百德國際有限公司

Pak Tak International Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 2668

Annual Report 2017

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jian
(Chairman and Chief Executive Officer)
Mr. Feng Guoming *(Appointed on 5 January 2018)*
Ms. Qian Pu

Non-executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

STRATEGIC COMMITTEE

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

INVESTMENT AND FUND RAISING COMMITTEE

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

COMPANY SECRETARY

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Ms. Qian Pu
Mr. Sze Kat Man

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

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

AUDITOR

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

PRINCIPAL BANKERS

Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

2668

WEBSITE

www.paktakintl.com

DEAR SHAREHOLDERS

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Pak Tak International Limited (the "**Company**"), I am pleased to present the final results of the Company and its subsidiaries (collectively, the "**Group**") for the nine months ended 31 December 2017.

Year 2017 has been a year of significance for the Group and its financial performance achieved a turnaround. For the nine months ended 31 December 2017, the Company recorded the audited profit attributable to equity shareholders was HKD39.2 million, such turnaround representing an increase of HKD68.1 million as compared to the year ended 31 March 2017. As at 31 December 2017, the audited net assets totaled HKD514.1 million, representing an increase of 154% as compared to the for the year ended 31 March 2017. The Group has successfully diversified its business segments by entering different business fields, for example, the property investment and the securities investment, and these investments contributed a satisfactory return. Throughout the current period, the Company has raised approximately HKD348.4 million through issuance of new shares by way of placings and subscriptions, in order to strengthen its cash and financial position for supporting further business and investments development of the Group.

Regarding the trading and manufacturing of garments business, the revenue and the results was further contracted as compared to the year ended 31 March 2017, which caused by weak demand in export market and the rising operating cost. The Group maintained a reasonable performance in the finance leasing business and the money lending business, and the Group will continue to expand in such area with a prudent approach to ensure a healthy development and steady growth in long run. On the other hand, the revenue of general trading business was significant increased since the Group had started the transactions relating to the non-ferrous metals, the construction and decoration related materials and equipment.

Apart from the aforesaid continuing operating business, considered that to avoid exposing the regulatory and uncertainty risks of the new energy development business, the Company discontinued this business operation by disposed the new energy business companies as a quick exit transaction and the disposal was realised a favourable return which was used to improve the Group's financial position.

LOOKING FORWARD

I am relatively optimistic towards the growth of the Group's results for the coming year under the circumstances that the Group was successfully diversified its business segments throughout the period by entering into different business fields. At the same time, we will continue to consider any measurements in all aspects of the business operation to enhance the profitability and competitiveness of the Group and continue the diversify business strategy. The Group will make better use of the Group's resource and continue to seek and explore new investment opportunities with the aim to provide a stable income and growth to the Group's long term performance and enhance the returns to the shareholders of the Company.

APPRECIATION

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

Wang Jian
Chairman

Hong Kong, 23 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

During the nine months ended 31 December 2017, the principal activities of the Group are: (i) manufacturing and trading of garments (the "**Garments Business**"), (ii) money lending business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), (iii) the finance leasing business, (iv) the general trading, (v) property investment and (vi) securities investment. Following the completion of the disposal of the new energy business companies, the Group ceased to operate such business on 26 September 2017.

BUSINESS REVIEW

Continuing Operations

Garments Business

For the nine months ended 31 December 2017, the garment industry was facing the continuously challenging environment with the weak demand and the slowdown in export market. The operation in garment segment was under great pressure, as well as the rising sub-contracting charge and the raw materials cost. The revenue and the segment performance of the Garments Business was further contracted for the period under review. The Group will continue to monitor its operation to enhance its profitability and competitiveness.

Money Lending Business

During the nine months ended 31 December 2017, the Group granted certain loans in aggregate of HKD60 million to certain borrowers and recognised an aggregate interest income of HKD2.9 million. The Group's loans receivables, which are repayable according to repayment schedules with contractual maturity ranging within a year. The rate of return of the money lending business of the Group during the nine months ended 31 December 2017 is in the range of 8% to 11%. All the loans receivables have been collected and received on time. The Group will continue to adopt a prudent risk management policy to ensure a healthy development in its money lending business and carrying out regular review of credit risk over the existing borrowers.

Finance Leasing Business

During the nine months ended 31 December 2017, Shenzhen Jinsheng Finance Lease Company Limited, being a direct wholly-owned subsidiary of the Company, and the lessee entered into the credit facility agreement for the provision of revolving finance leasing with the aggregate leasing amount not exceeding RMB200 million to finance the lessee for purchasing of motor vehicles for its car rental business, for a term of two years starting from September 2017. No loans under the credit facility agreement was granted to lessee at the end of the reporting period.

The aggregate finance lease receivables was HKD73.1 million as at 31 December 2017 and the finance leasing business has attributed the revenue of HKD4.4 million for the nine months ended 31 December 2017. All the finance lease receivables have been collected and received on time. The Group adopted a prudent approach in the finance leasing business to minimise its credit and business risks. The Board believes that the finance leasing business will produce a steady growth in the Group's long term performance and will maximise the future contribution to the Group.

General Trading

During the nine months ended 31 December 2017, the general trading recorded a revenue of HKD542.8 million, involving products including but not limited to the non-ferrous metal, the marine products, construction materials and metals materials, of which the customers and the suppliers include listed company and private company in the People's Republic of China (the "**PRC**"). The Board believes that the operation of general trading can expand the business network of the Group in different fields, which is benefit for the long-term growth of the Group. The management of the Company will put more effort on negotiation with potential suppliers and customers for achieving more favourable trading terms in future trades.

Property Investment

During the nine months ended 31 December 2017, the Group had acquired 141 retailing shops which have a total floor area of approximately 18,000 square meters in Yunfu, PRC in June 2017. These properties are for investment purposes. As at 31 December 2017, the investment properties held by the Group measured at fair value amounted to HKD191.7 million, representing with a fair value gains on investment properties of HKD72.8 million and recorded a revenue of rental income of HKD1.4 million for the nine months ended 31 December 2017. The Board considers that the property investment would enable the Group to achieve a considerable return and would strengthen the asset and/or income base of the Group.

Securities Investment

To broaden the source of income and offering a better return to its shareholders, the Group included securities investment for both listed and unlisted shares in its main business portfolio. The Group adopted a prudent investment strategy and will closely monitor the market changes and adjust its investment portfolio as and when necessary. During the nine months ended 31 December 2017, the Group achieved satisfactory returns and recorded a gains on disposals of and an increase in fair value changes of held for trading investments of HKD8.5 million and HKD6.8 million respectively.

Discontinued Operation

Disposal of the New Energy Business

On 19 September 2017, the major transaction in relation to the disposal of the new energy business companies (the "**Taihe Group**") at the consideration of RMB38 million (the "**Disposal**") was approved by the shareholders of the Company. The Disposal Group is principally engaged in the research and development of (i) power electric battery; (ii) system of power electric battery; (iii) technologies related to range extended electric vehicles; and (iv) other products related to a battery system. All the conditions precedent under the equity transfer agreement have been fulfilled and the disposal was completed on 26 September 2017 in accordance with the terms and conditions of the equity transfer agreement. Upon completion of the Disposal, the Disposal Group has ceased to be the subsidiaries of the Company. Details of the Disposal were disclosed in the Company's announcements dated 1 August 2017 and 22 August 2017 and the Company's circular dated 1 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

Revenue

The total revenue of the Group for the nine months ended 31 December 2017 amounted to HKD751.5 million. This represented a significant increase of 239% over the revenue of HKD221.8 million for the year ended 31 March 2017. The increase was mainly attributable from the revenue generated in the general trading of HKD542.8 million which was commenced during the current period. Other than the revenue from the general trading, the newly commenced business of securities investment and property investment were contributed HKD8.5 million and HKD1.4 million respectively.

The revenue in money lending and finance leasing businesses were amounted to HKD2.9 million (for the year ended 31 March 2017: HKD2.4 million) and HKD4.4 million (for the year ended 31 March 2017: HKD0.7 million), respectively. The revenue of Garments Business was declined by HKD27.3 million from HKD218.7 million for the year ended 31 March 2017 to HKD191.4 million for the nine months ended 31 December 2017.

For the nine months ended 31 December 2017, the major market of the Group was in Asia, which accounted for 76.9% of the Group's total revenue, whereas 22.5% of the Group's total revenue was attributed to sales to USA and Europe.

Expenses

The Group's direct costs and operating expenses was significantly increased by HKD526.6 million from HKD201.0 million for the year ended 31 March 2017 to HKD727.6 million for the nine months ended 31 December 2017. The increase in direct costs and operating expenses is mainly due to the new business of general trading commenced during the current period, resulted from the significant growth in general trading, whereas the revenue from general trading was accounted for 72.2% of the Group's total revenue.

The Group's administrative expenses from continuing operations was decreased by HKD8.0 million from HKD41.4 million for the year ended 31 March 2017 to HKD33.4 million for the nine months ended 31 December 2017, as a result of change of financial year end date.

The Group's selling expenses from continuing operations was decreased by HKD1.0 million from HKD6.0 million for the year ended 31 March 2017 to HKD5.0 million for the nine months ended 31 December 2017. All the selling expenses were related to the Garments Business.

The Group's finance cost from continuing operations was increased by HKD5.7 million from HKD0.9 million for the year ended 31 March 2017 to HKD6.6 million for the nine months ended 31 December 2017. The significant increase of finance cost is mainly due to the increase of the Group's borrowings outstanding during the period for the development of new/current business of the Group.

