 shares.

Save as disclosed above, as at 31 March 2017, neither the Directors nor the chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) had to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2017, the following parties (in addition to the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Long position in shares of the Company

Name	Nature of Interest	Name of Shares	Approximate percentage of shareholding in the Company (Note 3)
Trader Global Investments Limited (Note 1)	Beneficial owner	653,232,000	16.70%
Excel Blaze Limited (Note 2)	Beneficial owner	660,000,000	16.88%
ZHUO Kun	Beneficial owner	282,480,000	7.22%

Note:

1 Trader Global Investments Limited is wholly and beneficially owned by Mr. Wong Chun Chau, a director of the Company. Mr. Wong is also the sole director of Trader Global Investments Limited.

2. Excel Blaze Limited is wholly and beneficially owned by Mr. Yan Kam Cheong.

3. Such percentage was calculated against the number of issued shares of the Company as at 31 March 2017, being 3,911,034,015 shares.

Save as disclosed above, as at 31 March 2017, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

Directors’ Rights to Acquire Shares or Debentures

Other than as disclosed under the sections “Share Option Schemes” and “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares or Debentures” above, at no time during the year ended 31 March 2017 was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO, or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate granted to any Director or his/her spouse or children under 18 years or age, or were any such rights exercised by them.

Share Option Schemes

The Company has adopted, on 1 August 2012, two share option schemes, namely the Pre-IPO Share Option Scheme and the Share Option Scheme, for the purpose of providing incentives to eligible employees (including Directors) and any advisers or consultants who contributes to the success of the Group. The Pre-IPO Share Option was terminated on 23 August 2012, being the day immediately preceding the date on which the Company's shares were listed on the Stock Exchange. No further options were and will be granted under the Pre-IPO Share Option Scheme after its termination.

The Directors have estimated the values of the share options granted, calculated by using the binomial option pricing model as at the date of grant of the options. The values of share options calculated are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself.

The value of an option varies with different variables of certain subjective assumptions. Any changes to the variables used may materially affect the estimation of the fair value of an option.

The major terms of the Share Option Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

1. The participants of the Share Option Scheme are employees and any advisers or consultants who at the sole discretion of the Board has contributed or is expected to contribute to the Group.

2. The purpose of the Share Option Scheme is to recognise and motivate the contribution of the participants and to provide incentives and help the Company in retaining its employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

3. The total number of the shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and all other share option schemes of the Company shall not exceed 10% of the total number of shares in issue as at the date immediately following completion of the placing on 24 August 2012, being 96,000,000 shares. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders.

   On 18 July 2014, the shareholders at annual general meeting resolved to refresh the 10% limit and the Company may grant further option carrying rights to subscribe for up to a total of 165,177,600 shares and such number of shares, representing approximately 4.22% of total number of issued shares of the Company as at the date of this report, are available for issue under the Share Option Scheme.

4. The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time.

5. No participant shall be granted a share option if the total number of the shares issued and to be issued upon exercise of the options granted to such participant (including exercised and outstanding options) in any 12 months period up to and including the date of grant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting.

6. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during such period as the Board may in its absolute discretion determine but such period must not exceed ten years from the date of grant of the relevant option.

7. The Share Option Scheme do not specify any minimum holding period but the Board has the authority to determine the minimum period for which an option in respect of some or all of the shares forming the subject of the options must be held before it can be exercised.

8. The acceptance of an offer of the grant of a share option must be made within 20 business days from the date of offer with a non-refundable payment of HK$1.00 from each grantee.

9. The exercise price of any particular share option under the Share Option Scheme shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case will not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a day on which the Stock Exchange is open for the trading of securities ("Trading Day"); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant; and (iii) the nominal value of a share.

10. The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from 1 August 2012 and will expire on 31 July 2022.

The following table sets out the change of number of share options outstanding under the Pre-IPO Share Option Scheme during the year ended 31 March 2017:

Name or category of participant	As at 1 April 2016	Granted during the year	Adjusted due to bonus issue (Note 1)	Exercised during the year	Lapsed during the year	As at 31 March 2017	Date of grant of share options	Exercise price of share options (Note 1) HK$	Exercise period of share options
	Number of shares to be allotted and issued under share options								
Directors									
Mr. WONG Chun Chau	34,698,240	–	–	–	–	34,698,240	1 August 2012	0.120	Note 2
Ms. KWOK Yin Ning	22,809,600	–	–	–	–	22,809,600	1 August 2012	0.120	Note 2
Consultant	16,588,800	–	–	(16,588,800)	–	–	1 August 2012	0.151	Note 3
Employees	1,058,880	–	–	–	–	1,058,880	1 August 2012	0.151	Note 4
	75,155,520	–	–	(16,588,800)	–	58,566,720			

Notes:

1. The number and the exercise price of the share options were adjusted as a result of the issue of one bonus share for every five then existing shares held by qualifying shareholders whose name appeared on the register of members of the Company on 31 July 2015.

2. (i) Half of such share options are exercisable after the expiry of 6 months from the date of grant; (ii) outstanding share options up to all such share options are exercisable after the expiry of 18 months from the date of grant. In any event, no option can be exercised after the expiry of 120 months from the date of grant.

3. All such share options are exercisable after the expiry of 9 months from the date of grant but not later than the end of 120 months from the date of grant.

4. (i) One-third of such share options are exercisable after the expiry of 8 months from the date of grant; (ii) outstanding share options up to two-third of all such share options are exercisable after the expiry of 20 months from the date of grant; and (iii) outstanding share options up to all such share options are exercisable after the expiry of 32 months from the date of grant. In any event, no option can be exercised after the expiry of 120 months from the date of grant.

The following table sets out the change of number of share options outstanding under the Share Option Scheme during the year ended 31 March 2017:

Name or category of participant	As at 1 April 2016	Granted during the year	Adjusted due to bonus issue	Exercised during the year	Lapsed during the year	As at 31 March 2017	Date of grant of share options	Exercise price of share options HK$	Exercise period of share options
	Number of shares to be allotted and issued under share options								
Directors									
Mr. WONG Chun Chau	7,200,000	–	–	(7,200,000)	–	–	14 August 2014	0.182	Note
	17,000,000	–	–	–	–	17,000,000	18 August 2015	0.249	Note
Ms. KWOK Ying Ning	15,600,000	–	–	(15,600,000)	–	–	13 August 2014	0.188	Note
	24,000,000	–	–	–	–	24,000,000	18 August 2015	0.249	Note
Employees	576,000	–	–	(576,000)	–	–	13 August 2014	0.188	Note
	500,000	–	–	–	–	500,000	18 August 2015	0.249	Note
	64,876,000	–	–	(23,376,000)	–	41,500,000			

Note: The above share options are exercisable within 24 months after the date of grant.

Related Party Transactions

During the year ended 31 March 2017, the Group entered into certain related party transactions, details of which are set out in Note 37 to the consolidated financial statements of the Group. Notwithstanding that these transactions constitute connected transactions under Chapter 14A of the Listing Rules, the Company is not required to make disclosure by virtue of Rule 14A.76 of the Listing Rules.

Corporate Governance

The major corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 12 to 21.

Controlling Shareholders' Non-Competition Undertaking

As disclosed in the section headed "RELATIONSHIP WITH CONTROLLING SHAREHOLDERS — NON-COMPETITION UNDERTAKING" in the Company's prospectus dated 15 August 2012, the controlling shareholders of the Company executed a deed of non-competition on 1 August 2012 (the "Non-Competition Undertaking") in favour of the Company. Each controlling shareholder of the Company is required to provide the Company with a written confirmation each year in respect of their compliance with the Non-Competition Undertaking. Such confirmations were and will be considered and acknowledged by the Directors at relevant meetings of the Board. The Directors are of the view that these procedures are adequate to ensure and monitor the controlling shareholders' compliance with the Non-Competition Undertakings.

The Company has received the said written confirmation for the year ended 31 March 2017 from each controlling shareholder and the Directors are of the view that the controlling shareholders have been in compliance with the Non-Competition Undertaking for the year under review.

Permitted Indemnity Provision

Save for the directors and officers liability insurance maintained by the Company in respect of relevant legal actions against the Directors, at no time during the year ended 31 March 2017 and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise).

Fund Raising Activities

Please refer to "Liquidity, Financial Resources and Capital" Section in Management Discussion and Analysis.

Events after the Reporting Period

There are no significant events taken place after 31 March 2017.

Sufficiency of Public Float

Throughout the year ended 31 March 2017 and as at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained a sufficient prescribed public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Review of Annual Results by Audit Committee

The Company has established the Audit Committee which comprises all three independent non-executive Directors. The current members are Ms. Mak Yun Chu, Mr. Hung Wai Che and Mr. Tang Tat Chi. The Group's annual results for the year ended 31 March 2017 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

Auditor

The consolidated financial statements of the Group for the year ended 31 March 2017 have been audited by HLM CPA Limited who will retire and a resolution to re-appoint HLM CPA Limited as auditor of the Company will be proposed at the AGM.

On behalf of the Board
UKF (Holdings) Limited

Wong Chun Chau
Chairman and Executive Director
29 June 2017

INDEPENDENT AUDITOR'S REPORT

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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TO THE MEMBERS OF UKF (HOLDINGS) LIMITED
英裘(控股)有限公司
(Incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of UKF (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 49 to 131, which comprise the consolidated statement of financial position as at 31 March 2017, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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 for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters *(Continued)*

Valuation of biological assets
(refer to Note 18 to the consolidated financial statements)

Biological assets are held at fair value less cost to sell determined based on net present value of cash flow arising in the production of mink.

We identified the valuation of biological assets as a key audit matter due to the complexity of the valuation process involving significant degree of judgement and estimates by the management regarding various input. These inputs include the discount rate, birth rate, feeding cost and overhead. We identified this as a risk due to the inherent uncertainty around the estimates.

Our response

Our main procedures in relation to the valuation of biological assets included:

i. Assessing the independence and competence of the independent external valuer appointed by the Group.

ii. Assessing the accuracy and relevance of the input data provided by management to the independent external valuer by challenging and corroborating the market data and information from similar transactions from independent source.

iii. Evaluating the appropriateness of methodology and assumptions used by independent external valuer.

iv. Testing the mathematical accuracy of the underlying valuation.

v. Evaluating the reasonableness of market price of fur skins, by tracing the market value of fur skins to the auction data.

vi. Assessing whether the relevant disclosures in the consolidation financial statements are sufficient and appropriate.

vii. Evaluating the sensitivity analysis on changes in material inputs used in valuation.

Based on our procedures described, we found that estimations by management in relation to valuation of biological assets was supported by available evidence.

Impairment assessment of goodwill
(refer to Note 15 to the consolidated financial statements)

The Group has, in aggregate, goodwill of approximately HK$126 million relating to the cash generating units in securities brokerage and fur brokerage segments as at 31 March 2017.

Management had made an assessment of the recoverable amount of the cash generating units in securities brokerage and fur brokerage segments with reference to independent external valuations conducted at the end of the reporting period and concluded that HK$38 million impairment was required. The assessment of the recoverable amount involved significant management's judgement on the key assumptions and assertions used in cash flow projections prepared based on financial forecasts covering a 3 to 5 years period, and significant estimates with respect to future revenue growth, discount rate and other relevant factors.

Key Audit Matters *(Continued)*

Our response

Our main procedures in relation to the impairment assessment of goodwill included:

i. Assessing the independence, competence and objectivity of the independent external valuer appointed by the Group.

ii. Assessing the reasonableness of the underlying key assumptions and data used in the cash flow forecast (including revenue growth rate, operating results, discount rate, terminal growth rate based on our knowledge of the business and industry).

iii. Evaluating the appropriateness of methodology and assumptions used by independent external valuer.

iv. Testing the mathematical accuracy of the underlying valuation.

Based on our procedures described, we found that estimations by management in relation to impairment assessment of goodwill was reasonable.

Recognition of revenue from trading of fur skins and mink farming
(refer to Notes 5 and 6 to the consolidated financial statements)

Revenue from trading of fur skins and mink farming totally amounted to HK$117,430,000 representing 90% of total revenue.

Revenue from sales of fur skins and pelted skins are recognised when the amount of revenue can be reliably measured and the risk and reward of the products have been transferred to the customers, which is usually at the time when the products are delivered to the customers.

We focused on this area due to the concentration of revenue as approximately 89% of revenue from these two segments were derived from three major customers.

Our response

Our main procedures in relation to the recognition of revenue included:

i. Understanding, evaluating and testing the management's key internal controls covering the Group's sales process from end-to-end.

ii. Testing samples of sales transactions against shipping documents, invoices and other supporting documents and tracing the transactions to respective customer accounts. To the extent that those sales have been settled, bank remittance advices and/or bank statements were reviewed in support of the payments made by the customers.

iii. Testing sales transactions that took place shortly before and after the balance sheet date to assess whether sales transactions were recognised in the correct reporting periods.

Key Audit Matters *(Continued)*

Our response *(Continued)*

Based on our procedures described, we found that the amount of revenue from the major customers were recorded appropriately.

Impairment assessment of loans receivables
(refer to Note 21 to the consolidated financial statements)

We identified the impairment on loans receivables as a key audit matter due to its significance to the consolidated financial statements and the policy and assessment for making such impairment involves significant degree of management judgement.

Our response

Our main procedures in relation to the impairment assessment of loans receivables included:

i. Testing the Group's credit control procedures, in particular the credit assessment.

ii. Testing the assumptions underlying the impairment identification and quantification.

iii. Challenging reasonableness of the method and assumptions and critical judgement used by the management by assessing the reliability of the management's past estimates of bad debts provision and taking into account of receivables at the reporting end and cash received after the reporting end, as well as the creditworthiness of debtors.

We found the estimation and judgement made by management in respect of the recoverability of loans receivables to be reasonable.

Business combination
(refer to Note 31 to the consolidated financial statements)

The Group acquired Great Roc Capital Securities Limited during the reporting period. Consideration would be settled by issue of shares and promissory note due by July 2019. This transaction involved the determination of the fair value of total consideration, the purchase price allocation to the identifiable assets acquired and liabilities assumed, and the treatment for the difference between the consideration and the fair value of the identifiable net assets of the acquiree in the business combination. The Group engaged an independent external valuer to valuate the fair value of the promissory note issued and the fair value of the identifiable assets and liabilities of the acquiree.

Key Audit Matters *(Continued)*

Our response

Our main procedures in relation to the business combination included:

i. Evaluating the equity transfer agreement, the resolutions of shareholders' meeting and the board of directors meeting related to this transaction, and other documents.

ii. Checking whether the relevant legal procedures were completed, and discussing with management on the determination of acquisition date.

iii. Assessing the independence and competence of the independent external valuer appointed by the Group.

iv. Evaluating the valuation report of the acquiree and promissory note by assessing the underlying key assumptions (including financial statements at the acquisition date and discount rate).

v. Assessing the reasonableness of the allocation of purchase price to all identifiable assets acquired and liabilities assumed, and reviewing the accounting treatment of business combination.

vi. Evaluating the appropriateness of methodology and assumptions used by independent external valuer.

vii. Evaluating the adequacy of the disclosure for this acquisition in the consolidated financial statements.

Based on our procedures described, we found that accounting treatment and disclosure of the business combination to be reasonable.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

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

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

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

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

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

HLM CPA Limited
Certified Public Accountants

Chan Lap Chi
Practising Certificate Number: P04084

Hong Kong, 29 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
Revenue	5 & 6	**129,988,916**	219,728,624
Cost of sales		**(119,904,002)**	(236,662,797)
Gross profit (loss)		**10,084,914**	(16,934,173)
Other income	7	**739,646**	9,655,467
Write back (write down) of inventories to net realisable value, net		**432,664**	(5,808,579)
Impairment of goodwill	15	**(37,857,253)**	(37,575,889)
Change in fair value less costs to sell of biological assets	18	**39,514,830**	26,814,354
Administrative expenses		**(110,051,012)**	(63,838,131)
Finance costs	8	**(5,872,731)**	(5,663,120)
Loss before tax	9	**(103,008,942)**	(93,350,071)
Income tax expense	11	**(1,362,764)**	(1,091,701)
Loss for the year and attributable to owners of the Company		**(104,371,706)**	(94,441,772)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of overseas operations		**2,214,865**	(1,175,381)
Change in fair value of available-for-sale investment		**357,494**	380,471
Total other comprehensive income (expense) for the year, net of tax		**2,572,359**	(794,910)
Total comprehensive expense for the year and attributable to owners of the Company		**(101,799,347)**	(95,236,682)
Loss per share	13		
Basic		**(3.29) cents**	(3.54) cents
Diluted		**(3.29) cents**	(3.54) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017 HK$	2016 HK$
Non-current assets			
Property, plant and equipment	14	**123,520,966**	135,362,408
Goodwill	15	**125,926,167**	37,857,253
Intangible assets	16	**500,000**	—
Available-for-sale investment	17	**10,860,605**	10,503,111
Deposits	20	**1,519,464**	—
Deferred tax asset	29	**—**	495,259
		262,327,202	184,218,031
Current assets			
Biological assets	18	**32,570,784**	29,483,556
Inventories	19	**59,885,918**	54,287,749
Trade and other receivables	20	**264,334,383**	27,709,702
Loan receivables	21	**5,922,036**	107,046,011
Tax recoverable		**1,657,494**	2,249,037
Bank balances held on behalf of clients	22	**85,007,587**	—
Bank balances and cash	23	**128,725,579**	66,138,753
		578,103,781	286,914,808
Current liabilities			
Trade and other payables	24	**104,819,571**	37,021,416
Tax payables		**5,988,669**	6,038,043
Bank borrowings	25	**168,155,950**	130,960,159
Obligations under finance leases	26	**276,661**	293,116
		279,240,851	174,312,734
Net current assets		**298,862,930**	112,602,074
Total assets less current liabilities		**561,190,132**	296,820,105
Non-current liabilities			
Obligations under finance leases	26	**382,319**	693,942
Corporate bond	27	**10,000,000**	10,000,000
Promissory note	28	**123,831,499**	—
Deferred tax liability	29	**—**	534
		134,213,818	10,694,476
Net assets		**426,976,314**	286,125,629
Capital and reserves			
Share capital	30	**39,110,340**	28,350,744
Reserves		**387,865,974**	257,774,885
		426,976,314	286,125,629

The consolidated financial statements on pages 49 to 131 were approved and authorised for issue by the Board of Directors on 29 June 2017 and are signed on its behalf by:

WONG CHUN CHAU
DIRECTOR

KWOK YIN NING
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital	Share premium	Merger reserve	Share option reserve	Warrants reserve	Investments revaluation reserve	Translation reserve	Retained profit (accumulated losses)	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1 April 2015	20,063,020	179,991,821	(7,122,000)	5,578,169	694,125	(1,746,797)	1,662,122	101,636,160	300,756,620
Loss for the year	–	–	–	–	–	–	–	(94,441,772)	(94,441,772)
Other comprehensive (expense) income for the year									
Exchange difference on translation of overseas operations	–	–	–	–	–	–	(1,175,381)	–	(1,175,381)
Change in fair value of available-for-sale investment	–	–	–	–	–	380,471	–	–	380,471
Total comprehensive (expense) income for the year	–	–	–	–	–	380,471	(1,175,381)	(94,441,772)	(95,236,682)
Issue of shares upon bonus issue	4,050,124	(4,100,124)	–	–	–	–	–	–	(50,000)
Exercise of pre-IPO share options	37,600	857,081	–	(214,121)	–	–	–	–	680,560
Issue of shares upon exercise of warrants	150,000	2,904,412	–	–	(69,412)	–	–	–	2,985,000
Issue of shares by top-up placing	4,050,000	72,989,365	–	–	–	–	–	–	77,039,365
Share options granted	–	–	–	2,380,839	–	–	–	–	2,380,839
Share options lapsed	–	–	–	(781,545)	–	–	–	781,545	–
Dividend paid	–	–	–	–	–	–	–	(2,430,073)	(2,430,073)
At 31 March 2016 and 1 April 2016	28,350,744	252,642,555	(7,122,000)	6,963,342	624,713	(1,366,326)	486,741	5,545,860	286,125,629
Loss for the year	–	–	–	–	–	–	–	(104,371,706)	(104,371,706)
Other comprehensive income for the year									
Exchange difference on translation of overseas operations	–	–	–	–	–	–	2,214,865	–	2,214,865
Change in fair value of available-for-sale investment	–	–	–	–	–	357,494	–	–	357,494
Total comprehensive (expense) income for the year	–	–	–	–	–	357,494	2,214,865	(104,371,706)	(101,799,347)
Exercise of share options	399,648	8,114,313	–	(1,657,565)	–	–	–	–	6,856,396
Issue of shares upon exercise of warrants	1,659,948	25,855,906	–	–	(624,693)	–	–	–	26,891,161
Warrants lapsed	–	–	–	–	(20)	–	–	20	–
Issue of shares by placing	2,100,000	35,511,000	–	–	–	–	–	–	37,611,000
Issue of Consideration Shares (Note 31)	6,600,000	164,691,475	–	–	–	–	–	–	171,291,475
At 31 March 2017	39,110,340	486,815,249	(7,122,000)	5,305,777	–	(1,008,832)	2,701,606	(98,825,826)	426,976,314

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
Operating activities			
Loss before tax		**(103,008,942)**	(93,350,071)
Adjustments for:			
Depreciation	14	**13,115,931**	10,173,395
Loss on disposal of property, plant and equipment, net	9	**1,454,797**	—
Interest expenses	8	**5,872,731**	5,663,120
(Write back) write down of inventories to net realisable value, net	9	**(432,664)**	5,808,579
Impairment of goodwill	15	**37,857,253**	37,575,889
Allowance for bad and doubtful debts	9	**5,752,805**	1,050,549
Bad debts	9	**28,196,082**	—
Bank interest income	7	**(5,288)**	(46,946)
Change in fair value of derivative financial instruments		**—**	(1,115)
Adjustment for amortisation of prepaid premium		**108,232**	108,232
Change in fair value less costs to sell of biological assets	18	**(39,514,830)**	(26,814,354)
Write-off of other receivables		**182,736**	—
Share-based payment expenses		**—**	2,380,839
Operating cash flows before movements in working capital		**(50,421,157)**	(57,451,883)
Increase in biological assets		**(32,780,157)**	(61,545,485)
Decrease in inventories		**59,914,677**	99,141,416
Decrease in trade and other receivables		**31,428,817**	38,933,349
Decrease in deposits		**1,113,135**	—
Decrease (increase) in loan receivables		**68,000,820**	(13,844,790)
Increase in bank balances held on behalf of clients		**(37,227,952)**	—
Increase (decrease) in trade and other payables		**902,520**	(23,433,596)
Cash generated from (used in) operating activities		**40,930,703**	(18,200,989)
Hong Kong Profits Tax paid, net		**(406,791)**	(968,080)
Net cash generated from (used in) operating activities		**40,523,912**	(19,169,069)
Investing activities			
Bank interest received	7	**5,288**	46,946
Purchase of property, plant and equipment	14	**(7,583,758)**	(104,300,415)
Proceeds from disposal of property, plant and equipment		**125,898**	93,539
Net cash inflow from acquisition of a subsidiary	31	**23,207,499**	—
Net cash generated from (used in) investing activities		**15,754,927**	(104,159,930)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017 HK$	2016 HK$
Financing activities			
Dividend paid		**–**	(2,430,073)
New bank borrowings		**140,304,362**	261,085,426
Repayments of bank borrowings		**(210,827,482)**	(275,255,745)
Proceeds from issue of shares upon exercise of share options	30	**6,856,396**	680,560
Proceeds from issue of shares upon exercise of warrants	30	**26,891,161**	2,985,000
Net proceeds from issue of shares by top-up placing		**–**	77,039,365
Net proceeds from placing of shares		**37,611,000**	—
Issuance expense for bonus issue		**–**	(50,000)
Issuance expense for Consideration Shares	31	**(308,525)**	—
Inception of obligations under finance leases		**–**	1,141,571
Repayment of obligations under finance leases		**(284,706)**	(457,829)
Interest paid		**(3,628,553)**	(5,067,217)
Net cash (used in) generated from financing activities		**(3,386,347)**	59,671,058
Net increase (decrease) in cash and cash equivalents		**52,892,492**	(63,657,941)
Cash and cash equivalents at beginning of the year		**66,138,753**	136,483,466
Effect of foreign exchange rate changes, net		**9,694,334**	(6,686,772)
Cash and cash equivalents at the end of the year		**128,725,579**	66,138,753
Cash and cash equivalents, represented by			
Bank balances and cash		**128,725,579**	66,138,753

1. General

UKF (Holdings) Limited (the "Company") is a public limited company incorporated in Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 March 2015. The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are trading of fur skins, mink farming in Denmark, fur skins brokerage, provision of securities brokerage services and money lending.

The consolidated financial statements are presented in Hong Kong dollars (HK$), which is also the functional currency of the Company.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to 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 HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 — 2016 Cycle[5]

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

Except as disclosed below, the directors do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Key requirements of HKFRS 9:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group has already commenced an assessment of the impact of this new HKFRS but is not yet in a position to state whether this new HKFRS would have a material impact on its results of operations and financial position.

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The Group has already commenced an assessment of the impact of this new HKFRS but is not yet in a position to state whether this new HKFRS would have a material impact on its results of operations and financial position.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

HKFRS 16 Leases

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

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

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

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

Furthermore, extensive disclosures are required by HKFRS 16.

The Group has already commenced an assessment of the impact of this new HKFRS but is not yet in a position to state whether this new HKFRS would have a material impact on its results of operations and financial position.

Amendments to HKAS 7 Disclosure Initiative

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

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. Significant Accounting Policies

Statement of compliance

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

Basis of preparation

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. Significant Accounting Policies *(Continued)*

Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

3. Significant Accounting Policies *(Continued)*

Business combinations

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

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

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

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

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

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

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

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

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

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 to fair value 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 at subsequent reporting dates, 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.

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (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.

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

3. Significant Accounting Policies *(Continued)*

Interests in subsidiaries

Interests in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Revenue recognition

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Service income is recognised when services are provided.

Management fee income is recognised where services are rendered.

Commission income for securities brokerage business, net of commission income waived for certain customers, is recognised as income on a trade date basis.

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

Interest income from clients, net of interest income waived for certain customers, is recognised on a time proportion basis, by reference to the principal amounts outstanding and the effective interest rates applicable.

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

3. Significant Accounting Policies *(Continued)*

Leasing

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant Accounting Policies *(Continued)*

Biological assets

Biological assets comprise minks.