Profit for the Period

For the nine months ended 31 December 2017, the Group recorded a net profit of HKD30.5 million as compared to a net loss of HKD29.2 million for the year ended 31 March 2017, such turnaround mainly attributable to, (i) the fair value gain on the Group's investment properties located in Yunfu, PRC, (ii) the positive contribution from the securities investment, and (iii) the one-off gain arising from the disposal of the new energy business companies which was completed in September 2017. Such improvement in the net profit was partly offset by the decline in segment results in Garments Business; and the increase in finance costs and deferred tax expenses.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2017, the cash and cash equivalents (excluding bank overdrafts) of the Group were HKD535.8 million (31 March 2017: HKD114.9 million) and the borrowings and overdraft were HKD426.1 million (31 March 2017: HKD173.3 million). Increase in borrowings and overdraft was primarily strengthen the cash and cash equivalents level to grasp any potential investment opportunity. The following table details the cash and cash equivalents and the borrowings and overdraft of the Group at the end of the reporting period denominated in original currencies:

	At 31 December 2017		
	HKD *('000)*	**RMB** *('000)*	**USD** *('000)*
Cash and cash equivalents	**196,330**	**280,948**	**278**
Borrowings and overdraft	**50,253**	**313,060**	**–**

	At 31 March 2017		
	HKD *('000)*	**RMB** *('000)*	**USD** *('000)*
Cash and cash equivalents	**31,363**	**68,807**	**752**
Borrowings and overdraft	**49,128**	**110,000**	**–**

The Group principally satisfies its demand for operating capital with cash inflow from its operations, the fund raising activities and the borrowings. As at 31 December 2017, the gearing ratio, which is calculated on the basis of total borrowings and overdraft over total shareholders' fund of the Group, was 83% (31 March 2017: 162%). Decrease in gearing ratio was mainly due to the part of borrowings was released by the Disposal and the increase in liquid working capital through the fund raising exercises completed during the period. The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 2.0 (31 March 2017: 1.2).

MANAGEMENT DISCUSSION AND ANALYSIS

FUND RAISING ACTIVITIES

Set out below is the fund raising activities of the Company during the past twelve months immediately prior to the date of this report:

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds as at the date of this report
26 May 2017	Placing of 283,000,000 new shares under general mandate	Approximately HKD78.4 million	(i) approximately HKD39.2 million for the expansion of the Group's existing businesses including the money lending business, finance leasing business and general trading, and (ii) approximately HKD39.2 million for the general working capital of the Group and for investments opportunities as may be identified from time to time.	Used as intended except for the HKD29.2 million had been reallocated for the identified investment as disclosed to the Company's announcement dated 1 August 2017
15 September 2017	Subscription of 339,600,000 new shares under general mandate	Approximately HKD78.0 million	(i) approximately HKD50.0 million for the expansion of the Group's existing businesses including the money lending, leasing business, securities trading and investment, and general trading; (ii) approximately HKD20.0 million for repayment of loans; and (iii) approximately HKD8.0 million as general working capital of the Group.	Used as intended

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds as at the date of this report
11 October 2017	Placing of 326,750,000 new shares under specific mandate and subscription of 535,650,000 new shares under specific mandate	Approximately HKD192.0 million	(i) approximately HKD33.9 million for repayment of loans;	(i) used as intended;
			(ii) approximately HKD60.0 million for acquisition of property for use as office of the Company in Hong Kong;	(ii) approximately HKD3.6 million used as deposit paid for acquisition of property as disclosed to the Company's announcement dated 5 March 2018 and the remaining balance to be used as intended
			(iii) approximately HKD30.0 million for the Group's finance leasing business;	(iii) unutilised and held in the Group's bank accounts and to be used as intended;
			(iv) approximately HKD30.0 million for the Group's money lending business;	(iv) used as intended;
			(v) approximately HKD20.0 million for the Group's securities trading and investment;	(v) approximately HKD9.0 million used as intended and the remaining balance to be used as intended;
			(vi) approximately HKD10.0 million for the prepayment or deposit payable to the suppliers for Group's general trading; and	(vi) used as intended; and
			(vii) approximately HKD8.1 million as general working capital of the Group mainly for the administrative expenses and operation expenses, including salaries and office rental expenses.	(vii) approximately HKD2.5 million used as intended and the remaining balance to be used as intended.

UNLISTED WARRANTS

On 27 August 2015, the Company issued an aggregate of 283,000,000 unlisted warrants at the issue price of HKD0.02 per warrant to the subscribers, each of which would entitle the warrant holder(s) to subscribe in cash for one share at the exercise price of HKD3 (subject to adjustment) at any time during a period of 3 years commencing from the issue date of the unlisted warrants (the "**Unlisted Warrants**"). Upon full exercise of the subscription rights attaching to the Unlisted Warrants, a total of 283,000,000 warrant shares will be issued. The warrant shares, when fully paid and allotted will rank *pari passu* in all respects with the then existing issued shares of the Company.

As at 31 December 2017, no Unlisted Warrants was exercised by the warrant holder(s).

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

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

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

DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2017 (year ended 31 March 2017: HKDNil).

CHARGE ON GROUP ASSETS

As at 31 December 2017, certain of Group's investment properties located in Yunfu, PRC with net carrying amount of HKD191.7 million was pledged as security for the banking facilities.

As at 31 March 2017, no asset of the Group was pledged to secure the credit facilities utilised by the Group.

FINANCIAL GUARANTEES ISSUED

As at 31 December 2017, the Company had issued corporate guarantees amounting to HKD151.1 million (31 March 2017: HKD184.2 million) to banks and lenders in connection with facilities granted to certain subsidiaries.

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

As at 31 December 2017, the Directors considered it was not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued amounted to the facilities drawn down by the subsidiaries of HKD66.5 million (31 March 2017: HKD131.8 million).

CAPITAL EXPENDITURES AND COMMITMENTS

For the nine months ended 31 December 2017, the Group invested HKD120.8 million (for the year ended 31 March 2017: HKD3.9 million) on investment properties and property, plant and equipment, which included leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles. Increase in capital expenditures was mainly due to the acquisition of investment properties of HKD113.9 million during the current period.

As at 31 December 2017, the Group had capital commitments of HKDNil (31 March 2017: HKD58.4 million) in acquisition of property, plant and equipment in relation to the development of new energy business which was disposed and completed on 26 September 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had a total of around 460 employees. The total staff costs of the Group amounted to HKD37.3 million for the nine months ended 31 December 2017, representing 5.0% of the Group's revenue. Salaries, wages and allowances amounted to HKD33.7 million, representing a decrease of 45.3% as compared to the year ended 31 March 2017. Employees' remuneration and bonuses are based on their responsibilities, performance, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company in order to ensure that the packages are competitive. The Group provides relevant training to its employees in accordance with the skill requirements of different positions.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES

Discloseable Transaction in Relation to Acquisition of the Property in the PRC

On 21 June 2017, the Company through its indirect wholly-owned subsidiary, entered into the sales and purchase agreement with the independent third party in relation to the acquisition of the property in the PRC (the "**Property**") at a cash consideration of approximately RMB98,306,000. The Property situated at Yunxiang Avenue, Xijiang New District, Yunfu, Guangdong Province, the PRC. The Property comprises 141 retailing shops in total on the first floor to the third floor of the three buildings which have a total floor area of approximately 18,000 square meters with the land use right until 29 October 2053.

Discloseable Transaction in Relation to Investment in the Unlisted Securities

On 1 August 2017, the Company through its direct wholly-owned subsidiary, entered into the share transfer agreement with the independent third party, pursuant to which through the acquisition of the target company for investment in unlisted securities at a cash consideration of HKD33,000,000. The net assets of the target company were mainly available-for-sale financial assets, which representing the 10.66% issued share capital of CVP Financial Holdings Limited and its subsidiaries are principally engaged in the provision of advising on securities and corporate finance, dealing in securities and asset management services. The completion of the acquisition took place on 31 August 2017.

Major Transaction in Relation to the Credit Facility Agreement

On 26 July 2017, the Company, through its direct wholly-owned subsidiary, entered into a credit facility agreement with a lessee for the provision of revolving finance leasing with leasing amount not exceeding RMB200 million in aggregate for a term of two years.

Major Transaction in Relation to the Disposal of New Energy Business Companies

On 1 August 2017, the Company, through its indirect wholly-owned subsidiary, entered into the equity transfer agreement with the vendor for the Disposal at the consideration of RMB38 million. The completion of the Disposal took place on 26 September 2017. Thereafter the Taihe Group has ceased to be the subsidiaries of the Company.

The above major transactions had been approved as the ordinary resolutions by the shareholders of the Company at the special general meetings of the Company on 19 September 2017.

Save as disclosed above, there were no significant investments held by the Group, nor were there other material acquisitions and disposals of subsidiaries by the Group during the nine months ended 31 December 2017.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

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

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

FUTURE PROSPECTS

The Group has been diversified its business segments by entering into different business fields, such as the property investment and securities investment and achieved some satisfactory results and looking forward, the Group will maintain and develop its well diversified businesses. The Group will continue to develop the diversified business and make better use or consider any available resources of the Group.

Given that Hong Kong is one of the important global financial hubs, and the main bridge between the PRC and international markets, the corporate finance advisory services in Hong Kong has been top of the global ranking. A new mutual market access scheme was successfully launched this period which allows investors from the PRC and overseas to trade in each other's bond markets through connection between the related PRC and Hong Kong financial infrastructure institutions. To capture such potential growth in the financial services market, the Group was tapped into such sector through investment in the unlisted securities during the period and will continue to exercise prudency in looking for any suitable business opportunities in the future.

Regarding the Garments Business, the environment was continuously challenging with the weak demand and the slowdown in export market, the Group will continue to monitor closely and take any possible solutions to enhance its performance. Furthermore, the Group will continue to develop the money lending business and the finance leasing business and general trading, together with the new segments of property investment and securities investment adopted, to expect with a view to providing steady and stable returns to the Company and its shareholders.

The Group will continue to explore new investment opportunities with the aim to provide a stable income and growth to the Group's long term performance and enhance the returns to the shareholders of the Company.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

The biographical details of the Directors and senior management of the Company at the date of this annual report are as follows:

EXECUTIVE DIRECTORS

Mr. Wang Jian, aged 47, was appointed as Chairman and Executive Director of the Company on 23 August 2016 and subsequently appointed as Chief Executive Officer of the Company, and the Chairman of each of the strategic committee (the "**Strategic Committee**") and the investment and fund raising committee (the "**Investment and Fund Raising Committee**") of the Company.

Mr. Wang has about 12 years of managerial experience in the construction and engineering industry. Mr. Wang was a legal representative for over 7 years of a company incorporated in the People's Republic of China (the "**PRC**") that specialize in the construction engineering industry.

As at the date hereof, pursuant to Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) (the "**SFO**"), Mr. Wang is a substantial shareholder of the Company and is beneficially interested in 396,200,000 shares of the Company, representing 13.66% of the issued share capital of the Company.