Minks are measured at fair value less cost to sell, based on average market price at auction of skins less incremental costs. Costs to sell include the incremental selling costs, auctioneers' fees and pelting fee paid to skinners.

Changes in fair value of minks are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment including buildings and freehold land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful life, using the straight-line method, at the following rates per annum:

Buildings	2-5%
Leasehold improvements	Shorter of 20% or lease term
Plant and machinery	5-20%
Office equipment	20%-33%
Motor vehicle	20%
Freehold land	0%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Buildings under development for future owner-occupied purpose

Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

3. Significant Accounting Policies *(Continued)*

Intangible assets

Intangible assets represent the rights to trade on the Stock Exchange (the "trading rights"). The trading rights have indefinite useful life and are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment below).

Impairment of tangible and intangible assets other than goodwill

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

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. Significant Accounting Policies *(Continued)*

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) which are recognised in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or 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 or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. Significant Accounting Policies *(Continued)*

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant Accounting Policies *(Continued)*

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, bank deposits having been within three months of maturity at acquisition, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit scheme are recognised as an expense when employees have rendered service entitling them to the contribution.

Short-term employee benefits

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

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

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

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profit.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade day basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated guaranteed return investment as AFS financial assets on initial recognition.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss.

Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

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

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

Loans and receivables

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

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

Impairment of financial assets

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

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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

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

For certain categories of financial assets, such as trade receivables and loan receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 120 days (trade receivables for trading of fur skins) or 180 days (loan receivables), observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

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

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Other financial liabilities

Other financial liabilities (including bank borrowings, trade and other payables, promissory note, corporate bond and obligations under finance leases) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Derecognition *(Continued)*

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Further details on financial risk management of financial assets and liabilities are disclosed in Note 40.

Provisions

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

The amount recognised as a provision, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

3. Significant Accounting Policies *(Continued)*

Related parties

A party is considered to be related to the Group if:

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

1. has control or joint control over the Group;
2. has significant influence over the Group; or
3. is a member of the key management personnel of the Group or the Group's parent.

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

1. 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);
2. 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);
3. both entities are joint ventures of the same third party;
4. one entity is a joint venture of a third party and the other entity is an associate of the same third party or vice versa;
5. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
6. the entity is controlled or jointly-controlled by a person identified in (i);
7. a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
8. the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

The estimates and underlying assumptions are reviewed on an on-going 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.

Key sources of estimation uncertainty

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the management of the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill as at 31 March 2017 was HK$125,926,167 (2016: HK$37,857,253). Details of the recoverable amount calculation are set out in Note 15.

Useful lives and impairment of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the Group's experience over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual useful lives of property, plant and equipment is less than the original estimate useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining useful lives.

Estimation on net realisable value of inventories

The Group records inventories at the lower of cost and net realisable value. Net realisable value is the estimated selling price for inventories, less all the estimated costs of completion and costs necessary to make the sales.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Fair value of other financial instruments

The directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied.

Fair values of biological assets

The biological assets are valued at fair value less costs to sell. The fair value is determined based on either the market-determined prices as at the end of the reporting periods adjusted with reference to the species, age, growing condition and costs incurred to reflect differences in characteristic and/or stages of growth of biological assets. Any change in the estimates may affect the fair value of biological assets significantly.

The valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of biological assets. Details of the assumptions used are disclosed in Note 18.

Impairment of trade receivables and loan receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimate of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2017, the carrying amounts of trade receivables and loan receivables are HK$256,554,704 (2016: HK$16,245,103) and HK$5,922,036 (2016: HK$107,046,011) respectively.

Income taxes

The Group is subject to income taxes in Hong Kong and Denmark. Significant judgement is required in determining the provision for income taxes and the timing of payment of the related tax. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

As at 31 March 2017, a deferred tax asset of HK$8,467,908 (2016: HK$603,901) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax asset may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

5. Revenue

During the year, the Group's revenue representing the amount received and receivable from its operating businesses, net of discount, are as follows:

	2017 HK$	2016 HK$
Trading of fur skins	**52,380,453**	152,389,002
Mink farming	**65,049,584**	47,970,820
Fur skins brokerage	**5,693,695**	19,368,802
Commission income from		
— securities brokerage	**1,186,946**	—
— underwriting and placing	**2,245,276**	—
Interest income from securities clients	**3,432,962**	—
	129,988,916	219,728,624

6. Segment Information

Information reported to the chief operating decision maker for the purpose of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

Trading of fur skins	—	Trading of fur skins of foxes and minks
Fur skins brokerage	—	Provision of fur brokerage and financing services
Mink farming	—	Provision of breeding, farming and sale of livestocks and pelted skins
Securities brokerage	—	Operation of securities brokerage, margin financing, underwriting and placing services

6. Segment Information *(Continued)*

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

For the year ended 31 March 2017

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Securities brokerage HK$	Total HK$
Revenue	52,380,453	5,693,695	65,049,584	6,865,184	129,988,916
RESULTS					
Segment results	5,195,689	5,693,695	(7,669,654)	6,865,184	10,084,914
Other income	251,209	269,690	102,513	116,234	739,646
Write back of inventories to net realisable value, net	432,664	–	–	–	432,664
Impairment of goodwill	–	(37,857,253)	–	–	(37,857,253)
Change in fair value less costs to sell of biological assets	–	–	39,514,830	–	39,514,830
Allowance for bad and doubtful debts	–	(4,927,073)	–	(825,732)	(5,752,805)
Bad debts	–	(28,196,082)	–	–	(28,196,082)
Operating expenses	(4,407,639)	(4,285,200)	(53,378,643)	(5,446,293)	(67,517,775)
Unallocated corporate expenses					(8,584,350)
Finance costs					(5,872,731)
Loss before tax					(103,008,942)
Income tax expense					(1,362,764)
Loss for the year					(104,371,706)

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Securities brokerage HK$	Total HK$
ASSETS					
Segment assets	38,196,818	5,971,949	199,111,917	446,607,478	689,888,162
Unallocated corporate assets					150,542,821
Total assets					840,430,983
LIABILITIES					
Segment liabilities	31,120,261	–	45,123,493	186,643,219	262,886,973
Unallocated corporate liabilities					150,567,696
Total liabilities					413,454,669

Other information

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Securities brokerage HK$	Total HK$
Additions of property, plant and equipment	–	–	2,400,235	5,183,523	7,583,758
Depreciation	669,688	2,589	12,018,797	424,857	13,115,931
(Gain)/loss on disposal of property, plant and equipment	–	1,628	(94,965)	1,548,134	1,454,797

6. Segment Information *(Continued)*

For the year ended 31 March 2016

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
Revenue	152,389,002	19,368,802	47,970,820	219,728,624
RESULTS				
Segment results	(25,723,754)	19,368,802	(10,579,221)	(16,934,173)
Other income	2,193,429	575,136	6,886,902	9,655,467
Write down of inventories to net realisable value, net	(1,817,299)	—	(3,991,280)	(5,808,579)
Impairment of goodwill	—	(37,575,889)	—	(37,575,889)
Change in fair value less costs to sell of biological assets	—	—	26,814,354	26,814,354
Allowance for bad and doubtful debts	—	(1,050,549)	—	(1,050,549)
Operating expenses	(7,245,570)	(5,729,499)	(38,563,863)	(51,538,932)
Unallocated corporate expenses				(11,248,650)
Finance costs				(5,663,120)
Loss before tax				(93,350,071)
Income tax expense				(1,091,701)
Loss for the year				(94,441,772)

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
ASSETS				
Segment assets	22,028,226	145,300,525	212,953,329	380,282,080
Unallocated corporate assets				90,850,759
Total assets				471,132,839
LIABILITIES				
Segment liabilities	60,278,844	—	31,237,532	91,516,376
Unallocated corporate liabilities				93,490,834
Total liabilities				185,007,210

Other information

	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
Additions of property, plant and equipment	145,000	—	104,155,415	104,300,415
Depreciation	643,106	10,423	9,519,866	10,173,395

6. Segment Information *(Continued)*

Segment result represents the result from each segment without allocation of central administration costs including directors' salaries, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

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

- all assets other than prepayment and deposits, available-for-sale investment, bank balances and cash, tax recoverable and deferred tax asset are allocated to reportable segments. Goodwill is allocated to segments of fur skins brokerage and securities brokerage. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segment; and

- all liabilities are allocated to reportable segments other than accrued expenses and other payable, obligations under finance leases, corporate bond, tax payables, promissory note and deferred tax liability. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Geographical information

The Group's revenue from external customers by geographical markets are detailed below:

	2017 **HK$**	2016 HK$
The People's Republic of China (the "PRC")	**56,791,184**	127,860,816
Europe	**65,049,584**	86,325,669
Hong Kong	**8,148,148**	5,542,139
	129,988,916	219,728,624

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	2017 **HK$**	2016 HK$	**2017** **HK$**	2016 HK$
Hong Kong	**638,667,320**	254,142,062	**5,183,523**	145,000
Denmark	**201,763,663**	216,990,777	**2,400,235**	104,155,415
	840,430,983	471,132,839	**7,583,758**	104,300,415

6. Segment Information *(Continued)*

Information about major customers

For the year ended 31 March 2017, included in revenue arising from trading of fur skins and mink farming of approximately HK$117,430,037 (2016: HK$200,359,822) are revenue of approximately HK$104,889,000 (2016: HK$176,037,000) generated from sales to the Group's top three (2016: three) customers. Total amount of revenue from these customers for the two financial years ended 31 March 2017 and 2016 are as follows:

	2017 **HK$**	2016 HK$
Customer A (Segment: Trading of fur skins)	**20,506,000**	—*
Customer B (Segment: Trading of fur skins)	**19,333,000**	27,652,000
Customer C (Segment: Trading of fur skins)	**—***	62,059,000
Customer D (Segment: Trading of fur skins & mink farming)	**65,050,000**	86,326,000
	104,889,000	176,037,000

* These customers contributed less than 10% to the Group's revenue for the year ended 31 March 2017 or 2016.

No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2017 and 2016.

7. Other Income

	2017 **HK$**	2016 HK$
Bank interest income	**5,288**	46,946
Bonus and commission rebate	**300,032**	825,655
Exchange gain, net	**—**	6,307,890
Surplus distribution from Kopenhagen Fur	**64,844**	964,494
Net over-provision of auction interest (Note a)	**113,882**	1,301,608
Change in fair value of derivative financial instruments	**—**	1,115
Others	**255,600**	207,759
	739,646	9,655,467

Note a: Auction interest is the auction prompt interest paid to auction houses for the overdue payment.

8. Finance Costs

	2017 HK$	2016 HK$
Interest on:		
— Bank loans	**3,678,655**	4,882,205
— Overdraft	**60**	72,185
— Finance leases	**7,466**	9,141
— Corporate bond	**550,000**	550,000
— Receipt in advance	**—**	149,589
— Promissory note (imputed)	**1,635,499**	—
— Cash clients' accounts	**492**	—
— Margin clients' accounts	**559**	—
	5,872,731	5,663,120

9. Loss Before Tax

Loss before tax has been arrived at after charging (crediting):

	2017 HK$	2016 HK$
Auditor's remuneration	**1,004,000**	816,000
Bad debts	**28,196,082**	—
Cost of inventories recognised as expenses	**113,010,525**	228,576,563
Depreciation	**13,115,931**	10,173,395
Net foreign exchange loss (gain)	**10,928,237**	(6,307,890)
Staff costs (including directors' remuneration — Note 10)		
— salaries and allowance	**23,293,420**	22,585,711
— retirements benefits scheme contributions	**1,590,151**	747,329
Loss on disposal of property, plant and equipment, net	**1,454,797**	—
Operating lease payments	**2,257,588**	1,335,477
Share-based payment expenses	**—**	2,380,839
(Write back) write down of inventories to net realisable value, net	**(432,664)**	5,808,579
Impairment of goodwill	**37,857,253**	37,575,889
Allowance for bad and doubtful debts	**5,752,805**	1,050,549
Change in fair value of derivative financial instruments	**—**	(1,115)

10. Directors' Remuneration and Senior Management's Emoluments

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the Group's directors in 2017 are as follows:

Emoluments	**Fees HK$**	**Salaries and other benefits HK$**	**Retirement benefit scheme contributions HK$**	**Discretionary Bonus HK$**	**Total HK$**
Executive directors					
Mr. Wong Chun Chau	**—**	**803,997**	**18,000**	**73,337**	**895,334**
Ms. Kwok Yin Ning	**—**	**675,000**	**18,000**	**60,000**	**753,000**
Independent non-executive directors					
Ms. Mak Yun Chu	**120,000**	**—**	**—**	**—**	**120,000**
Mr. Tang Tat Chi	**144,000**	**—**	**—**	**—**	**144,000**
Mr. Jean-pierre Philippe (retired on 26 August 2016)	**58,065**	**—**	**—**	**—**	**58,065**
Mr. Hung Wai Che (appointed on 26 August 2016)	**71,613**	**—**	**—**	**—**	**71,613**
	393,678	**1,478,997**	**36,000**	**133,337**	**2,042,012**

The emoluments paid or payable to each of the Group's directors in 2016 are as follows:

Emoluments	Fees HK$	Salaries and other benefits HK$	Retirement benefit scheme contributions HK$	Discretionary Bonus HK$	Total HK$
Executive directors					
Mr. Wong Chun Chau	—	1,259,316	18,000	196,633	1,473,949
Ms. Kwok Yin Ning	—	850,998	18,000	141,083	1,010,081
Independent non-executive directors					
Ms. Mak Yun Chu (appointed on 15 March 2016)	5,000	—	—	—	5,000
Mr. Lau Siu Ki (resigned on 15 March 2016)	287,500	—	—	—	287,500
Mr. Tang Tat Chi	140,000	—	—	—	140,000
Mr. Jean-pierre Philippe	140,000	—	—	—	140,000
	572,500	2,110,314	36,000	337,716	3,056,530

10. Directors' Remuneration and Senior Management's Emoluments *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

The directors' and chief executive's emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

During the year, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office. Two directors waived emoluments HK$1,000,995 for the year ended 31 March 2017 (2016: HK$146,666).

During the year, no share options were granted to directors.

(b) Employees' emoluments

Of the five individuals with the highest emoluments of the Group, two (2016: two) were directors of the Company whose emoluments are set out in (a) above. The emoluments of the remaining three (2016: three) individuals were as follows:

	2017 HK$	2016 HK$
Salaries and allowances and benefits in kind	**1,880,223**	1,902,883
Discretionary bonuses	**139,338**	59,053
Defined contribution and retirement benefit scheme contributions	**49,598**	85,049
	2,069,159	2,046,985

Their emoluments were within the following bands:

	2017 Number of employees	2016 Number of employees
HK$Nil — HK$1,000,000	**3**	3

During the year, the remaining three (2016: three) individuals have not received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office and none of them waived or has agreed to waive any emoluments.

11. Income Tax Expense

	2017 HK$	2016 HK$
Current tax		
Hong Kong Profits Tax	**670,086**	459,526
Other jurisdictions	**—**	—
	670,086	459,526
Under (over) provision in prior years		
Hong Kong Profits Tax	**197,953**	(2)
Other jurisdictions	**—**	—
	197,953	(2)
Deferred tax expense		
Current year	**494,725**	632,177
Total income tax expense for the year	**1,362,764**	1,091,701

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

Subsidiary in Denmark is subject to Denmark Corporation Tax at 22% for the reporting year (2016: 22%).

The income tax expense for the year can be reconciled to the loss before tax as follows:

	2017 HK$	2016 HK$
Loss before tax	**(103,008,942)**	(93,350,071)
Tax at Hong Kong Profits Tax of 16.5%	**(16,996,476)**	(15,402,762)
Tax effect of income not taxable for tax purposes	**(1,003,583)**	(208)
Tax effect of expenses not deductible for tax purposes	**8,197,958**	10,720,385
Tax effect on tax losses not recognised	**12,617,758**	8,163,850
Under (over) provision in prior years	**197,953**	(2)
Tax effect of tax relief	**—**	(20,000)
Utilisation of tax losses previously not recognised	**(35,365)**	—
Effect of different tax rates of group entities operating in other jurisdictions	**(1,615,481)**	(2,369,562)
Income tax expense for the year	**1,362,764**	1,091,701

12. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2017, nor has any dividend been proposed since the end of the reporting period (2016: final dividend of HK0.12 cents per share, total HK$2,430,073, was paid for the year ended 31 March 2015).

13. Loss Per Share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the loss attributable to owners of the Company for the year ended 31 March 2017 of HK$104,371,706 (2016: loss of HK$94,441,772) and the weighted average number of ordinary shares of 3,172,664,651 (2016: 2,668,429,296 shares).

Diluted loss per share

No adjustment was made in calculating diluted loss per share for both years as the exercise of warrants and share options would result in decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share.

14. Property, Plant and Equipment

	Land	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Motor vehicle	Construction in progress	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
COST								
At 1 April 2015	4,799,273	15,844,919	1,694,388	10,555,304	950,870	1,070,332	6,795,560	41,710,646
Additions	6,069,269	60,504,332	–	34,560,801	–	253,731	2,912,282	104,300,415
Disposals	(93,539)	–	–	–	–	–	–	(93,539)
Transfer from investment properties	–	1,158,871	–	–	–	–	–	1,158,871
Transfer in (out)	–	5,235,542	–	3,048,877	–	–	(8,284,419)	–
Exchange alignment	417,822	2,572,238	–	1,537,002	–	28,328	242,163	4,797,553
At 31 March 2016 and 1 April 2016	11,192,825	85,315,902	1,694,388	49,701,984	950,870	1,352,391	1,665,586	151,873,946
Acquired on acquisition of a subsidiary (Note 31)	–	–	42,108	–	51,915	4,190,968	–	4,284,991
Additions	–	–	3,865,000	1,828,145	1,318,523	–	572,090	7,583,758
Disposals	–	–	–	(30,933)	(82,309)	(4,190,968)	–	(4,304,210)
Written-off	–	–	(42,108)	–	–	–	–	(42,108)
Transfer in (out)	–	1,507,055	–	681,233	–	–	(2,188,288)	–
Exchange alignment	(563,921)	(4,331,772)	–	(2,557,053)	–	(30,083)	(49,388)	(7,532,217)
At 31 March 2017	10,628,904	82,491,185	5,559,388	49,623,376	2,238,999	1,322,308	–	151,864,160
ACCUMULATED DEPRECIATION								
At 1 April 2015	–	1,125,183	593,035	3,524,275	359,601	234,102	–	5,836,196
Charge for the year	–	2,932,847	338,878	6,474,168	190,174	237,328	–	10,173,395
Exchange alignment	–	137,876	–	359,515	–	4,556	–	501,947
At 31 March 2016 and 1 April 2016	–	4,195,906	931,913	10,357,958	549,775	475,986	–	16,511,538
Charge for the year	–	3,791,226	542,027	8,111,695	213,079	457,904	–	13,115,931
Eliminated upon disposal	–	–	–	–	(52,547)	(190,968)	–	(243,515)
Eliminated upon written-off	–	–	(42,108)	–	–	–	–	(42,108)
Exchange alignment	–	(293,556)	–	(695,160)	–	(9,936)	–	(998,652)
At 31 March 2017	–	7,693,576	1,431,832	17,774,493	710,307	732,986	–	28,343,194
CARRYING AMOUNTS								
At 31 March 2017	10,628,904	74,797,609	4,127,556	31,848,883	1,528,692	589,322	–	123,520,966
At 31 March 2016	11,192,825	81,119,996	762,475	39,344,026	401,095	876,405	1,665,586	135,362,408

The above items of property, plant and equipment, except for construction in progress and land, are depreciated on a straight-line basis at the following rates per annum:

Buildings	2-5%
Leasehold improvements	Shorter of 20% or lease term
Plant and machinery	5-20%
Office equipment	20-33%
Motor vehicle	20%

Land represents the freehold land situated in Denmark. No depreciation will be provided accordingly. All buildings are located on the freehold land situated in Denmark.

As at 31 March 2017, plant and machinery with a carrying amount of HK$752,000 (2016: HK$1,066,000) are assets held under finance leases.

15. Goodwill

	2017 HK$	2016 HK$
COST		
At beginning of the year	**75,433,142**	75,433,142
Arising on acquisition of subsidiaries (Note 31)	**125,926,167**	—
At end of the year	**201,359,309**	75,433,142
IMPAIRMENT		
At beginning of the year	**37,575,889**	—
Impairment loss recognised in the year	**37,857,253**	37,575,889
At end of the year	**75,433,142**	37,575,889
CARRYING AMOUNTS		
At end of the year	**125,926,167**	37,857,253

Impairment testing on Goodwill

Goodwill is assessed for impairment annually irrespective of whether there is any indication of impairment.

Goodwill has been allocated to the following cash generating units ("CGUs"). At the end of the reporting period, the carrying amount of goodwill represents goodwill arising from the acquisition of:

	2017 HK$	2016 HK$
Fur skins brokerage segment	**—**	37,857,253
Securities brokerage segment	**125,926,167**	—
At end of the year	**125,926,167**	37,857,253

For the purpose of impairment testing, the recoverable amounts of the CGUs are determined by value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the financial budgets approved by management covering a three to five years period, and discount rate.

15. Goodwill *(Continued)*

Fur skins brokerage segment

Suffering from the continuous low fur skin price since the substantial drop in fur skin price in last year, customers low spending and fierce competitive environment, the management of the Group estimated the future performance of fur skins brokerage segment would remain week in coming years. In view of the above, by reviewing the recoverable amount of the CGU the goodwill is allocated to, the Group recognised an impairment loss of HK$37,857,253 for the year ended 31 March 2017 (2016: HK$37,575,889).

The recoverable amount of the CGU has been determined on the basis of the value-in-use calculation prepared by an independent valuer. The calculation used cash flow projections based on the financial budgets approved by management covering a three-year period, and a pre-tax discount rate of 15.27% (2016: 15.89%).

Valuation assumptions

The principal assumptions adopted by the valuer include the following:

(a) For the CGU to continue as a going concern, the CGU will successfully carry out all necessary activities for the development of its business;

(b) The availability of finance will not be a constraint on the forecast growth of the operations of the CGU in accordance with the projections;

(c) Market trends and conditions where the CGU operates will not deviate significantly from the economic forecasts in general;

(d) Key management, competent personnel and technical staff will all be retained to support the ongoing operations of the CGU;

(e) There will be no material changes in the business strategy of the CGU and its operating structure;

(f) Interest rates and exchange rates in the localities for the operation of the CGU will not differ materially from those presently prevailing;

(g) All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the CGU operates or intends to operate will be officially obtained and are renewable upon expiry unless otherwise stated; and

(h) There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the CGU operates or intends to operate, which would adversely affect the revenues and profits attributable to the CGU.

15. Goodwill *(Continued)*

Securities brokerage segment

The recoverable amount of this unit has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial forecast prepared by management covering a 5-year period, and pre-tax discount rate of 23.17%. Cash flows beyond the 5-year period are extrapolated using a long term 3% growth rate. This growth rate is based on historical GDP and inflation rate. Other key assumptions for the value-in-use calculation related to the estimation of financial forecast includes budget sales and operating expenses, such estimation is based on the past performance of the securities brokerage business and the management's expectations for market development.

No impairment is considered for this CGU as the result from value-in-use calculation exceed the carrying amount.

16. Intangible Asset

	Trading rights HK$
COST AND CARRYING AMOUNT	
At 1 April 2016	**–**
Acquired on acquisition of a subsidiary (Note 31)	**500,000**
At 31 March 2017	**500,000**

The trading right was acquired as part of a business combination, as disclosed in Note 31, during the year. The trading right confers eligibility of the Group to trade on the Stock Exchange. The trading rights have no foreseeable limit to the period that the Group can use to generate net cash flows. As a result, the trading rights are considered by management as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. They will be tested for impairment annually.

At the end of the reporting period, management determined that there is no impairment of its trading rights based on their value in use.

17. Available-For-Sale Investment

	2017 HK$	2016 HK$
Unlisted investment	**10,860,605**	10,503,111

The investment referred to the guaranteed investment issued by financial institution. The carrying amount of the investment is determined with reference to cash value quoted from the statement issued by the financial institution. The investment has not been past due or impaired at the end of the reporting period.

18. Biological Assets

Movements of the biological assets are as follows:

	Mated females HK$	Males for breeding HK$	Total HK$
At 1 April 2015	18,224,898	284,827	18,509,725
Increase due to purchase	20,315,008	10,460,146	30,775,154
Increase due to raising (Feeding cost and others)	18,031,699	12,816,294	30,847,993
Change in fair value less costs to sell	2,506,767	24,307,587	26,814,354
Decrease due to sale	(77,662)	—	(77,662)
Transferred to inventory	(31,038,706)	(47,621,566)	(78,660,272)
Exchange alignment	1,259,375	14,889	1,274,264
At 31 March 2016 and 1 April 2016	29,221,379	262,177	29,483,556
Increase due to raising (Feeding cost and others)	19,195,207	13,687,739	32,882,946
Change in fair value less costs to sell	10,634,390	28,880,440	39,514,830
Decrease due to sale	—	(102,789)	(102,789)
Transferred to inventory	(25,200,094)	(42,422,391)	(67,622,485)
Exchange alignment	(1,571,147)	(14,127)	(1,585,274)
At 31 March 2017	32,279,735	291,049	32,570,784

The number of biological assets is as follows:

	2017	2016
Mated females	**52,510**	49,654
Males for breeding	**434**	405
At the end of the year	**52,944**	50,059

Analysed for reporting purposes as follows:

	2017 HK$	2016 HK$
Current assets	**32,570,784**	29,483,556
Non-current assets	**—**	—
At the end of the year	**32,570,784**	29,483,556

18. Biological Assets *(Continued)*

Mated females represent the female minks which are primarily held for further growth for the production of mink. The non-mated females and males for breeding are selected as breeding stock.

The fair value of the biological assets is measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The biological assets of the Group were classified as level 3 under the fair value hierarchy, the level into which a fair value measurement classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

The qualification of Valuer

The Group's biological assets were independently valued by Peak Vision Appraisals Limited ("Valuer") as at 31 March 2017 (the "Valuation Date"). The professional valuers in charge of this valuation have appropriate qualifications and relevant experience in various appraisal assignments involving biological assets and agricultural produce. The professional valuers involved in this valuation include a professional member of the Royal Institution of Chartered Surveyors (MRICS) and of the Hong Kong Institute of Surveyors (MHKIS) and have appraisal experience in a broad range of assets such as property assets, industrial assets, biological assets, mining rights and assets, technological assets and financial assets in the PRC, Hong Kong, Europe and abroad. They have previously participated in the valuation of biological assets and agricultural produce such as hogs, vegetables, fruits, grains and landscaping plants.