Mr. Feng Guoming, aged 51, was appointed as Executive Director of the Company on 5 January 2018.

Mr. Feng graduated from South China Normal University in the PRC. He has over 20 years of experience in technology, investments, banking, fund and finance industries in the PRC and Hong Kong. He served as the managing director of 上海豐實股權投資管理有限公司 (Shanghai Ample Harvest Equity Investments Management Limited), a subsidiary of Harvest Fund Management Co., Ltd. from 2015 to 2017, and he also served as the deputy general manager of China Financial International Investments Limited (stock code: 721), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), from 2012 to 2015. He worked as the managing director of 北京埃希奧科技有限公司 from 2010 to 2012. Currently, Mr. Feng is also the director of Tengyue Holding Limited ("**Tengyue Holding**") and Beyond Glory Holdings Limited ("**Beyond Glory**"), respectively.

As at the date hereof, pursuant to Part XV of the SFO, 812,000,000 shares of the Company are held by Tengyue Holding, which is owned by Beyond Glory. As Beyond Glory is wholly-owned by Mr. Feng, he is deemed to be interested in these shares, representing 28% of the issued share capital of the Company, and is a substantial shareholder of the Company.

Ms. Qian Pu, aged 28, was appointed as Executive Director of the Company on 8 September 2016. She is a member of each of the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**"), the Strategic Committee and the Investment and Fund Raising Committee and one of the authorised representatives of the Company. She also holds directorships in certain subsidiaries of the Company.

Ms. Qian graduated from Huazhong University of Science and Technology, the PRC with a bachelor degree of Arts and Wuhan University of Science and Technology, PRC with a bachelor degree of Engineering respectively in 2012. She has over 4 years of managerial experience in finance investment.

NON-EXECUTIVE DIRECTORS

Mr. Law Fei Shing, aged 58, was appointed as Executive Director of the Company on 6 August 2013 and re-designated from Executive Director to Non-Executive Director of the Company on 16 December 2014.

Mr. Law is a member of American Institute of Certified Public Accountants, USA and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 28 years of experience in audit and accounting services.

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

Mr. Law was a non-executive director of each of Beautiful China Holdings Company Limited (stock code: 706) from January 2014 to December 2017. Mr. Law was an executive director and a non-executive director of Legend Strategy International Holdings Group Company Limited (stock code: 1355) from November 2014 to April 2016 and from April 2016 to December 2016 respectively. He was also the company secretary of Orient Securities International Holdings Limited (stock code: 8001) from February 2009 to May 2016.

Mr. Shin Yick Fabian, aged 49, was appointed as Non-executive Director of the Company on 9 February 2017. He is a member of each of the Strategic Committee and the Investment and Fund Raising Committee of the Company. He graduated from The University of Birmingham in England with a bachelor degree in commerce. He is a fellow member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.

Currently, Mr. Shin is an independent non-executive director of each of Lisi Group (Holdings) Limited (stock code: 526), Newton Resources Ltd. (stock code: 1231), China Shun Ke Long Holdings Limited (stock code: 974) and Haubang Financial Holdings Limited (formerly known as Goldenmars Technology Holdings Limited) (stock code: 3638), since January 2013, August 2015, August 2015 and September 2016, respectively, shares of all which are listed on the Main Board of the Stock Exchange. He is the chief executive officer of Zhaobangji International Capital Limited since July 2015. In November 2017, He is also appointed as the director of Bio-key International Inc. (stock code: BKYI), shares which are listed on the NASDAQ Stock Market in USA.

Mr. Shin has over 26 years of experience in investment banking and financial management. From January 2016 to February 2016, he was a non-executive director of Qianhai Health Holdings Limited (formerly known as Hang Fat Ginseng Holdings Company Limited) (stock code: 911), shares which are listed on the Main Board of the Stock Exchange. He also was the deputy chief executive officer of CMB International Capital Corporation Limited from February 2010 to July 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Kam Lung, aged 54, was appointed as Independent Non-executive Director of the Company on 24 September 2014. He is the Chairman of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Liu has over 27 years of experience in the financial industry. Mr. Liu obtained a Diploma of Business Administration from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in 1990. Mr. Liu was admitted as an associate of The Institute of Chartered Secretaries and Administrators of the United Kingdom, an associate of The Hong Kong Institute of Chartered Secretaries, an associate of Hong Kong Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants, a full member of the Society of Registered Financial Planners and an associate of the Taxation Institute of Hong Kong in 1993, 1994, 1995, 1999, 2009 and 2010 respectively.

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

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

Mr. Xie Xiaobiao, aged 54, was appointed as Independent Non-executive Director of the Company on 31 August 2016. He is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Xie has more than 10 years of managerial experience in the trade in service sector. Currently, he is a deputy chairman, secretary-general and legal representative for over 8 years in Shenzhen Association of Trade in Services.

Mr. Zheng Suijun, aged 55, was appointed as Independent Non-executive Director of the Company on 31 August 2016. He is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Zheng has more than 12 years of managerial experience in taxation advisory business. Currently, Mr. Zheng is a chairman of the board of directors of Shenzhen Jinnuo Tax Agency Co., Ltd. since 2004.

SENIOR MANAGEMENT

Mr. Cheng Kwai Chun, John, aged 46, joined the Group in 1996 and is in charge of major manufacturing and trading subsidiaries of the Group. He obtained a Bachelor degree in science from the University of New South Wales, Australia, and a Master degree in Finance from the RMIT University, Australia. Mr. Cheng is also awarded the "Professional Diploma in Corporate Governance and Directorship" by Hong Kong Productivity Council and The Hong Kong Institute of Directors and a diploma in business management by the Hong Kong Management Association.

Mr. Sze Kat Man, aged 31, joined the Group in October 2014 as the Financial Controller of the Group and appointed as company secretary and authorised representative of the Company on 16 April 2017. He also holds directorships in certain subsidiaries of the Company. He is currently responsible for the overall financial management and company secretaries matters of the Group. Mr. Sze graduated from City University of Hong Kong with an Associate of Business Administration in Accountancy and is a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Sze has over 9 years of experience in professional audit and accounting fields.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited financial statements of the Group for nine months ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the manufacturing of and trading in garments, money lending, leasing business, general trading and property and securities investment. The principal activities and other particulars of the Company's subsidiaries are set out in note 38 to the consolidated financial statements.

SEGMENT INFORMATION

Details of the segment information of the Group for the nine months ended 31 December 2017 by segments are set out in note 12 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 123 of this annual report.

BUSINESS REVIEW

Details of the Group's business review and business prospect during the period are set out in the section headed "Management Discussion and Analysis" of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the nine months ended 31 December 2017 are set out in the consolidated statements of profit or loss and other comprehensive income on pages 44 and 45 of this annual report.

The Directors does not recommend the payment of any dividend for the nine months ended 31 December 2017 (31 March 2017: HKDNil).

RESERVES

Details of the movements in the reserves of the Group during the period are set out in the consolidated statement of changes in equity on page 48 of this annual report.

SHARE CAPITAL

Increase in Authorised Share Capital

On 21 July 2017, the authorised share capital of the Company was increased from HKD50,000,000 divided into 2,500,000,000 shares of HKD0.02 each ("**Share(s)**") to HKD200,000,000 divided into 10,000,000,000 Shares by the creation of an additional 7,500,000,000 new Shares subject to shareholders' approval. References were made in the announcement dated 21 June 2017, circular dated 6 July 2017 and poll results of special general meeting dated 21 July 2017.

Issuance of Shares

During the nine months ended 31 December 2017, there were 1,485,000,000 Shares in issue by way of the placings and subscriptions on 12 June 2017, 22 September 2017 and 19 December 2017, respectively.

As at 31 December 2017, the issued share capital of the Company was 2,900,000,000 Shares.

Movements in the share capital of the Company during the period are set out in note 29 to the consolidated financial statements.

CHANGE OF FINANCIAL YEAR END DATE

Pursuant to the resolution of the Board dated 6 December 2017, the Group's financial year end date has been changed from 31 March to 31 December. The change of financial year end date of the Company is to align its financial year end date with that of its subsidiaries in the PRC, which are statutorily required to close their accounts with the financial year end date of 31 December. The Board considers that the change of financial year end date of the Company will facilitate the preparation of the consolidated financial statements of the Group. Accordingly, this consolidated financial results cover a nine-month period from 1 April 2017 to 31 December 2017.

PRE-EMPTIVE RIGHTS

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

CHARITABLE DONATIONS

During the nine months ended 31 December 2017, the Group made charitable donations amounting to HKD30,000 (31 March 2017: HKD30,000).

BORROWINGS

As at 31 December 2017, the Group had borrowings and overdraft totaling HKD426.1 million.

PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 31 December 2017, the Group acquired property, plant and equipment at a cost of approximately HKD6.9 million for the purpose of expanding the Group's business.

Details of these and other movements during this period in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the nine months ended 31 December 2017, the five largest customers of the Group together accounted for 58.8% of the Group's total revenue, with the largest customer accounting for 26.5% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers was 67.7% of the total purchase of the Group for the nine months ended 31 December 2017, and the largest supplier accounted for 43.2% of the Group's total purchases.

During this period under review, none of the Directors or any of their associates or any shareholder of the Company, which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any beneficial interests in the Group's five largest customers and suppliers mentioned above.

EQUITY-LINK AGREEMENT

Save for the share option scheme of the Group as disclosed in the section headed "Share Option Scheme", no equity-linked agreements were entered into by the Group or existed during the nine months ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2017.

RELATED PARTY TRANSACTION

The Group entered into certain related party transactions as disclosed in note 35 to the consolidated financial statements. Details of any related party transactions which also constitute continuing connected transactions not exempted under Rule 14A.73 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") are disclosed in the section headed "Continuing Connected Transactions" in this annual report. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of such transactions.