As stated in the RICS Valuation — Professional Standards January 2014 issued by the Royal Institution of Chartered Surveyors and The Hong Kong Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors, valuations undertaken for inclusion in a financial statement shall be provided to meet the requirements of the Hong Kong Accounting Standards, including HKAS 41 Agriculture.

Based on the above qualifications and various experience of the Valuer and/or its members in providing biological asset valuation services to various companies listed on the Stock Exchange, which engage in the husbandry and agriculture industry, the directors are of the view that the Valuer is competent to determine the fair value of the Group's biological assets.

Valuation methodology of biological assets

In the process of valuing the biological assets, the Valuer has taken into consideration the nature and specialty of the biological assets and considered that combination of the market approach and income approach would be appropriate and reasonable in the valuation of the fair value less costs to sell of the biological assets by making reference to the requirement of HKAS 41.

18. Biological Assets *(Continued)*

Valuation methodology of biological assets *(Continued)*

Valuation of mated females

In the valuation of mated females, under the condition of absence of market determined price, the Valuer applied the income approach to determine the present value of expected net cash flows. The cash flows are determined based on the estimated costs for raising kits, unit pelting and the estimated price for skins after pelting.

Valuation of males

In the valuation of males for breeding, the Valuer applied the market approach by referring to the average market price of skins less incremental costs for pelting and selling.

Prices and costs of the Biological Assets

Estimation of costs per unit provided by the management are presented below:

	DKK
Feed	122
Salary	110
Other variable cost (Note 1)	10
Lower value of male breeders (Note 2)	30
Pelting (Note 3)	30
Sales fee (Note 3)	9
Surplus from Kopenhagen Fur (Note 4)	3-5%

Note 1: Other variable cost includes vaccination and veterinary fees.
Note 2: For mated females, using a male mink for breeding lowers the skin value of the males used as breeders.
Note 3: Pelting and sales fee reflect incremental costs to sell for livestocks and are deducted from the assessed fair value.
Note 4: Surplus from Kopenhagen Fur is received by farmers from the auction body.
*: DKK stands for Danish Krone

Major inputs

The major inputs for the above models are discount rate, average skins price and birth rate. The pre-tax real discount rate applied for the valuation as at the Valuation Date is 12.06% (2016: 13.04%) after adjusting for tax and inflation. The average skins price applied for mated females and males are approximately DKK358 and DKK620 respectively. The birth rate applied for mated females is 6.

Result

Pursuant to the above, analysis and valuation method employed by the Valuer, the fair value less costs to sell of mated females and males for breeding are approximately DKK550 and DKK600 respectively.

18. Biological Assets *(Continued)*

Valuation assumptions

In addition, the following principal assumptions have been adopted by the Valuer:

(a) The biological assets are properly managed with necessary care and are receiving proper veterinary care to ensure their normal growth;

(b) There will be no force majeure, including natural disasters that could adversely impact the condition of the biological assets;

(c) The biological assets are free from any diseases that will lead to death or materially impair the expected economic benefit from the disposal of the biological assets;

(d) The biological assets are assumed to be free from any liabilities or encumbrances that would affect their value;

(e) For the business enterprise to continue as a going concern, the business enterprise will successfully carry out all necessary activities for the development of its business;

(f) Market trends and conditions where the business enterprise operates will not deviate significantly from the economic forecasts in general;

(g) The availability of finance will not be a constraint on the forecast growth of the biological assets;

(h) Key management, competent personnel and technical staff will all be retained to support the ongoing operations of the business enterprise;

(i) There will be no material changes in the business enterprise's business strategy and its operating structure;

(j) The business enterprise shall have uninterrupted rights to operate its existing business during the unexpired term of its authorized operating period;

(k) Interest rates and exchange rates in the localities for the operation of the business enterprise will not differ materially from those presently prevailing;

(l) All relevant approvals, business certificates, licences or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

(m) There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the business enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the business enterprise upon the disposal of the biological assets.

18. Biological Assets *(Continued)*

Sensitivity analysis

Change in the discount rate applied resulted in significant fluctuations in the change in fair value of biological assets. The following table illustrates the sensitivity of the Group net change in fair value of biological assets to increase or decrease by 5% in the discount rate applied by the Valuer for the year ended 31 March 2017.

	+5% DKK	Base case DKK	+5% HK$	Base case HK$
Net change in fair value less costs to sell	(1,575,300)	29,140,900	(1,760,713)	32,570,784

	-5% DKK	Base case DKK	-5% HK$	Base case HK$
Net change in fair value less costs to sell	2,100,400	29,140,900	2,347,617	32,570,784

Change in the birth rate applied resulted in significant fluctuations in the change in fair value of biological assets. The following table illustrates the sensitivity of the Group net change in fair value of biological assets to increase or decrease by 1 in the birth rate applied by the Valuer for the year ended 31 March 2017.

	Increase/ decrease by 1 DKK	Base case DKK	Increase/ decrease by 1 HK$	Base case HK$
Net change in fair value less costs to sell	+/-5,776,100	29,140,900	+/-6,455,947	32,570,784

Change in the average skins price applied resulted in significant fluctuations in the change in fair value of biological assets. The following table illustrates the sensitivity of the Group net change in fair value of biological assets to increase or decrease by 5% in average skins price applied by the Valuer for the year ended 31 March 2017.

	+5% DKK	Base case DKK	+5% HK$	Base case HK$
Net change in fair value less costs to sell	7,368,760	29,140,900	8,236,063	32,570,784

	-5% DKK	Base case DKK	-5% HK$	Base case HK$
Net change in fair value less costs to sell	(6,839,320)	29,140,900	(7,644,308)	32,570,784

19. Inventories

	2017 HK$	2016 HK$
Trading goods		
— Pelted skins	**48,952,745**	49,698,325
— Raw skins	**10,933,173**	4,589,424
	59,885,918	54,287,749

Subsequent to the year-end date, certain raw skins previously written down to the net realisable value in prior year were sold. As a result, a write back of HK$432,664 to the net realisable value has been recognised in profit or loss in current year (2016: HK$3,991,280 and HK$1,817,299 write down of inventories in pelted skins and raw skins respectively).

During the year, an amount of HK$67,622,485 (2016: HK$78,660,272) were transferred from biological assets to inventories.

All of the inventories are carried at lower of cost or net realisable value at 31 March 2017 and 2016 respectively.

20. Trade and Other Receivables/Deposits

	2017 HK$	2016 HK$
Trade receivables from:		
Securities brokerage business (Note a)		
— Cash clients	**12,545,091**	—
— Margin clients	**218,352,906**	—
— Clearing house	**85,936**	—
Trading of fur skins business (Note b)	**26,346,590**	15,852,059
Fur skins brokerage business (Note b)	**49,913**	393,044
	257,380,436	16,245,103
Less: Allowance for bad and doubtful debts	**(825,732)**	—
	256,554,704	16,245,103
Other receivables and deposits:		
Amount due from brokers	**265,880**	—
Deposit with auction houses and suppliers	**3,207,500**	8,426,886
Feed deposit	**—**	1,186,922
Prepayment	**1,581,825**	1,506,747
Rental, utilities and other deposits	**1,244,464**	222,475
Statutory deposit	**275,000**	—
Consideration receivable for disposal of motor vehicle	**2,480,000**	—
Others	**244,474**	121,569
	265,853,847	27,709,702
Analysis for reporting purpose as:		
Current assets	**264,334,383**	27,709,702
Non-current assets — Deposits	**1,519,464**	—
	265,853,847	27,709,702

Notes:

(a) The normal settlement terms of trade receivables from cash clients and a clearing house arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Cash client receivables which are past due but not impaired bear interest at interest rates by reference to Hong Kong prime rate plus certain basis points based on management's discretion, normally at Hong Kong prime rate plus 7%.

Trade receivables due from margin clients are repayable on demand. Margin client receivables, except for pending trade settlement, bear interest at interest rates by reference to Hong Kong prime rate plus certain basis points based on management's discretion, normally at Hong Kong prime rate plus 3%. The majority of trade receivables are secured and covered by clients' pledged securities, which are publicly traded securities listed in Hong Kong. As at 31 March 2017, the fair values of the pledged securities amounted to approximately HK$1,042,334,586. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the amount of trade receivables outstanding exceeds the eligible margin value of securities deposited.

Trade receivables from clearing houses represent trades pending settlement arising from the business of securities brokerage, which are normally due within two trading days after the trade date.

(b) The Group allows a credit period ranging from 0 day to 120 days to its customers in trading of fur skins business and fur skin brokerage business.

20. Trade and Other Receivables/Deposits *(Continued)*

The aging analysis of the Group's trade receivables from business of securities brokerage, net of allowance for bad and doubtful debts, are as follows:

	2017 HK$	2016 HK$
Neither past due nor impaired	**217,613,110**	—
Past due but not impaired	**12,545,091**	—
	230,158,201	—

The aging analysis of the Group's trade receivables from business of securities brokerage which are past due but not impaired are as follows:

	2017 HK$	2016 HK$
Past due within one month	**8,297,319**	—
Past due from one month to three months	**4,247,772**	—
	12,545,091	—

The following is the movement in allowance for bad and doubtful debts for the year ended 31 March 2017 and 2016.

	2017 HK$	2016 HK$
Balance at beginning of the year	**—**	—
Allowance for bad and doubtful debts	**825,732**	—
Balance at end of the year	**825,732**	—

The aging analysis of the Group's trade receivables from business of trading of fur skins and fur skin brokerage, net of allowance for bad and doubtful debts, based on invoice date are as follows:

	2017 HK$	2016 HK$
0 - 60 days	**12,985,543**	4,586,335
61 - 90 days	**10,110,635**	2,205,171
91 - 120 days	**3,277,805**	6,454,500
Over 120 days	**22,520**	2,999,097
	26,396,503	16,245,103

The directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

20. Trade and Other Receivables/Deposits *(Continued)*

Trade receivables from business of trading of fur skins and fur skin brokerage disclosed above include amounts which are past due for which the Group has not recognised an allowance for bad and doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owned by the Group to the counterparty.

The aging analysis of the Group's trade receivables from business of trading of fur skins and fur skin brokerage that are past due but not impaired are as follows:

	2017 **HK$**	2016 HK$
0 - 60 days	**—**	1,818,222
61 - 90 days	**—**	—
91 - 120 days	**—**	1,180,875
Over 120 days	**22,520**	—
	22,520	2,999,097

21. Loan Receivables

	2017 **HK$**	2016 HK$
Loans to customers	**10,467,192**	105,082,631
Less: Allowance for bad and doubtful debts on individual assessment	**(5,233,596)**	(1,050,549)
	5,233,596	104,032,082
Accrued interest receivables	**688,440**	3,013,929
	5,922,036	107,046,011

The Group offered a credit period of 180 days for the loans to its customers in fur skin brokerage business with interest rate of 4.8% (2016: 4.8% to 12%) per annum. The Group maintains strict control over its outstanding loans to minimise credit risk. Overdue balance is reviewed regularly by management. Allowance for bad and doubtful debts is recognised against loans receivables that was overdue based on estimated irrecoverable amount at the end of the reporting period.

21. Loan Receivables *(Continued)*

The following is an aging analysis of the Group's loan receivables by age, presented based on the advancement date and net of allowance for bad and doubtful debts at 31 March 2017 and 2016:

	2017	2016
	HK$	HK$
0 - 60 days	**–**	20,634,319
61 - 90 days	**–**	4,290,000
91 - 180 days	**–**	59,147,326
Over 180 days	**5,233,596**	19,960,437
	5,233,596	104,032,082

The directors consider that the carrying amounts of loan receivables approximate to their fair values.

Loan receivables disclosed above include amounts which are past due at the end of reporting period for which the Group has not recognised an allowance for bad and doubtful debts for such amounts because the loan receivables were secured by a lien over the fur skins purchased by such loans and are still considered recoverable.

The following is an aging analysis of the Group's loan receivables that are past due but not impaired at 31 March 2017 and 2016.

	2017	2016
	HK$	HK$
0 - 60 days	**–**	839,820
61 - 90 days	**–**	4,892,482
91 - 180 days	**–**	14,228,135
Over 180 days	**5,233,596**	—
	5,233,596	19,960,437

21. Loan Receivables *(Continued)*

The following is the movement in allowance for bad and doubtful debts for the year ended 31 March 2017 and 2016.

	2017	2016
	HK$	HK$
Balance at beginning of the year	**1,050,549**	—
Amounts written off as uncollectible	**(744,026)**	—
Provision for the year	**4,927,073**	1,050,549
Balance at end of the year	**5,233,596**	1,050,549

The following is an aging analysis of the Group's loan receivables that are past due and impaired at 31 March 2017 and 2016.

	2017	2016
	HK$	HK$
Overdue by:		
0 - 60 days	**–**	44,201
61 - 90 days	**–**	257,499
91 - 180 days	**–**	748,849
Over 180 days	**5,233,596**	—
	5,233,596	1,050,549

22. Bank Balances Held on Behalf of Clients

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its securities brokerage business. The Group has classified clients' monies as bank balances held on behalf of clients under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use clients' monies to settle its own obligations.

23. Bank Balances and Cash

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates ranging from 0.001% to 1% (2016: 0.001% to 0.253%) per annum with an original maturity of three months or less. The fair value of these assets at 31 March 2017 approximates to the corresponding carrying amounts.

24. Trade and Other Payables

	2017 HK$	2016 HK$
Trade payables from:		
Securities brokerage business (Note a)		
— Cash clients	**24,567,813**	—
— Margin clients	**51,509,899**	—
— Clearing house	**10,565,507**	—
Trading of fur skins and mink farming business (Note b)	**8,087,804**	5,255,347
	94,731,023	5,255,347
Other payables:		
Accruals	**5,936,576**	4,330,122
Accrued payment for farm acquisition	**—**	22,669,020
Value-added tax payable	**1,894,713**	2,143,391
Other operating expenses payables	**2,239,376**	2,590,580
Others	**17,883**	32,956
	104,819,571	37,021,416

Notes:

(a) Trade payables to securities brokerage clients represent the monies received from and repayable to brokerage clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with those balances received.

The majority of the trade payables balance are repayable on demand except for certain balances relating to margin deposits received from clients for their trading activities under the normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The trade payables from the securities brokerage business are normally settled within two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which is repayable on demand. The money held on behalf of clients at the segregated bank accounts carries interest at prevailing interest rate of 0.01% per annum.

No ageing analysis is disclosed as, in the opinion of directors, an ageing analysis does not give additional value in view of the nature of the business.

(b) The Group normally settles the trade payables from fur skins and mink farming business within 21 days of the credit term.

Based on the invoice date, aging analysis of trade payables from fur skins and mink farming business are as follows:

	2017 HK$	2016 HK$
0 - 60 days	**5,569,215**	1,491,190
61 - 90 days	**—**	—
91 - 120 days	**—**	—
Over 120 days	**2,518,589**	3,764,157
	8,087,804	5,255,347

The directors consider that the carrying amounts of trade and other payables approximate to their fair values.

25. Bank Borrowings

	2017 HK$	2016 HK$
Trust receipt loans	**9,882,179**	59,517,687
Term loans	**58,273,771**	71,442,472
Revolving loans	**100,000,000**	—
	168,155,950	130,960,159

The trust receipt loans and term loans were secured by corporate guarantee given by the Company. The trust receipt loans will be charged at variable interest rates ranging from 2.45% to 3.86% (2016: 1.91% to 3.97%) per annum, the term loans will be charged at interest rates ranging from 2.00% to 3.75% (2016: 2.00% to 3.75%) per annum. The trust receipt loans and term loans of HSBC are pledged by available-for-sale investment as disclosed in Note 17.

Revolving loans are repayable within seven days from the end of the reporting period and are interest bearing at HIBOR plus 1.7%. Revolving loans are secured by two properties owned by a shareholder of the Company.

The amounts repayable as extracted from agreed repayment schedules from financial institutions were as follows:

	2017 HK$	2016 HK$
On demand or within one year	**164,001,773**	117,703,418
More than one year, but not exceeding two years (Note)	**1,242,510**	9,118,537
More than two years, but not exceeding five years (Note)	**2,911,667**	3,805,136
More than five years (Note)	**—**	333,068
	168,155,950	130,960,159

Note: These loans that are not repayable within one year from the end of the reporting period but as these loans include a clause that gives the lender the unconditional right to call the loans at any time, and according to HK-Int 5 which requires the classification of the whole loan containing the repayment on demand clause as current liabilities, all the loans were classified by the Group as current liabilities.

26. Obligations Under Finance Leases

The Group leases motor vehicle and plant and machinery under finance leases. The lease term ranges from 32 to 64 months. Interest rate underlying all obligations under finance leases ranges from nil to 4% per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for any contingent rental provisions. Under the terms of lease, the Group has the option to purchase the leased assets at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease.

	2017 **HK$**	2016 HK$
Analysed for reporting purpose as:		
Current liabilities	**276,661**	293,116
Non-current liabilities	**382,319**	693,942
	658,980	987,058

	Minimum lease payments		**Present value of minimum lease payments**	
	2017 **HK$**	2016 HK$	**2017** **HK$**	2016 HK$
Amounts payable under finance leases:				
Within one year	**281,611**	300,809	**276,661**	293,116
In more than one year but not more than two years	**384,980**	701,957	**382,319**	693,942
In more than two years but not more than five years	**—**	—	**—**	—
In more than five years	**—**	—	**—**	—
	666,591	1,002,766	**658,980**	987,058
Less: Future finance charges	**(7,611)**	(15,708)	**—**	—
Present value of lease obligations	**658,980**	987,058	**658,980**	987,058
Less: Amounts due for settlement within 12 months (shown under current liabilities)			**(276,661)**	(293,116)
Amounts due for settlement after 12 months			**382,319**	693,942

The Group's obligations under finance leases are secured by the charge over the leased plant and machinery.

Finance lease obligations are denominated in Danish Krone.

27. Corporate Bond

The Group issued a corporate bond with the principal amount of HK$10,000,000 carrying interest at the rate of 5.5% per annum payable annually for a term of 7 years, which will be due on 18 November 2019.

28. Promissory Note

	2017 **HK$**	2016 HK$
Issued during the year at fair value	**122,196,000**	—
Imputed interest	**1,635,499**	—
	123,831,499	—

The promissory note was issued by the Company in connection with the acquisition of the entire issued share capital of Great Roc Capital Securities Limited ("Great Roc") on 20 January 2017. The promissory note represented part of the consideration for the acquisition.

The promissory note is non-interest bearing and payable on maturity in July 2019. The fair value of the promissory note in principal amount of HK$145,500,000 was HK$122,196,000 as at the issue date (i.e. 20 January 2017), based on valuation. The effective interest rate of the promissory note is determined to be 7.18% per annum. The fair value of the promissory note, which are within Level 3 of the fair value hierarchy, is determined by using the discounted cash flow method, with the following key assumptions:

Time to maturity	2.52 years
Discount rate	7.18%

29. Deferred Taxation

The following are the major deferred tax liability and asset recognised by the Group and movements thereon during the current year and prior year:

	Value adjustment of biological assets and inventories HK$	Accelerated tax depreciation HK$	Tax losses HK$	Total HK$
At 1 April 2015	—	115,019	(1,241,921)	(1,126,902)
Charge to profit or loss	—	(5,843)	638,020	632,177
At 31 March 2016 and 1 April 2016	—	109,176	(603,901)	(494,725)
Exchange alignment	(140,486)	(42,962)	183,448	—
Charge to profit or loss	6,575,772	1,966,408	(8,047,455)	494,725
At 31 March 2017	6,435,286	2,032,622	(8,467,908)	—

At the end of reporting period, the Group has unused tax losses of approximately HK$143,705,000 (2016: HK$78,329,000) available to set off against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of approximately HK$38,588,000 (2016: HK$3,660,000) of such losses. No deferred tax has been recognised in respect of the remaining approximately HK$105,117,000 (2016: approximately HK$74,669,000) due to the unpredictability of future profit streams.

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

	2017 HK$	2016 HK$
Deferred tax asset	–	495,259
Deferred tax liability	–	(534)
	–	494,725

30. Share Capital

	Notes	Number of ordinary shares of HK$0.01 each	HK$
Authorised:			
At 1 April 2015		2,500,000,000	25,000,000
Increase in authorised share capital		7,500,000,000	75,000,000
At 31 March 2016, 1 April 2016 and 31 March 2017		10,000,000,000	100,000,000
Issued and fully paid:			
At 1 April 2015		2,006,302,000	20,063,020
Issue of shares upon bonus issue		405,012,400	4,050,124
Exercise of pre-IPO share options		3,760,000	37,600
Issue of shares upon exercise of warrants		15,000,000	150,000
Issue of shares by top-up placing		405,000,000	4,050,000
At 31 March 2016 and 1 April 2016		2,835,074,400	28,350,744
Exercise of share options	(a)	39,964,800	399,648
Issue of shares upon exercise of warrants	(b)	165,994,815	1,659,948
Issue of shares by placing	(c)	210,000,000	2,100,000
Issue of Consideration Shares	(d)	660,000,000	6,600,000
At 31 March 2017		3,911,034,015	39,110,340

During the year ended 31 March 2017, the movements in the Company's share capital are as follows:

(a) During the year ended 31 March 2017, a total of 39,964,800 new shares were issued upon exercise of 16,588,800 share options under the pre-IPO share option scheme and share option scheme adopted by the Company on 1 August 2012 at an aggregate consideration of HK$6,856,396 of which HK$399,648 was credited to share capital and the remaining balance of HK$6,456,748 was credited to the share premium account. In addition, an amount attributable to the related share options of HK$1,657,565 has been transferred from share option reserve to the share premium account.

(b) During the year ended 31 March 2017, a total of 165,994,815 new shares were issued upon exercise of unlisted warrants at revised subscription price of HK$0.162, which brought a net proceeds of HK$26,891,161 to the Company.

(c) During the year ended 31 March 2017, 210,000,000 new shares were issued by placing at HK$0.180 per share through a placing agent, Sun International Securities Limited.

30. Share Capital *(Continued)*

(d) In July 2016, a wholly-owned subsidiary of the Company, Pearl Bay Investments Limited, signed an agreement (the "Agreement") with Excel Blaze Limited for acquiring the entire issued capital of, and the shareholder's loan to Great Roc Capital Securities Limited (the "Acquisition"). According to the Agreement, the Company had to issue 660,000,000 Consideration Shares as part of the consideration for the Acquisition. The Acquisition was completed in January 2017, and the market price of the Company's share at the date of Acquisition was HK$0.26 per share. Details of the Acquisition are disclosed in Note 31.

31. Acquisition of a Subsidiary

On 20 January 2017, the Group, through its wholly-owned subsidiary Pearl Bay Investments Limited, acquired 100% of the issued share capital of Great Roc Capital Securities Limited ("Great Roc") and a shareholder loan of HK$25,000,000 at a total consideration of HK$264,300,000, of which HK$118,800,000 would be satisfied by issued of 660,000,000 shares ("Consideration Shares") of the Company at HK$0.18 per share, and the remaining HK$145,500,000 would be satisfied by issuance of the promissory note. The transaction has been accounted for by the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition was HK$125,926,167.

Great Roc is engaged in the provision of type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (the "SFO") in Hong Kong.

Consideration transferred

	HK$
Fair value of Consideration Shares at date of acquisition	171,600,000
Promissory note at fair value	122,196,000
	293,796,000
Less: Consideration for assignment of shareholder's loan	(25,000,000)
Total consideration for acquiring 100% issued capital of Great Roc, at fair value	268,796,000

As part of the consideration for the acquisition of Great Roc, 660,000,000 Consideration Shares with par value of HK$0.01 each were issued. The fair value of the Consideration Shares, determined using the published price available at the date of the acquisition, amounted to HK$171,600,000. The fair value of the promissory note is determined by valuation as disclosed in Note 28.

31. Acquisition of a Subsidiary *(Continued)*

Acquisition-related costs amounting to HK$2,881,000 have been recognised as an expense in the current year, within the "administrative expense" line in the consolidated statement of profit or loss and other comprehensive income. Issuance expenses for Consideration Shares amounting to HK$308,525 has been recognised as a reduction in the period under "share premium" in the consolidated statement of changes in equity.

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

	HK$
Non-current assets	
Property and equipment	4,284,991
Intangible asset	500,000
Deposits	2,632,599
Current assets	
Trade and other receivables	255,167,715
Amount due from immediate holding company	11,700,000
Bank balances held on behalf of clients	47,779,635
Bank balances and cash	23,207,499
Current liabilities	
Trade and other payables	67,321,685
Tax liabilities	80,921
Shareholder's loan	25,000,000
Bank loans	110,000,000
	142,869,833

The directors have engaged an independent valuer to determine the fair value of the net tangible assets and intangible assets of Great Roc.

The fair value of trade and other receivables at the date of acquisition amounted to HK$255,167,715. The gross contractual amounts of those trade and other receivables acquired amounted to HK$255,167,715. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to nil.

31. Acquisition of a Subsidiary *(Continued)*

Goodwill arising on acquisition:

	HK$
Consideration transferred	268,796,000
Less: Net assets acquired	(142,869,833)
Goodwill arising from the acquisition	125,926,167

Goodwill arising from the acquisition represents the excess of the fair value of the considerations to be paid by the Group over the fair value of net identifiable assets acquired.

None of the goodwill arising on the acquisition is expected to be deductible for tax purpose.

Analysis of the cash flows in respect of the acquisition is as follows:

	HK$
Cash consideration paid	—
Less: Cash and cash equivalent acquired of	23,207,499
Net cash inflow in respect of the acquisition of a subsidiary	23,207,499

Included in the loss for the year is approximately HK$330,000 loss attributable to the additional business generated by Great Roc. Revenue for the year includes approximately HK$6,865,000 generated from Great Roc.

Had the acquisition been completed on 1 April 2016, total Group's revenue for the year would have been HK$168 million, and loss for the year would have been HK$82 million. The pro-forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is it intended to be a projection of future results.

32. Pledge of Assets

Other than the assets held under finance lease disclosed in Note 14, as at 31 March 2017, the Group did not pledge any land and building to secure debts of the Group (31 March 2016: approximately DKK26,471,000 (equivalent to HK$31,156,000)). The Group pledged other plant and equipment, biological assets and inventories, of approximately DKK101,573,000 (approximately HK$133,528,000), and available-for-sale investment with carrying amount of approximately HK$10,861,000 to secure banking facilities granted to the Group (31 March 2016: plant and equipment, biological assets and inventories of approximately DKK104,403,000 (equivalent to HK$122,882,000), and HK$10,503,000 available-for-sale investment).