CONTINUING CONNECTED TRANSACTION

(1) Licence Agreement and Lease Agreement

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

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

Mr. Cheng is a director of the Company's subsidiary and the director of Pak Tak Knitting, and accordingly, Pak Tak Knitting is a connected person of the Company by virtue of being an associate of Mr. Cheng. Consequently, the transactions under the HK Licence Agreement and the PRC Lease Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

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

HK Licence Agreement

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

PRC Lease Agreement

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

The annual caps in respect of the transactions under the HK Licence Agreement and the PRC Lease Agreement for each financial year during the term of each of the HK Licence Agreement and the PRC Lease Agreement is HKD676,000* and HKD2,880,000* respectively. The annual licence fee and annual rent paid or payable by the Company and Pak Tak DG under the HK Licence Agreement and PRC Lease Agreement respectively, for each of the five financial years was as follows:

Term	**Licence fee** *HKD'000*	**Rent** *HKD'000*
19 September 2014 to 31 March 2015	478	2,037
1 April 2015 to 31 March 2016	901	3,840
1 April 2016 to 31 March 2017	901	3,840
1 April 2017 to 31 December 2017	676	2,880
1 January 2018 to 31 December 2018	901	3,840
1 January 2019 to 18 September 2019	648	2,763

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

(2) Sales Agreements

On 26 July 2017, indirect wholly-owned subsidiaries, Pak Tak Hong Kong Trading Limited ("**PTHK**") and Pak Tak Knitting & Garment (Dong Guan) Limited ("**PTDG**") (as suppliers) entered into the sales agreements (the "**Sales Agreements**") with Pak Tak (Kwong Tai) Knitting Factory Ltd ("**PTKT**"), Sunny Dragon International Limited ("**SDIL**") and Sunny Dragon Apparels (Dong Guan) Limited ("**SDDG**") (as customers) in relation to the sales of garments, shall remain in force until the end of the period on 31 March 2018 from 1 April 2017.

Mr. Cheng is a director of each of PTHK and PTDG, and also he is a controlling shareholder of each of PTKT, SDIL and SDDG, of whom he has 49%, 100% and 100% of equity interests in PTKT, SDIL and SDDG, respectively. Accordingly, PTKT, SDIL and SDDG are the associates of Mr. Cheng, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. The maximum annual caps in respect of the continuing provision of Sales Agreements for the period from 1 April 2017 to 31 December 2017 are subject to proposed caps and shall not exceed the amounts of HKD7,425,000*. During the nine months ended 31 December 2017, the total value of the Sales Agreements was approximate HKD5,244,000.

The prices of the garments supplied will be based on the prevailing selling prices of the garments as from time to time determined by the Group. Such terms and conditions shall be negotiated on an arm's length basis and will be no less favourable than those available from other independent third parties customers. Payments for the garments will be on normal commercial terms in accordance with the credit terms that the Group would typically extend to its customers. The actual amount, specification and price of the garments to be sold to PTKT, SDIL and SDDG will be subject to individual orders placed by PTKT, SDIL and SDDG and accepted by PTHK and PTDG. PTHK and PTDG shall not be obliged to accept any order from PTKT, SDIL and SDDG for the garments on terms and conditions that are less favourable to the Group than those agreed between the Group and its other independent third parties customers.

* *These amounts are based on the annual cap for the period from 1 April 2017 to 31 March 2018 and pro-rata to nine-month period from 1 April 2017 to 31 December 2017.*

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

The auditor has confirmed to the Board in writing that for the nine months ended 31 December 2017, the abovementioned continuing connected transactions:

(i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions had not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

(iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual caps as set and disclosed by the Company in the Company's announcements dated 29 July 2014 and 26 July 2017.

Confirmation of INEDs

The Independent Non-executive Directors have reviewed the continuing connected transactions and confirmed that for the nine months ended 31 December 2017 such transaction has been entered into:

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

(ii) on normal commercial terms; and

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

CONNECTED TRANSACTIONS

Subscription of New Shares under Specific Mandate

On 11 October 2017, the Company entered into the Company entered into the subscription agreements with the two existing substantial shareholders of Company, Tengyue Holding and Mr. Haung Shilong (the "**Subscriber(s)**"), pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 535,650,000 new Shares at the subscription price of HKD0.224 per subscription Share to the subscribers (the "**Subscriptions**").

As at the date of the subscription agreements, Tengyue Holding held 339,600,000 Shares, representing approximately 16.67% of the issued share capital of the Company and Mr. Haung Shilong held 212,250,000 Shares, representing approximately 10.42% of the issued share capital of the Company. Since both were the substantial shareholders and hence a connected person of the Company under the Listing Rules, the Subscriptions will constitute the connected transactions for the Company, and is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Subscriptions were approved by the independent shareholders of the Company at the special general meeting of the Company held on 29 November 2017. References were made in the announcement dated 11 October 2017, circular dated 1 November 2017 and poll results of special general meeting dated 29 November 2017.

DIRECTORS

The Directors during the nine months ended 31 December 2017 and up to the date of this report were:

Executive Directors

Mr. Wang Jian *(Chairman and Chief Executive Officer)*
Mr. Feng Guoming *(Appointed on 5 January 2018)*
Ms. Qian Pu

Non-executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-executive Directors

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

DIRECTORS' SERVICE CONTRACTS

Each Executive Director has entered into continuous service contract with the Company. Except for one Non-executive Director, all Non-executive Directors (including Independent Non-executive Directors) are appointed for an initial term of one year or three years. All the Directors are subject to retirement in accordance with the Listing Rules and the Bye-laws.

In accordance with the Bye-laws, Mr. Feng Guoming, Mr. Law Fei Shing and Mr. Liu Kam Lung will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

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

The Company has received an annual confirmation of independence from each of the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors as independent.

The biographical details of Directors are set out in the section headed "Directors and Senior Management Profile" of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors nor a connected entity of Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which any of the Company, its controlling shareholder or any of its subsidiaries or fellow subsidiaries was a party during the nine months ended 31 December 2017.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during this period.

COMPETING INTERESTS

None of Directors, the substantial shareholders or the controlling shareholder of the Company or any of their respective associates (as defined under the Listing Rules) have any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

SHARE OPTION SCHEME

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

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

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

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were 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 the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules were as follow:

Name of Directors	Number of Shares Held *(Note 1)*	Capacity	Approximate % of the Issued Share Capital *(Note 2)*
Mr. Feng Guoming *(Note 3)*	812,000,000	Interest of controlled corporation	28.00%
Mr. Wang Jian	396,200,000	Beneficial owner	13.66%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.

2. The percentage was calculated based on the total number of Shares of the Company in issue as at 31 December 2017, which was 2,900,000,000.

3. 812,000,000 Shares are owned by Tengyue Holding which is wholly owned by Beyond Glory. In addition, Beyond Glory is wholly owned by Mr. Feng Guoming. Accordingly, Beyond Glory and Mr. Feng are deemed to be interested in all the Shares held by Tengyue Holding.

Save as disclosed above, as at 31 December 2017, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in the sections headed "Directors' and Chief Executive's Interests or Short Positions in the Shares, Underlying Shares and Debentures" and "Share Option Schemes" above, at no time during the nine months ended 31 December 2017 was the Company, or any of its holding companies or fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors of the Company or their connected entities to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2017, so far as is known to the Directors and chief executive of the Company, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follow:

Name of Shareholders	**Number of Shares Held** *(Note 1)*	**Capacity**	**Approximate % of the Issued Share Capital** *(Note 2)*
Tengyue Holding	812,000,000	Beneficial owner *(Note 3)*	28.00%
Beyond Glory	812,000,000	Interest of controlled corporation *(Note 3)*	28.00%
Chua Lee Holdings Limited ("**Chua Lee**")	283,377,950	Beneficial owner *(Note 4)*	9.77%
TAI Capital LLC ("**TAI Capital**")	283,377,950	Interest of controlled corporation *(Note 4)*	9.77%
Mr. Huang Shilong	275,500,000	Beneficial owner	9.50%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.

2. The percentage was calculated based on the total number of Shares of the Company in issue as at 31 December 2017, which was 2,900,000,000.

3. 812,000,000 Shares are owned by Tengyue Holding which is wholly owned by Beyond Glory. In addition, Beyond Glory is wholly owned by Mr. Feng Guoming. Accordingly, Beyond Glory and Mr. Feng Guoming are deemed to be interested in all the Shares held by Tengyue Holding.

4. 283,377,950 Share are owned by TAI Capital which is wholly owned by Chua Lee. Accordingly, Chua Lee is deemed to be interested in all Shares held by TAI Capital.

Save as disclosed above, as at 31 December 2017, the Company had not been notified of any other person or corporation (other Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Part XV of the SFO.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company since the date of the 2017 interim Report of the Company are set out below:

1. Mr. Law Fei Shing resigned as a non-executive director of Beautiful China Holdings Company Limited (stock code: 706), with effect from 1 January 2018.

2. Mr. Feng Guoming was appointed as an Executive Director with effect from 5 January 2018.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Friday, 25 May 2018 (the "**AGM**"). The register of members of the Company will be closed from Monday, 21 May 2018 to Friday, 25 May 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer of share(s) accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 May 2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with more than 25% of the issued share of the Company as required under the Listing Rules throughout the nine months ended 31 December 2017 and up to the date of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties in their offices.

Such permitted indemnity provision has been in force throughout the year and is still in force. In addition, the Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

CORPORATE GOVERNANCE

The Board and management of the Company are committed to maintaining high standards of corporate governance. The Company has complied with all the applicable code provision as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules throughout the year under review, with the exception of a few deviations. The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

Detailed information on the Company's corporate governance principles and practices are set out in the section headed "Corporate Governance Report" of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Company is being prepared and will be published within three months after the publication of this annual report.