33. Warrants

On 8 August 2014, a total number of 200,000,000 unlisted warrants (the "Warrants") were issued by the Company at the issue price of HK$0.006 per unit of warrant with initial subscription price of HK$0.199 per share, subject to adjustments in accordance with the terms of the Warrants, to six independent third parties of the Group for a period of 24 months ending on 8 August 2016.

The subscription price and number of Warrants outstanding were adjusted to HK$0.166 and 162,000,000 on 31 July 2015 and to HK$0.162 and 166,000,000 on 27 August 2015 upon issue of the bonus shares and completion of the top-up placing.

During the year ended 31 March 2017, 165,994,815 ordinary shares were issued for cash at revised subscription price of HK$0.162 per share through the exercise of the Warrants. On 7 August 2016, all outstanding warrants became expired and there were no outstanding warrants at 31 March 2017.

34. Operating Lease Commitment

The Group as lessee

	2017 **HK$**	2016 HK$
Minimum lease payments paid under operating leases during the year		
Rented premises	**1,892,803**	1,189,399
Rented equipment	**364,785**	146,078
	2,257,588	1,335,477

At 31 March 2017, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2017 **HK$**	2016 HK$
Within one year	**5,145,404**	551,256
In the second to fifth years inclusive	**4,430,982**	316,152
Over five years	**202,532**	267,867
	9,778,918	1,135,275

Operating lease payments represent rentals payable by the Group for certain of its office. Leases are negotiated for a term from 6 months to 10 years.

35. Share-Based Payment Transactions

The Company has two share option schemes namely, the Pre-IPO Share Option Scheme and the share option scheme ("Share Option Scheme", together with the Pre-IPO Share Option Scheme, the "Share Option Schemes"), both of which were adopted on 1 August 2012.

Pre-IPO Share Option Scheme

Pursuant to a written resolution of the Company passed on 1 August 2012, the Company has conditionally adopted the Pre-IPO Share Option Scheme on 1 August 2012 for the primary purpose of providing incentive to eligible participants. The total number of shares in respect of which share options granted and remained outstanding under the Pre-IPO Share Option Scheme as at 31 March 2017 was 58,566,720 (2016: 75,155,520) which represented approximately 1.5% (2016: 2.7%) of the issued share capital of the Company as at 31 March 2017.

For the year ended 31 March 2017, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

	Option type	Date of grant	Exercise price HK$	Adjusted exercise price (Note) HK$	At 1.4.2016	Granted during the year	Exercised during the year	Lapsed during the year	At 31.3.2017
Directors	A	1 August 2012	0.208	0.120	57,507,840	–	–	–	57,507,840
Employees	B	1 August 2012	0.260	0.151	1,058,880	–	–	–	1,058,880
Others	C	1 August 2012	0.260	0.151	16,588,800	–	(16,588,800)	–	–
Total					75,155,520	–	(16,588,800)	–	58,566,720

Note: Since the date of grant, there were corporate transactions which triggered an adjustment on the exercise price of options granted. The adjusted exercise price referred to the adjustment resulted from the latest corporate transaction of bonus issue by the Company on 31 July 2015.

35. Share-Based Payment Transactions *(Continued)*

Pre-IPO Share Option Scheme *(Continued)*

For the year ended 31 March 2016, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

	Option type	Date of grant	Exercise price HK$	Adjusted exercise price (Note) HK$	At 1.4.2015	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment for the number of share option due to the issuance of bonus share (Note)	Adjusted number of share option at 31.3.2016
Directors	A	1 August 2012	0.208	0.120	47,923,200	–	–	–	9,584,640	57,507,840
Employees	B	1 August 2012	0.260	0.151	4,642,400	–	(3,760,000)	–	176,480	1,058,880
Others	C	1 August 2012	0.260	0.151	13,824,000	–	–	–	2,764,800	16,588,800
Total					66,389,600	–	(3,760,000)	–	12,525,920	75,155,520

Note: On 31 July 2015, the Company issued one bonus share for every five then existing shares. The issued share capital of the Company was therefore increased by 405,012,400 shares of HK$0.01 each accordingly. As a result of the issue of new shares by bonus issue, the exercise price and the number of the outstanding share options has been adjusted in accordance with i) the terms of the Pre-IPO Share Option Scheme adopted by the then sole shareholder of the Company on 1 August 2012; ii) Rule 17.03(13) and Note to Rule 17.03(13) of Listing Rules; and iii) the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under the Listing Rules, with effect from 1 August 2015.

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price HK$
A	1 August 2012	1/2 portion: 1 February 2013 to 31 July 2022 1/2 portion: 1 February 2014 to 31 July 2022	0.208
B	1 August 2012	1/3 portion: 1 April 2013 to 31 July 2022 1/3 portion: 1 April 2014 to 31 July 2022 1/3 portion: 1 April 2015 to 31 July 2022	0.260
C	1 August 2012	All portion: 1 May 2013 to 31 July 2022	0.260

35. Share-Based Payment Transactions *(Continued)*

Share Option Scheme

The Company adopted the Share Option Scheme on 1 August 2012, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years. It is a share incentive scheme and is established to recognise and motivate the contribution of the eligible participants and to provide them with a direct economic interest in attaining the long term business objectives of the Company. Pursuant to the Share Option Scheme, the Board may, at its discretion, offer to grant an option to any director, employee and any advisor or consultant who has contributed or is expected to contribute to the Group.

The total number of shares in respect of which share options may be granted under the Share Option Scheme ("Share Options") must not exceed 10% of the total number of issued shares of the Company as at 18 July 2014, the date which the number of shares which may be issued under the Share Option Scheme was refreshed.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to eligible participants in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as the date of grant. Any further grant of options in excess of this 1% limit shall be subjected to the approval of shareholders in a general meeting.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant;

(ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or

(iii) the nominal value of a share.

35. Share-Based Payment Transactions *(Continued)*

Share Option Scheme *(Continued)*

For the year ended 31 March 2017, details of the share options granted under the Share Option Scheme are as follows:

	Date of grant	Exercise price HK$	Adjusted exercise price (Note) HK$	At 1.4.2016	Granted during the year	Exercised during the year	Lapsed during the year	At 31.3.2017
Directors	13 August 2014	0.226	0.188	15,600,000	–	(15,600,000)	–	–
	14 August 2014	0.218	0.182	7,200,000	–	(7,200,000)	–	–
	18 August 2015	0.249	–	41,000,000	–	–	–	41,000,000
Employees	13 August 2014	0.226	0.188	576,000	–	(576,000)	–	–
	18 August 2015	0.249	–	500,000	–	–	–	500,000
Total				64,876,000	–	(23,376,000)	–	41,500,000

Note: Since the date of grant, there were corporate transactions which triggered an adjustment on the exercise price of options granted. The adjusted exercise price referred to the adjustment resulted from the latest corporate transaction of bonus issue by the Company on 31 July 2015.

35. Share-Based Payment Transactions *(Continued)*

Share Option Scheme *(Continued)*

For the year ended 31 March 2016, details of the share options granted under the Share Option Scheme are as follows:

	Date of grant	Exercise price HK$	Adjusted exercise price (Note) HK$	At 1.4.2015	Granted during the year	Exercised during the year	Lapsed during the year	Adjustment for the number of share option due to the issuance of bonus share (Note)	Adjusted number of share option at 31.3.2016
Directors	13 August 2013	0.408	0.283	14,700,000	–	–	(17,640,000)	2,940,000	–
	13 August 2014	0.226	0.188	13,000,000	–	–	–	2,600,000	15,600,000
	14 August 2014	0.218	0.182	6,000,000	–	–	–	1,200,000	7,200,000
	18 August 2015	0.249	–	–	41,000,000	–	–	–	41,000,000
Employees	13 August 2014	0.226	0.188	480,000	–	–	–	96,000	576,000
	18 August 2015	0.249	–	–	900,000	–	(400,000)	–	500,000
Total				34,180,000	41,900,000	–	(18,040,000)	6,836,000	64,876,000

Note: On 31 July 2015, the Company issued one bonus share for every five then existing shares. The issued share capital of the Company was therefore increased by 405,012,400 shares of HK$0.01 each accordingly. As a result of the issue of new shares by bonus issue, the exercise price and the number of the outstanding share options has been adjusted in accordance with i) the terms of the Pre-IPO Share Option Scheme adopted by the then sole shareholder of the Company on 1 August 2012; ii) Rule 17.03(13) and Note to Rule 17.03(13) of Listing Rules; and iii) the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under the Listing Rules, with effect from 1 August 2015.

35. Share-Based Payment Transactions *(Continued)*

Share Option Scheme *(Continued)*

Share Option grant on 18 August 2015

The fair value of the options granted on 18 August 2015 was determined by an independent third party, Asset Appraisal Limited, by using Binomial Option Pricing Model, the assumptions used to determine the value for the share options were as follows:

Vesting period	Underlying share value	Exercise multiple	Risk free rate	Volatility	Employee exit rate post-vesting	Dividend yield
Nil	HK$0.249	1.47-1.68	0.420%	51.795%	Nil	1.53%

Note:

(a) exercise multiple defines the early exercise strategy.

(b) risk free rate represents the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity as at the valuation date, 18 August 2015.

(c) dividend yield was calculated based on the closing price as at valuation date and the historical dividends per share.

(d) employee exit rate-post vesting is the percentage of share option lapsed after the vesting period.

(e) volatility is the annualised standard deviation of daily return of the Company's share price with reference to Bloomberg.

Exercise period of the Share Options is 24 months commencing from the date of grant.

During the year ended 31 March 2017, the Group has recognised nil (31 March 2016: HK$2,380,839) expenses in relation to the share options granted.

36. Retirement Benefit Plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme were held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees were each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme was to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

Pursuant to the relevant labour rules and regulations in the Denmark, the Group participates in a defined contribution retirement scheme organised by the local government, whereby the Group is required to make contributions to the pension fund scheme at a certain percentage of the employees' relevant basic salaries.

37. Related Party Transactions

(a) During the year, the Group entered into the following transactions with related parties. The transactions were carried out at estimated market prices determined by the directors of the Company.

Name of related party	Nature of transaction	2017 HK$	2016 HK$
Universal Apparel Limited	Rental of premise	**576,000**	576,000
The Unikoi Company Limited	Consultancy fee	**106,000**	396,400
Top Value Limited*	Rental of premise	**354,970**	—
		1,036,970	972,400

* The transaction also constituted a continuous connected transaction under the Listing Rules.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follow:

	2017 HK$	2016 HK$
Short-term benefits	**2,833,542**	4,342,867
Post-employment benefits	**38,595**	50,512
Share-based payments	**—**	2,352,428
	2,872,137	6,745,807

The remuneration of directors and key executives is determined by the Board and reviewed by the remuneration committee having regard to the performance of individuals and market trends.

38. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remained unchanged as compared to that in prior year.

The capital structure of the Group consists of net debts, which includes bank borrowings, obligations under finance leases, corporate bond, and promissory note disclosed in Notes 25, 26, 27 and 28 respectively, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, share premium and reserves.

The directors of the Company review the capital structure periodically. The directors of the Company consider the cost of capital and the risks associated with each class of capital will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issuance of new debts or the redemption of existing debts. No changes were made in the objectives, policies or processes as compared to that in prior years.

The Group is not subject to any externally imposed capital requirements except for one subsidiary which is a regulated entity under the SFO and subject to the relevant minimum paid-up share capital and minimum liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). Management closely monitors, on a daily basis, the capital level of the entity to ensure compliance with the minimum capital requirements under the SF(FR)R.

The management considers the gearing ratio at the year ended was as follows:

	2017 **HK$**	2016 HK$
Total borrowings:		
Bank borrowings	**168,155,950**	130,960,159
Obligations under finance leases	**658,980**	987,058
Corporate bond	**10,000,000**	10,000,000
Promissory note	**123,831,499**	—
	302,646,429	141,947,217
Net assets	**426,976,314**	286,125,629
Gearing ratio	**70.88%**	49.61%

39. Financial Risk Management Objectives and Policies

Categories of financial instruments

	2017 HK$	2016 HK$
Financial assets		
Available-for-sale investment		
— At fair value	**10,860,605**	10,503,111
Loans and receivables		
— Deposits	**1,519,464**	—
— Trade and other receivables	**262,752,558**	26,202,955
— Loan receivables	**5,922,036**	107,046,011
— Bank balance held on behalf of clients	**85,007,587**	—
— Bank balances and cash	**128,725,579**	66,138,753
	494,787,829	209,890,830
Financial liabilities		
— Trade and other payables	**104,819,571**	37,021,416
— Bank borrowings	**168,155,950**	130,960,159
— Obligations under finance leases	**658,980**	987,058
— Corporate bond	**10,000,000**	10,000,000
— Promissory note	**123,831,499**	—
	407,466,000	178,968,633

Financial risk management objectives and policies

The Group's major financial instruments include items disclosed in above under section "Categories of financial instruments". Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and 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.

39. Financial Risk Management Objectives and Policies *(Continued)*

Market risk

(a) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, trade receivables from cash and margin clients, trade payables to cash and margin clients, and bank borrowings at 31 March 2017 (see Notes 20, 23, 24 and 25 for details). The Group's cash flow interest rate risk is mainly related to the fluctuation of prevailing rate quoted by the banks arising from the Group's interest bearing financial instruments. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate corporate bond (details disclosed in Note 27). Management will monitor its exposure periodically.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bearing financial instruments. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax result for the year ended 31 March 2017 would increase/decrease by HK$1,001,988 (2016: decrease/increase by HK$324,107).