AUDITOR

The consolidated financial statements of the Company for the nine months ended 31 December 2017 have been audited by Baker Tilly Hong Kong Limited ("**BTHK**"), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board
Wang Jian
Chairman and Chief Executive Officer

Hong Kong, 23 March 2018

CORPORATE GOVERNANCE REPORT

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the nine months ended 31 December 2017, the Company has applied the principles of, and complied with, the applicable code provisions of the CG Code as set out in Appendix 14 of the Listing Rules, except for the following deviations:

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang Jian served as the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Wang has extensive experience in the construction and engineering industry and is responsible for the overall corporate strategies, planning and business development of the Group. Accordingly, the Board believes that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decision efficiently and consistently, and the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high caliber individuals, with majority of Non-executive Directors (including Independent Non-executive Directors);

Under code provision A.4.1, non-executive directors should be appointed for a specific term and are subject to re-election. Mr. Law Fei Shing, who is a Non-executive Director, was not appointed for specific term but is subject to retirement by rotation and re-election at annual general meeting at least once every three years in accordance with the Bye-laws of the Company; and

Under the code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings of the Company. Due to the respective business commitments, the following Directors could not attend the annual general meeting or the special meetings of the Company:

1. Mr. Liu Kam Lung, an Independent Non-executive Director, was unable to attend the special general meeting of the Company held on 29 November 2017;

2. Mr. Shin Yick Fabian, a Non-executive Director, was unable to attend the annual general meeting and the special general meeting of the Company both held on 21 July 2017; and

3. Mr. Xie Xiaobiao, an Independent Non-executive Director, was unable to attend the special general meetings of the Company held on 19 September 2017 and 29 November 2017, respectively.

Save for the above deviation, none of the Directors is aware of any information which would reasonably indicate that the Company is not, or, was not during the year in compliance with the code provisions of the CG Code as set out in Appendix 14 of the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the nine months ended 31 December 2017.

BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2017, the Board comprised of eight Directors, including three Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. The composition of the Board during the period and up to the date of this report is as follows:

Executive Directors

Mr. Wang Jian *(Chairman and Chief Executive Officer)*
Mr. Feng Guoming *(Appointed on 5 January 2018)*
Ms. Qian Pu

Non-executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-executive Directors

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

The biographical details of the Directors are set out in the section headed "Directors and Senior Management Profile". The relationships (including financial, business, family or other material or relevant relationships) among members of the Board are also disclosed therein.

Responsibilities of the Board

Apart from its statutory and fiduciary responsibilities, the Board is primarily responsible for reviewing and oversighting the financial and business performance of the Group. It is accountable for the overall strategic development of the Group with the objective to maximise shareholders' value. Material matters are reserved for the Board's considerations or decisions which include, among other things, overall strategy of the Group, business plans, annual budgets, significant capital expenditure, financial reports, dividend policy and payments, material acquisitions, disposals or investment proposals, directors' appointments, reappointments or removal, and other material transactions. The Bye-laws provide that if a director has a conflict of interest in a material matter, such director must abstain from voting and not be counted in quorum.

It has also delegated for managing and implementing the daily operations and business strategies of the Group to the Chief Executive Officer, Executive Directors and senior management of the Company. Moreover, the Board has delegated certain of its responsibilities to the Audit Committee, Remuneration Committee, Nomination Committee, Investment and Fund Raising Committee and Strategic Committee of the Company.

Independent Non-executive Directors

The Company has appointed three Independent Non-executive Directors; and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors to be independent. Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his/her independence.

Continuous Professional Development

Under code provision A.6.5 of CG Code regarding continuous professional development (the "**CPD**"), Directors should participate in CPD to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. For the nine months ended 31 December 2017, all Directors have participated in appropriate CPD activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

During the nine months ended 31 December 2017, all Directors confirmed to the Company that they had received CPD training. The participation by individual Directors in 2017 is recorded as follows:

Name of Directors	Attending seminars/ conferences or reading materials relating to the business, accounting, law, rules and regulations
Executive Directors	
Mr. Wang Jian	Yes
Mr. Feng Guoming *(Appointed on 5 January 2018)*	N/A
Ms. Qian Pu	Yes
Non-executive Directors	
Mr. Law Fei Shing	Yes
Mr. Shin Yick Fabian	Yes
Independent Non-executive Directors	
Mr. Liu Kam Lung	Yes
Mr. Xie Xiaobiao	Yes
Mr. Zheng Suijun	Yes

Director's Attendance of the Meetings

During the nine months ended 31 December 2017, Board meets regularly to review the financial and operating performance of the Group, to make important decisions and to approve future strategies. Ten Board meetings, two Audit Committee meetings, two Remuneration Committee meetings, one Nomination Committee meeting, one annual general meeting and four special general meetings were held. Attendances of these meetings by Directors are set out below:

	Meetings Attended/Held					
Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Special General Meetings
Executive Directors						
Mr. Wang Jian	9/10	N/A	N/A	N/A	1/1	4/4
Mr. Feng Guoming *(Appointed on 5 January 2018)*	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Qian Pu	10/10	N/A	2/2	1/1	1/1	4/4
Non-executive Directors						
Mr. Law Fei Shing	4/10	N/A	N/A	N/A	1/1	4/4
Mr. Shin Yick Fabian	9/10	N/A	N/A	N/A	0/1	3/4
Independent Non-executive Directors						
Mr. Liu Kam Lung	9/10	2/2	2/2	1/1	1/1	3/4
Mr. Xie Xiaobiao	9/10	2/2	2/2	1/1	1/1	2/4
Mr. Zheng Suijun	9/10	1/2	2/2	1/1	1/1	4/4

BOARD COMMITTEES

The Board has maintained five board committees (the "**Board Committees**"), Each of the Board Committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Investment and Fund Raising Committee and the Strategic Committee, is to assist in the execution of the Board's responsibilities and to oversee particular aspect of the Group's affairs. Each Board Committee is provided with sufficient resources to discharge its duties properly, and holds meetings in accordance with the Bye-laws, its specific written terms of reference and, where applicable, the proceedings of Board meeting.

Audit Committee

The Audit Committee was established on 9 November 2001. The Audit Committee comprises three members of all whom are Independent Non-executive Directors, namely:

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

The major duties of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Group, and to provide recommendation and advices to the Board on the appointment, reappointment and removal of external auditor as well as their terms of appointment. The authority and duties of the Audit Committee are set out in its specific written terms of reference. The Audit Committee has explicit authority to investigate any activity within its duties and responsibilities and the authority to obtain outside legal or other independent professional advice if it considers necessary. Full text of the terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

The Audit Committee meets at least twice a year. During the nine months ended 31 December 2017, two committee meetings were held. Attendances of the meetings have been disclosed on page 31 of this annual report.

The following is a summary of the work of the Audit Committee during the nine months ended 31 December 2017 under review:

(a) reviewed the audited results for the year ended 31 March 2017 and the unaudited interim results for the six months ended 30 September 2017;

(b) reviewed the external auditor's statutory audit plan and the letters of representation;

(c) reviewed the findings and recommendations of the internal auditor function;

(d) considered and approved the remuneration and terms of engagement for the external auditor, BTHK;

(e) reviewed the "Continuing Connected Transaction" set forth on page 19 of this annual report; and

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

The chairman of the Audit Committee will report the findings and recommendations, if any, to the Board after each meeting.

The consolidated financial statements for the nine months ended 31 December 2017 was reviewed and recommended by the Audit Committee for the Board's approval for public release.

Remuneration Committee

The Remuneration Committee was established on 23 March 2001. The Remuneration Committee comprises four members, a majority of them being Independent Non-executive Directors, namely:

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

The major duties of the Remuneration Committee are to assist the Board to develop and administer fair and transparent procedure for setting remuneration policies of the Directors (including Non-executive Directors) and senior management of the Company, and to make recommendations to the Board on the specific remuneration packages of all Directors and senior management of the Company, including benefits-in-kind, pension rights, and compensation payments. The remuneration packages of the Directors are recommended by the Remuneration Committee and determined by the Board except that no Director or any of his/her associates and senior management can determine his/her own remuneration. Director's remuneration is determined by reference to each Director's duties and responsibilities and accountability in the Group as well as the overall performance of the respective company and the Group and the prevailing market situation and competitiveness in the industry. The authority and duties of the Remuneration Committee are set out in its specific written terms of reference. Full text of the terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

The Remuneration Committee meets at least once a year. During the nine months ended 31 December 2017, two committee meeting was held. Attendances of the meetings have been disclosed on page 31 of this annual report.

The following is a summary of the work of the Remuneration Committee during the nine months ended 31 December 2017 under review:

a) Reviewed the existing remuneration packages and emolument of Directors and senior management; and

b) Considered and make recommendation to the Board relating to the remuneration of newly appointed Directors (including Executive Director and Non-executive Director) and company secretary.

Remuneration of Members of the Senior Management by Band

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

Within the band of	**Number of individuals**
Nil to HKD1,000,000	2
Total	2

Details of the remuneration of each Directors for the nine months ended 31 December 2017 are set out in note 9 to the consolidated financial statements of this annual report.

Nomination Committee

The Nomination Committee was established on 23 March 2005. The Nomination Committee comprises four members, a majority of them being Independent Non-executive Directors, namely:

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

The major duties of the Nomination Committee are to formulate a formal and transparent process for the Company in the appointment of new Directors; to identify and nominate candidates for directorship; to assess the independence of each Independent Non-executive Director and make recommendations to the Board on such appointments. The Nomination Committee also reviews the Board structure and composition by considering the benefits of all aspects of diversity, including but not limited to differences in the background, experience, knowledge, expertise and perspectives of members of the Board. The authority and duties of the Nomination Committee are set out in its specific written terms of reference. Full text of the terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

The Nomination Committee shall meet at least once a year. During the nine months ended 31 December 2017, two committee meetings were held. Attendances of the meetings have been disclosed on page 31 of this annual report.

The following is a summary of the work of the Nomination Committee during the nine months ended 31 December 2017 under review:

a) Reviewed and considered that the structure, size, diversity and composition of the Board are appropriate;

b) Assessed the independence of Independent Non-executive Directors;

c) Recommended to the Board in relation to the retirement and re-election of respective Directors at the last annual general meeting held on 21 July 2017; and

d) Recommended to the Board with in relation to the appointment of the Directors, the company secretary and authorised representative.

Investment and Fund Raising Committee

The Investment and Fund Raising Committee was established on 28 March 2017. The Investment and Fund Raising Committee comprises three members, a majority of them being Executive Directors, namely:

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

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

During the nine months ended 31 December 2017, one Investment and Fund Raising Committee meeting was held. Attendance of the members at the meeting is set out as follows:

Committee members	Meeting attended/held
Mr. Wang Jian	1/1
Ms. Qian Pu	1/1
Mr. Shin Yick Fabian	1/1

The Investment and Fund Raising Committee provided recommendation to the Board for the fund-raising activities and investment opportunities for the Company; and reviewed annual performances of property and securities investments during the period.

Strategic Committee

The Strategic Committee was established on 28 March 2017. The Strategic Committee comprises three members, a majority of them being Executive Directors, namely:

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

The Board established the Strategic Committee for the purpose of, among others, reviewing and providing recommendations to the Board for appropriate long-term development strategy of the Company and its subsidiaries.

During the nine months ended 31 December 2017, one Strategic Committee meeting was held. Attendance of the members at the meeting is set out as follows:

Committee members	Meeting attended/held
Mr. Wang Jian	1/1
Ms. Qian Pu	1/1
Mr. Shin Yick Fabian	1/1

The Strategic Committee provided recommendation to the Board for the medium-term and long-term strategic development planning for the Company; and reviewed annual performances of property and securities investments during the period.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility to prepare the financial statements for each financial period which give a true and fair view of the financial affairs of the Group. The Directors also ensure that the financial statements of the Group are prepared in accordance with statutory requirements and applicable accounting standards on a going concern basis. The Board ensures that the publication of the financial statements of the Group is in a timely manner. The Directors have also made judgments and estimates that are prudent and reasonable in the preparation of the consolidated financial statements.

The independent auditor's report, which contains the statement of the external auditor about its reporting responsibilities on the Group consolidated financial statements, is set out in the section headed "Independent Auditor's Report" of this annual report.

Risk Management and Internal Control

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

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

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

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

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and

- independently perform internal control reviews and assess effectiveness of the Group's risk management and internal control systems.

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

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

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

Auditor's Remuneration

The external auditor perform independent review or audit of the financial statements prepared by the management. BTHK has been engaged as the Company's external auditor.

For the nine months ended 31 December 2017, the fee payable to BTHK for the audit services and non-audit services amounted to approximately HKD790,000 and HKD219,000, respectively.

COMPANY SECRETARY

Ms. Chan Yok Yin was appointed as the external service provider of the company secretary of the Company on 1 August 2015 and was employed by the Group on 1 October 2016. She resigned on 16 April 2017.

Following the resignation of Ms. Chan, Mr. Sze Kat Man was appointed as the company secretary of the Company on the event date. He is currently the financial controller of the Group. The biographical details of Ms. Sze are set out the section headed "Directors and Senior Management Profile". During the nine months ended 31 December 2017, Mr. Sze has complied with Rule 3.29 of the Listing Rules for taking no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHT

1. Procedures for Convening a Special General Meeting

Pursuant to the Bye-laws, the shareholder(s) of the Company 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 have rights to require a special general meeting to be called by the Board for the transaction of any business specified in written requisition, which must be signed by the requisitionist(s). The requisition must be deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the "**Registered Office**") for the attention of the Company Secretary of the Company. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the Company's principal place of business in Hong Kong at Office Nos. 2202-03, 22/F, Tower 2 Lippo Centre, No.89 Queensway, Hong Kong (the "**Head Office**") for the attention of the Company Secretary.

2. Procedures for Putting Forward Proposals at General Meetings

Pursuant to the Companies Act 1981 of Bermuda (the "**Act**"), the Shareholders holding at the date of deposit of the requisition not less than one-twentieth of the total voting right at general meetings of the Company or not less than one hundred Shareholders may provide a written requisition to the Company stating the resolution intended to be proceeded at the general meeting. The requisition must be deposited at the Registered Office for the attention of the Company Secretary. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the Head Office for the attention of the Company Secretary.

Shareholders can also refer to the detailed requirements and procedures as set forth in the relevant sections of the Act and the Bye-laws when making any requisitions or proposals for transaction at the general meetings of the Company. For the details of requirement and procedures for convening a general meeting, putting forward the proposals and/or proposing a person for election at a general meeting are available on the Company's website.

SHAREHOLDERS' ENQUIRIES

Shareholders should direct their questions about their shareholdings to the Company's share registrars. The addresses of the Company's share registrars are set out in the section "Corporate Information" of this annual report. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also send written enquiries or requests to the Head Office or by fax to (852) 2115 1912 or by email to hk@paktak.com for the attention of the Company Secretary.

INVESTOR RELATIONS

As always, the Company provides updated information of the Group to all shareholders of the Company when it becomes available and appropriate, through the publication of interim and annual reports, circular, notices, the Bye-laws or other means in compliance with the legal and regulatory requirements. Such information has been made available on the Company's website at www.paktakintl.com

The Company acknowledges that general meetings are good communication channel with shareholders and encourages the Directors and the members of the Board Committees to attend and answer questions raised by Shareholders at the general meetings.

CONSTITUTIONAL DOCUMENT

There were no changes in the constitutional documents during the nine months ended 31 December 2017.

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

OPINION

We have audited the consolidated financial statements of Pak Tak International Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 44 to 122, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine-month period from 1 April 2017 to 31 December 2017, 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 December 2017, and of its consolidated financial performance and its consolidated cash flows for the nine-month period from 1 April 2017 to 31 December 2017 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition	
Refer to Note 2 (significant accounting policies), Note 3 (revenue) and Note 12 (segment reporting) to the consolidated financial statements.	
A significant part of the Group's revenue arises from sale of goods. The revenue recognition for sale of goods is based on the point of time when the risks and rewards attached to the underlying goods are transferred to the customer. Revenue is one of the key indicators of the Group's performance and its recognition has inherent risks of manipulation to meet certain financial targets.	Our audit procedures on revenue recognition included but not limited to the following: – Assessing the appropriateness of the Group's accounting policies for revenue recognition and assessing the compliance of those policies with HKFRSs; – Testing on a sample basis the effectiveness of the Group's monitoring controls and the correct timing of the Group's recognition of revenue; and – Performing the cut-off for sales transactions taking place before and after the period-end to ensure that revenue was recognised in the correct accounting period and assessing the accuracy of the recorded sales transactions.
Valuation of investment properties	
Refer to Note 2 (significant accounting policies) and Note 14 (investment properties) to the consolidated financial statements.	
We identified the valuation of investment properties as a key audit matter due to the key sources of estimate uncertainty and the significant assumptions and judgements associated with determining the fair value. All of the Group's investment properties are stated at fair value based on valuations carried out by independent qualified professional valuers (the "Valuers"). The valuations are dependent on the relevant property market in the People's Republic of China together with significant unobservable input that involve management's significant judgments. Details of the valuation techniques and significant unobservable inputs used in the valuations and related key sources of estimate uncertainty are set out in Notes 14 and 37 to the consolidated financial statements.	Our procedures in relation to evaluating the valuation of the investment properties included: – Evaluating the competence, capabilities and objectivity of the Valuers engaged by the management; – Obtaining an understanding of the valuation process methodologies, performance of the property market, significant assumptions and techniques adopted by the Valuers to assess if they are consistent with industry norms; and – Obtaining the valuation reports and held discussion with the management and Valuers to assess the reasonableness of the significant unobservable inputs and the accuracy of the source data adopted by the management and the Valuers by comparing them, on a sample basis, to where relevant, publicly available information of similar comparable properties, entity-specific information and market data.

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

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

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

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

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

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

The directors are responsible for the preparation of 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 are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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.

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

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

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

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

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

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

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 23 March 2018

Choi Kwong Yu
Practising Certificate number P05071

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period from 1 April 2017 to 31 December 2017

	Note	**Period from 1 April 2017 to 31 December 2017** *HKD'000*	Year ended 31 March 2017 *HKD'000* (Restated)
Continuing Operations			
Revenue	*3*	**751,469**	221,782
Other revenue	*6*	**1,629**	2,148
Other net gains/(losses)	*6*	**5,559**	(1,662)
Fair value gain on investment properties	*14*	**72,778**	–
Direct costs and operating expenses		**(727,591)**	(200,999)
Administrative expenses		**(33,387)**	(41,439)
Selling expenses		**(4,982)**	(5,962)
Profit/(loss) from operations		**65,475**	(26,132)
Finance costs	*7(a)*	**(6,598)**	(852)
Profit/(loss) before taxation	*7*	**58,877**	(26,984)
Income tax expense	*8*	**(20,788)**	(70)
Profit/(loss) from continuing operations		**38,089**	(27,054)
Discontinued operations			
Loss for the period/year from discontinued operations	*5(a)*	**(7,581)**	(2,102)
Profit/(loss) for the period/year		**30,508**	(29,156)
Attributable to equity shareholders of the Company:			
– from continuing operations		**38,089**	(27,054)
– from discontinued operations	*5(a)*	**1,114**	(1,865)
		39,203	(28,919)
Attributable to non-controlling interests:			
– from continuing operations		**–**	–
– from discontinued operations	*5(a)*	**(8,695)**	(237)
		(8,695)	(237)
		30,508	(29,156)
		HK cents	*HK cents*
Earnings/(loss) per share	*11*		
From continuing and discontinued operations			
– Basic and diluted		**2.19**	(2.04)
From continuing operations			
– Basic and diluted		**2.13**	(1.91)

The notes on pages 51 to 122 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 April 2017 to 31 December 2017

	Period from 1 April 2017 to 31 December 2017 *HKD'000*	Year ended 31 March 2017 *HKD'000* (Restated)
Profit/(loss) for the period/year	**30,508**	(29,156)
Other comprehensive income/(loss) for the period/year:		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**17,158**	(3,601)
Total comprehensive income/(loss) for the period/year	**47,666**	(32,757)
Attributable to:		
Equity shareholders of the Company	**56,518**	(32,233)
Non-controlling interests	**(8,852)**	(524)
	47,666	(32,757)

The notes on pages 51 to 122 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	At 31 December 2017 HKD'000	At 31 March 2017 HKD'000
Non-current assets			
Property, plant and equipment	13	**19,137**	42,879
Investment properties	14	**191,677**	–
Goodwill	15	**–**	14,518
Capitalised development costs	16	**–**	7,721
Deposits paid for acquisition of property, plant and equipment		**–**	118,790
Finance lease receivables	17	**43,210**	33,668
Deferred tax assets	27(a)	**–**	5,651
		254,024	223,227
Current assets			
Inventories	19	**26,952**	41,019
Trade and bills receivables	20	**40,242**	11,855
Loan receivables	21	**60,451**	45,301
Current portion of finance lease receivables	17	**29,845**	15,602
Other receivables, prepayments and deposits		**19,954**	7,952
Held for trading investments	22	**26,329**	–
Cash and cash equivalents	23(a)	**535,822**	114,872
		739,595	236,601
Assets classified as held for sale	18	**33,000**	–
		772,595	236,601
Current liabilities			
Trade payables	24	**26,646**	24,205
Other payables and accrued charges	25	**29,368**	45,708
Borrowings and overdraft	26	**336,762**	119,440
Tax payable		**1,081**	12
		393,857	189,365
Net current assets		**378,738**	47,236
Total assets less current liabilities		**632,762**	270,463