(b) Foreign Currency risk

The Group carries out its trading of fur skin business, fur skins brokerage business and mink farming business in Hong Kong and worldwide and most of the transactions are denominated in US$ and DKK, while the Group's securities brokerage business is mainly in Hong Kong and all the transactions are entered in Hong Kong Dollars primarily. Hence, mainly the sales and purchases transactions in relation to the business of trading of fur skins, fur skins brokerage, main farming expose the Group to foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk. The management of the Group may implement foreign currency forward contracts to hedge the exposure to foreign currency risk. As the HK$ is pegged to the US$, the Group considers the risk of movements in exchange rates between the HK$ and the US$ to be insignificant.

39. Financial Risk Management Objectives and Policies *(Continued)*

Market risk *(Continued)*

(b) Foreign Currency risk *(Continued)*

At the end of the reporting period, the carrying amount of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective functional currencies of the relevant group entities are as follows:

	Assets		Liabilities	
	2017	2016	**2017**	2016
	HK$	HK$	**HK$**	HK$
Danish Krone	**202,834,339**	179,761,907	**—**	—

Sensitivity analysis

The following table demonstrates the sensitivity analysis of the carrying amounts of significant monetary assets and monetary liabilities denominated in DKK at the end of the reporting period if there was a 5% (2016: 5%) change in the exchange rate of HK$ against DKK, with all other variables held constant, of the Group's profit or loss (before tax).

	Impact of DKK 2017 HK$	Impact of DKK 2016 HK$
Increase/decrease in profit or loss for the year (before tax)	**10,141,717**	8,988,095

(c) Other Price Risk

The Group is exposed to risk arising from the fluctuations in price of mink skins through its investment in biological assets in mink farming business. Biological assets are measured at the fair value less cost to sell, and this measurement involves the use of current market price of mink skins. The Group manages this exposure by implementing a tight control over cost of breeding. Sensitivity analysis of 5% change in price of mink skins on biological assets is disclosed in Note 18.

(d) Inherent risks relating to biological assets

Biological assets are exposed to risks arising from the infectious disease. The Group has strong policies and procedures in place for hygiene control. The Group's regional spread of farms allows high degree of mitigation against adverse conditions such as disease outbreaks.

39. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk

At the respective reporting dates, 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 arise from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk on bank balances is limited because the counterparties are banks with high credit rating assigned by international credit rating agencies.

Fur skin business, fur skin brokerage business, and mink farming business

In order to minimise the credit risk of trade receivables from trading of fur skin business, fur skin brokerage business, and mink farming business (collectively refer to the "fur business"), the management of the Group reviews the recoverable amount of each individual trade debt at each reporting date 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 significant reduced.

The Group has concentration of credit risk in trade receivables from clients in fur business as 31% (31 March 2016: 60%) and 80% (31 March 2016: 98%) of trade receivables was due from the Group's largest customer and the three largest customers respectively within fur business.

The Group has concentration of credit risk in loan receivables from the fur business as the balance was due to a sole customer as at 31 March 2017 (31 March 2016: 2 customers).

Securities brokerage business

The credit risk from securities brokerage business is primarily attributable to trade receivables due from clients and clearing houses without taking account of the value of any collateral obtained. Management of the regulated entity has a credit policy and a team to monitor the credit risk on an on-going basis.

In order to manage the credit risk on trade receivable due from clients, individual credit evaluation is performed on all clients including cash and margin clients. Trade receivables from cash clients are generally settled within two trading days after trade date. In order to minimise the credit risk, the regulated entity has put in place monitoring procedures to eusure that overdue debts are recovered. Accordingly the credit risk arising from the trade receivables due from cash clients is considered minimal.

39. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk *(Continued)*

Securities brokerage business *(Continued)*

For margin clients, the regulated entity normally obtains liquid securities and/or cash deposits as collateral based on the margin requirements. The margin requirement is closely monitored on a daily basis by the designated team. Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by management of the regulated entity on a daily basis. Margin calls and forced liquidation are made where necessary. In addition, the regulated entity reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, management of the Group considers that the credit risk arising from securities brokerage business is significantly reduced.

In respect of trade receivables from a clearing house, credit risk is considered low as the regulated entity normally enters into transactions with a clearing house ("CCASS") which is registered with a regulatory body.

Other than concentration of credit risk on trade receivables from a clearing house, the Group has a concentration of credit risk in securities brokerage business as 11% (31 March 2016: nil) and 27% (31 March 2016: nil) of trade receivables from clients was due from the Group's largest customer and the three largest customers respective within that business.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensuring sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long term.

The Group relies on bank borrowings as a significant source of liquidity. At 31 March 2017, the Group has banking facilities with maximum limit of HK$214 million (2016: HK$280 million). Details of bank borrowings are set out in Note 25.

39. Financial Risk Management Objectives and Policies *(Continued)*

Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Group can be required to pay.

	At 31 March 2017				
	On demand HK$	**Within 1 year HK$**	**2-5 years HK$**	**Over 5 years HK$**	**Total HK$**
Financial liabilities					
Trade and other payables	**104,819,571**	**—**	**—**	**—**	**104,819,571**
Bank borrowings — due within one year	**168,652,499**	**—**	**—**	**—**	**168,652,499**
Obligations under finance leases	**—**	**281,611**	**384,980**	**—**	**666,591**
Corporate bond	**—**	**—**	**10,000,000**	**—**	**10,000,000**
Promissory note	**—**	**—**	**145,500,000**	**—**	**145,500,000**
	273,472,070	**281,611**	**155,884,980**	**—**	**429,638,661**

	At 31 March 2016				
	On demand HK$	Within 1 year HK$	2-5 years HK$	Over 5 years HK$	Total HK$
Financial liabilities					
Trade and other payables	37,021,416	—	—	—	37,021,416
Bank borrowings — due within one year	130,960,159	—	—	—	130,960,159
Obligations under finance leases	—	300,809	701,957	—	1,002,766
Corporate bond	—	—	10,000,000	—	10,000,000
	167,981,575	300,809	10,701,957	—	178,984,341

39. Financial Risk Management Objectives and Policies *(Continued)*

Fair value

As at 31 March 2017, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair values.

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

Financial asset	Fair value as at 31 March 2017 HK$	2016 HK$	Fair value hierarchy	Valuation technique(s) and key input
Available-for-sale investment	10,860,605	10,503,111	Level 2	Quoted value from financial institution

There were no transfers between level 1, 2 and 3 in both years.

40. Offsetting Financial Assets and Financial Liabilities

The disclosures asset out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The Group currently has a legally enforceable right to set off the trade receivables from clearing houses and margin clients and the trade payables to them respectively, and it intends to settle on a net basis.

For the trade receivable or payable to cash clients, they 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. If addition, the Group does not intend to settle the balances on a net basis.

40. Offsetting Financial Assets and Financial Liabilities *(Continued)*

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

	Gross amounts of recognised financial assets /liabilities	Gross amounts of recognised financial assets /liabilities set off in the consolidated statement of financial position	Net amounts present in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral pledged	
	HK$	HK$	HK$	HK$	HK$	HK$
As at 31 March 2017						
Financial assets						
Trade receivables						
– Clearing house (Note 20)	12,941,906	12,855,970	85,936	–	–	85,936
– Cash clients (Note 20)	12,548,868	3,777	12,545,091	–	11,859,941	685,150
– Margin clients (Note 20)	221,058,789	2,705,883	218,352,906	–	207,744,510	10,608,396
	246,549,563	15,565,630	230,983,933	–	219,604,451	11,379,482
Financial liabilities						
Trade payables						
– Clearing house (Note 24)	23,421,477	12,855,970	10,565,507	–	–	10,565,507
– Cash clients (Note 24)	24,571,590	3,777	24,567,813	–	–	24,567,813
– Margin clients (Note 24)	54,215,782	2,705,883	51,509,899	–	–	51,509,899
	102,208,849	15,565,630	86,643,219	–	–	86,643,219

41. Particulars of Principal Subsidiaries

Name of subsidiaries	Place of incorporation	Paid up issued/ registered ordinary share capital HK$/US$/DKK	Percentage of equity attributable to the Company Direct	Indirect	Principal activities and place of operation
Loyal Speed Limited	British Virgin Islands	US$100	–	100%	Provision of fur brokerage and financing services/ Hong Kong
Trade Region Limited	British Virgin Islands	US$2	100%	–	Investment holdings/ Hong Kong
UKF (Denmark) A/S	Denmark	DKK500,000	–	100%	Mink farming/Denmark
UKF Finance Limited	Hong Kong	HK$1,000,000	100%	–	Money lending/Hong Kong
U.K.Fur Limited	British Virgin Islands	US$10,000	–	100%	Trading of fur skins/ Hong Kong
Pearl Bay Investments Limited	British Virgin Islands	US$1	100%	–	Investment holdings/ Hong Kong
Great Roc Capital Securities Limited	Hong Kong	HK$90,000,000	–	100%	Provision of securities brokerage service/ Hong Kong
Apex Height Investments Limited	British Virgin Islands	US$1	–	100%	Investment holdings/ Hong Kong
Great Roc Asset Management Limited	Hong Kong	HK$1	–	100%	Inactive/ Hong Kong

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

42. Statement of Financial Position and Reserves of the Company

	2017 HK$	2016 HK$
Non-current assets		
Investment in subsidiaries	**8,200,008**	8,200,000
Deferred tax asset	**—**	495,259
	8,200,008	8,695,259
Current assets		
Prepayment	**203,665**	240,826
Amounts due from subsidiaries	**356,494,850**	112,537,173
Loan to a subsidiary	**148,986,350**	179,759,067
Tax recoverable	**594,538**	559,903
Bank balances and cash	**16,064,403**	719,615
	522,343,806	293,816,584
Current liabilities		
Accruals	**844,165**	848,645
Amounts due to a subsidiary	**689,098**	919,935
	1,533,263	1,768,580
Net current assets	**520,810,543**	292,048,004
Total assets less current liabilities	**529,010,551**	300,743,263
Non-current liabilities		
Corporate bond	**10,000,000**	10,000,000
Promissory note	**123,831,499**	—
	133,831,499	10,000,000
Net assets	**395,179,052**	290,743,263
Capital and reserves		
Share capital	**39,110,340**	28,350,744
Reserves	**356,068,712**	262,392,519
	395,179,052	290,743,263

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 29 June 2017 and are signed on its behalf by:

Wong Chun Chau
Director

Kwok Yin Ning
Director

42. Statement of Financial Position and Reserves of the Company *(Continued)*

Movement in the Company's reserves

	Share premium HK$	Share option reserve HK$	Warrants reserve HK$	Retained profit (accumulated losses) HK$	Total HK$
At 1 April 2015	179,991,821	5,578,169	694,125	(17,402)	186,246,713
Profit and total comprehensive income for the year	—	—	—	3,827,839	3,827,839
Issue of shares upon bonus issue	(4,100,124)	—	—	—	(4,100,124)
Exercise of pre-IPO share options	857,081	(214,121)	—	—	642,960
Issue of shares upon exercise of warrants	2,904,412	—	(69,412)	—	2,835,000
Issue of shares by top-up placing	72,989,365	—	—	—	72,989,365
Share options granted	—	2,380,839	—	—	2,380,839
Share options lapsed	—	(781,545)	—	781,545	—
Dividend paid	—	—	—	(2,430,073)	(2,430,073)
At 31 March 2016 and 1 April 2016	252,642,555	6,963,342	624,713	2,161,909	262,392,519
Loss and total comprehensive expenses for the year	—	—	—	(138,214,243)	(138,214,243)
Exercise of share options	8,114,313	(1,657,565)	—	—	6,456,748
Issue of shares upon exercise of warrants	25,855,906	—	(624,693)	—	25,231,213
Warrants lapsed	—	—	(20)	20	—
Issue of shares by placing	35,511,000	—	—	—	35,511,000
Issue of Consideration Shares (Note 31)	164,691,475	—	—	—	164,691,475
At 31 March 2017	**486,815,249**	**5,305,777**	**—**	**(136,052,314)**	**356,068,712**

FINANCIAL SUMMARY

For the year ended 31 March 2017

Results

	For the years ended 31 March				
	2013	2014	2015	2016	**2017**
	HK$	HK$	HK$	HK$	**HK$**
Revenue	297,524,230	301,637,189	301,596,169	219,728,624	**129,988,916**
Profit (loss) before tax	26,853,759	39,992,696	38,072,633	(93,350,071)	**(103,008,942)**
Income tax credit (expense)	271,943	(4,151,429)	(1,433,480)	(1,091,701)	**(1,362,764)**
Profit (loss) attributable to owners of the Company	27,125,702	35,841,267	36,639,153	(94,441,772)	**(104,371,706)**

Assets and Liabilities

	For the years ended 31 March				
	2013	2014	2015	2016	**2017**
	HK$	HK$	HK$	HK$	**HK$**
Total assets	299,049,497	467,256,837	521,935,027	471,132,839	**840,430,983**
Total liabilities	(128,024,398)	(195,785,383)	(221,178,407)	(185,007,210)	**(413,454,669)**
Owners' equity	171,025,099	271,471,454	300,756,620	286,125,629	**426,976,314**