At 31 December 2017

	Note	At 31 December 2017 HKD'000	At 31 March 2017 HKD'000
Non-current liabilities			
Borrowings	26	**89,382**	53,867
Deferred tax liabilities	27(a)	**14,397**	–
Provision and other accrued charges	28	**14,841**	14,477
		118,620	68,344
NET ASSETS		**514,142**	202,119
CAPITAL AND RESERVES			
Share capital	29(c)	**58,000**	28,300
Reserves		**456,142**	78,798
Equity attributable to equity shareholders of the Company		**514,142**	107,098
Non-controlling interests		**–**	95,021
TOTAL EQUITY		**514,142**	202,119

Approved and authorised for issue by the board of directors on 23 March 2018

Feng Guoming
DIRECTOR

Qian Pu
DIRECTOR

The notes on pages 51 to 122 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 April 2017 to 31 December 2017

		Attributable to equity shareholders of the Company							
	Note	Share capital HKD'000	Share premium HKD'000	Warrant reserve HKD'000	Exchange reserve HKD'000	Retained profits HKD'000	Sub-total HKD'000	Non–controlling Interests HKD'000	Total equity HKD'000
At 1 April 2016		28,300	41,308	5,490	(1,891)	66,124	139,331	–	139,331
Changes in equity for the year ended 31 March 2017:									
Loss for the year		–	–	–	–	(28,919)	(28,919)	(237)	(29,156)
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		–	–	–	(3,314)	–	(3,314)	(287)	(3,601)
Total comprehensive loss for the year		–	–	–	(3,314)	(28,919)	(32,233)	(524)	(32,757)
Acquisition of subsidiaries	4(b)	–	–	–	–	–	–	95,545	95,545
At 31 March 2017		28,300	41,308	5,490	(5,205)	37,205	107,098	95,021	202,119
At 1 April 2017		28,300	41,308	5,490	(5,205)	37,205	107,098	95,021	202,119
Changes in equity for the period from 1 April 2017 to 31 December 2017:									
Profit/(loss) for the period		–	–	–	–	39,203	39,203	(8,695)	30,508
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		–	–	–	17,315	–	17,315	(157)	17,158
Total comprehensive income/(loss) for the period		–	–	–	17,315	39,203	56,518	(8,852)	47,666
Issue of shares	29(c)	29,700	320,826	–	–	–	350,526	–	350,526
Disposal of subsidiaries	5(c)	–	–	–	(4,789)	4,789	–	(86,169)	(86,169)
At 31 December 2017		58,000	362,134	5,490	7,321	81,197	514,142	–	514,142

The notes on pages 51 to 122 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 April 2017 to 31 December 2017

	Note	Period from 1 April 2017 to 31 December 2017 HKD'000	Year ended 31 March 2017 HKD'000 (Restated)
Operating activities			
Profit/(loss) before taxation from continuing operations		**58,877**	(26,984)
Loss before taxation from discontinuing operations		**(7,542)**	(2,090)
Adjustments for:			
– Other interest income		**(502)**	(193)
– Net gain on disposal of property, plant and equipment		**1,484**	(12)
– Written off of capitalised development costs	*16*	**136**	–
– Fair value changes of held for trading investments	*6*	**(6,842)**	–
– Fair value gain on investment properties	*14*	**(72,778)**	–
– Gain on disposal of subsidiaries	*5(c)*	**(10,497)**	–
– Finance costs		**8,849**	1,333
– Depreciation on property, plant and equipment		**7,408**	8,524
– Exchange realignment		**6,637**	(2,789)
– Impairment loss on trade and bills receivables	*7(c)*	**–**	1,312
Operating loss before changes in working capital		**(14,770)**	(20,899)
Decrease/(increase) in inventories		**14,067**	(12,035)
(Increase)/decrease in trade and bills receivables		**(31,114)**	5,341
Decrease/(increase) in finance lease receivables		**20,458**	(49,270)
Increase in loan receivables		**(15,150)**	(45,301)
(Increase)/decrease in other receivables, prepayments and deposits		**(16,428)**	67,708
Increase in held for trading investments		**(19,487)**	–
Increase in trade payables		**1,205**	15,729
Decrease in other payables and accrued charges		**(4,426)**	(14,185)
Increase/(decrease) in provision and other accrued charges		**364**	(591)
Cash used in operations		**(65,281)**	(53,503)
Tax paid:			
– PRC tax paid		**(24)**	–
Other interest received		**502**	193
Net cash used in operating activities		**(64,803)**	(53,310)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 April 2017 to 31 December 2017

	Note	**Period from 1 April 2017 to 31 December 2017** ***HKD'000***	Year ended 31 March 2017 *HKD'000* (Restated)
Investing activities			
Net cash outflow arising on acquisition of subsidiaries	*4(b)*	**–**	(92,646)
Net cash outflow arising on disposal of subsidiaries	*5(c)*	**(17,019)**	–
Payment for deposits for purchase of property, plant and equipment		**–**	(34,314)
Purchase of property, plant and equipment		**(2,891)**	(3,872)
Expenditure on capitalised development costs		**(1,533)**	–
Acquisition of investment properties		**(113,895)**	–
Net cash outflow arising on acquisition of a subsidiary	*4(c)*	**(33,000)**	–
Proceeds from disposal of property, plant and equipment		**179**	14
Net cash used in investing activities		**(168,159)**	(130,818)
Financing activities			
(Repayment to)/advance from a shareholder	*23(b)*	**(20,000)**	20,000
Proceeds from new loans	*23(b)*	**469,113**	188,788
Repayment of loans	*23(b)*	**(144,843)**	(65,002)
Issuance of new shares		**350,526**	–
Interest paid		**(4,127)**	(1,333)
Net cash generated from financing activities		**650,669**	142,453
Net increase/(decrease) in cash and cash equivalents		**417,707**	(41,675)
Cash and cash equivalents at beginning of period/year		**93,381**	134,655
Effect of foreign exchange rate changes		**4,940**	401
Cash and cash equivalents at end of period/year	*23*	**516,028**	93,381

The notes on pages 51 to 122 form part of the consolidated financial statements.

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. On 24 April 2017, the principal office in Hong Kong was changed from Unit 1807, 18th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong to Office Nos 2 and 3, 22nd Floor, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture of and trading in garments, money lending, leasing business, property investment, securities investment and general trading.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

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

(b) Change in financial year end date

Pursuant to the resolution of the Board of Directors of the Company dated 6 December 2017, the Company's financial year end date has been changed from 31 March to 31 December.

The change is to align with the financial year end date of the Company with that of its subsidiaries established in the People's Republic of China (the "PRC"), the financial results of which are consolidated into its consolidated financial statements each year, and their financial statements are statutorily required to use 31 December as the financial year end.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

– investment properties (see Note 2(i)); and

– financial instruments classified as held for trading investments (see Note 2(g)).

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 37.

(d) Changes in accounting policies

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

- Amendments to HKAS 7, Disclosure Initiative

- Amendments to HKAS 12, Recognition of Deferred Tax Assets for Unrealised losses

- Amendments to HKFRSs, Annual Improvements to HKFRSs 2014-2016 Cycle

The adoption of the above amendments to HKFRSs in the current period has no material impact on the Group's financial performance and positions for the current period and prior years set out in these consolidated financial statements. However, additional disclosure has been included in Note 23(b) to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, Statement of cash flows: Disclosure initiative, which require entities 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 flows changes.

The Group has not applied any new or amended HKFRSs that is not yet effective for the current accounting period (see Note 40).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Subsidiaries and non-controlling interests

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

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

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see Note 2(l)(ii)).

(f) Goodwill

Goodwill represents the excess of

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

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

Investment in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments.

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

When the investments are derecognised or impaired (see Note 2(l)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investment or they expire.

(h) Research and developments costs

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

- demonstration of technical feasibility of the prospective product for internal use of sale;
- there is intention to complete the intangible asset and use or sell the asset;
- the Company's ability to use or sell the intangible asset is demonstrated;
- the intangible asset will generate probable economic benefits through internal use or sale;
- sufficient technical, financial and other resources are available for completion; and
- the expenditure attributable to the intangible asset can be reliably measured.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Research and developments costs *(Continued)*

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

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

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

Investment properties are stated at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(u)(v).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis.

(j) Property, plant and equipment

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Leases

(a) Where the Group is the lessor

Finance lease

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

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

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

Operating lease

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms.

(b) Where the Group is the lessee

Operating lease charges

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets

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

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

– significant financial difficulty of the debtor;

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

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

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

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

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

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

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

If any such evidence exists, any impairment loss is determined and recognised as follows: *(Continued)*

– *(Continued)*

For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

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

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

(ii) Impairment of other assets

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

– property, plant and equipment;
– capitalised development costs;
– goodwill; and
– investments in subsidiaries in the Company’s statement of financial position

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

– Calculation of recoverable amount

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

(m) Inventories

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

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

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

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

(n) Trade and other receivables

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Interest-bearing borrowings

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

(p) Trade and other payables

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

(q) Cash and cash equivalents

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

(r) Employee benefits

(i) Employee benefits entitlements

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

(ii) Long service payments

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

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

(iii) Pension obligations

The Group operates a mandatory provident fund scheme in Hong Kong and defined contribution government pension schemes in the PRC.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Employee benefits *(Continued)*

(iii) Pension obligations (Continued)

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

(s) Income tax

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Income tax *(Continued)*

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

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

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

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

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

    – the same taxable entity; or

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

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(i) Financial guarantees issued (Continued)

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

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

(ii) Provisions and contingent liabilities

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

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

(u) Revenue recognition

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

(i) Sales of goods

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

(ii) Sub-contracting income

Sub-contracting income is recognised when services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Revenue recognition *(Continued)*

(iii) Interest income

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

(iv) Finance lease income

The income under finance lease is recognised in the consolidated statement of profit or loss using the effective interest rate implicit in the lease over the terms of the lease. Contingent rent is recognised as income in the period in which it is earned.

(v) Rental income

Rental income is recognised in profit or loss in equal instalments over the periods covered by the lease term.

(vi) Gains on disposals of held for trading investments

Gains or losses on disposals of held for trading investments are recognised on a trade date basis.

(vii) Consultancy fee income

Consultancy fee income is recognised when services are rendered.

(v) Translation of foreign currencies

Foreign currency transactions during the period/year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Borrowing costs

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

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

(x) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset is available for sale in its present condition.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below) are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

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

Classification as a discontinued operation occurs upon disposal.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

3. REVENUE

Revenue represents the amounts received and receivable for goods sold, interest income from money lending business, finance lease income from leasing business, rental income from property investment business, gains on disposals of held for trading investments, consultancy fee income and income from sub-contracting services provided to outside customers during the period/year, net of discounts and related value added tax or other taxes, and is analysed as follows:

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
	HKD'000	*HKD'000*
Sales of goods	**734,008**	217,973
Loan interest income	**2,880**	2,401
Finance lease income	**4,180**	665
Rental income	**1,443**	–
Gains on disposals of held for trading investments	**8,520**	–
Consultancy fee income	**237**	–
Sub-contracting income	**201**	743
	751,469	221,782

4. BUSINESS COMBINATIONS

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

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

Net assets of 泰和昱通 acquired:

	HKD'000
Cash and cash equivalents	40,464

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

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

4. BUSINESS COMBINATIONS *(Continued)*

(b) Acquisition of a subsidiary

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

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

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

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

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

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

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

4. BUSINESS COMBINATIONS *(Continued)*

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

On 31 August 2017, Golden Flourish International Limited, the direct wholly-owned subsidiary of the Company, has completed the acquisition of the 100% equity interest in Hua Tong Investment Holding Limited (formerly known as Gallant Tech (i-manufacturing) Limited) ("HTI"), at a cash consideration of HKD33,000,000 from an independent third party vendor. The directors of the Company are of the opinion that the acquisition of HTI is in substance an asset acquisition instead of a business combination, as the net assets of the HTI were mainly available-for-sale financial assets.

Net assets of HTI acquired:

	HKD'000
Available-for-sale financial assets	33,000

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

	HKD'000
Consideration paid in cash	(33,000)
Less: Cash and cash equivalents acquired	–
Net cash outflow from acquisition of a subsidiary as assets acquisition	(33,000)

5. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

On 1 August 2017, the Group entered into an equity transfer agreement (the "Equity Transfer Agreement") with the purchaser pursuant to which the Group has conditionally agreed to dispose of the entire equity interest in Shenzhen Taihe Yutong New Energy Technology Company Limited and its subsidiaries (the "Taihe Group") involving in new energy development business for a cash consideration of RMB38,000,000 (equivalent to HKD44,600,600) to the purchaser (the "Disposal"). Completion of the Disposal under the Equity Transfer Agreement took place on 26 September 2017 on which date control of the Taihe Group was passed to the purchaser. After the completion of the Disposal, the Taihe Group ceased to be subsidiaries of the Company and the assets, liabilities and financial results of the Taihe Group are no longer consolidated in the consolidated financial statements of the Group. Details of the Disposal was set out in the announcement of the Company dated 1 August 2017.

The results from the discontinued new energy development business for the current and proceeding period/year are analysed below.

5. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Results of discontinued operations

	Period from 1 April 2017 to 26 September 2017	Year ended 31 March 2017
	HKD'000	*HKD'000*
Revenue	**–**	–
Cost of sales	**–**	–
	–	–
Other revenue	**167**	103
Other net gains	**10,497**	–
Research and development costs	**(2,808)**	(474)
Administrative expenses	**(13,147)**	(1,238)
Loss from operations	**(5,291)**	(1,609)
Finance costs	**(2,251)**	(481)
Loss before taxation	**(7,542)**	(2,090)
Income tax expense	**(39)**	(12)
Loss for the period/year from discontinued operations	**(7,581)**	(2,102)
Attributable to:		
Equity shareholders of the Company	**1,114**	(1,865)
Non-controlling interests	**(8,695)**	(237)
	(7,581)	(2,102)

5. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) The net cash flows incurred by discontinued operations

	Period from 1 April 2017 to 26 September 2017	Year ended 31 March 2017
	HKD'000	*HKD'000*
Net cash (used in)/generated from operating activities	**(5,585)**	6,475
Net cash used in investing activities	**(804)**	(93,419)
Net cash generated from financing activities	**–**	114,187
Net cash (outflows)/inflows	**(6,389)**	27,243

(c) Disposal of subsidiaries

The net assets of those disposed subsidiaries at the date of disposal were as follows:

	HKD'000
Net assets disposed of:	
Property, plant and equipment	22,973
Goodwill	14,518
Deposits paid for acquisition of property, plant and equipment	80,769
Capitalised development costs	9,450
Other receivables, prepayments and deposits	4,944
Amount due from a fellow subsidiary	2,354
Cash and cash equivalents	61,620
Other payables and accrued charges	(19,978)
Borrowings	(56,338)
Tax payable	(39)
	120,273
Non-controlling interests	(86,169)
Net assets	34,104
Consideration received:	
Cash received	44,601
Less: net assets disposed of	(34,104)
Gain on disposal of subsidiaries	10,497
Outflow of cash arising from disposal of subsidiaries:	
Consideration received in cash	44,601
Cash and cash equivalents in subsidiaries disposed of	(61,620)
Net cash outflows from disposal of subsidiaries	(17,019)

6. OTHER REVENUE AND OTHER NET GAINS/(LOSSES)

	Period from 1 April 2017 to 31 December 2017 *HKD'000*	Year ended 31 March 2017 *HKD'000* (Restated)
Other revenue		
Discount received	**211**	258
Interest income	**335**	90
Reimbursement income	**555**	682
Sales of scrap and unused raw materials	**35**	153
Sundry	**493**	965
	1,629	2,148
Other net gains/(losses)		
Exchange loss, net	**(1,462)**	(1,674)
Gain on disposal of property, plant and equipment	**179**	12
Fair value changes of held for trading investments	**6,842**	–
	5,559	(1,662)

7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived after charging:

		Period from 1 April 2017 to 31 December 2017 *HKD'000*	Year ended 31 March 2017 *HKD'000* (Restated)
(a)	**Finance costs:**		
	Interest on borrowings and overdraft	**6,598**	852
(b)	**Staff costs:**		
	Salaries, wages and allowances	**33,682**	61,612
	Contributions to defined contribution retirement plans	**2,994**	2,321
	Staff welfare and benefits	**669**	218
		37,345	64,151
(c)	**Other items:**		
	Auditors' remuneration	**1,009**	900
	Cost of inventories sold *	**727,591**	200,999
	Depreciation on property, plant and equipment	**5,153**	8,352
	Legal and professional fees	**2,350**	3,211
	Impairment loss on trade and bills receivables	**–**	1,312
	Operating lease charges: minimum lease payments – properties rentals	**5,829**	7,103

* Cost of inventories includes HKD24,138,000 (year ended 31 March 2017: HKD50,176,000) relating to staff costs, depreciation and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these types of expenses.

8. INCOME TAX EXPENSE

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

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
	HKD'000	*HKD'000* (Restated)
Current tax		
– Hong Kong	**1,092**	–
Deferred tax *(Note 27(a))*		
– Hong Kong	**1,144**	–
– The PRC	**18,552**	70
	19,696	70
Income tax expense	**20,788**	70

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period from 1 April 2017 to 31 December 2017. No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2017 as the subsidiaries in the Group either do not have assessable profits or have agreed tax losses brought forward in excess of any estimated assessable profits.

The subsidiaries in the PRC are subject to a tax rate of 25% (year ended 31 March 2017: 25%). No provision for income tax has been made by the Group's subsidiaries for both years as they either do not have assessable profits or have agreed tax losses brought forward in excess of any estimated assessable profits.

8. INCOME TAX EXPENSE *(Continued)*

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

	Period from 1 April 2017 to 31 December 2017 *HKD'000*	Year ended 31 March 2017 *HKD'000* (Restated)
Profit/(loss) before taxation	**58,877**	(26,984)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in jurisdictions concerned	**16,575**	(4,655)
Tax effect of expenses not deductible for tax purposes	**730**	97
Tax effect of income not taxable	**(8)**	(66)
Tax effect of utilisation of tax losses previously not recognised	**(126)**	–
Tax effect of tax losses not recognised	**3,973**	5,353
Others	**(356)**	(659)
Actual tax expense	**20,788**	70

9. DIRECTORS' EMOLUMENTS

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

	Directors' fees		Salaries, allowances and benefits in kind		Retirement scheme contributions		Total	
	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017	**Period from 1 April 2017 to 31 December 2017**	Year ended 31 March 2017	**Period from 1 April 2017 to 31 December 2017**	Year ended 31 March 2017	**Period from 1 April 2017 to 31 December 2017**	Year ended 31 March 2017
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*	***HKD'000***	*HKD'000*
Chan Sun Kwong *(resigned on 31 August 2016)*	**–**	50	**–**	–	**–**	–	**–**	50
Cheung Chi Mang *(resigned on 8 September 2016)*	**–**	–	**–**	881	**–**	9	**–**	890
Chong Ka Yee (appointed on 4 February 2016 and resigned on 22 August 2016)	**–**	–	**–**	94	**–**	5	**–**	99
Ko Kin Chung *(resigned on 30 November 2016)*	**–**	–	**–**	360	**–**	12	**–**	372
Law Fei Shing	**–**	–	**670**	871	**13**	18	**683**	889
Liu Kam Lung	**198**	190	**–**	–	**–**	–	**198**	190
Qian Pu *(appointed on 8 September 2016)*	**–**	–	**330**	232	**14**	10	**344**	242
Shang Yong *(appointed on 4 February 2016 and retired on 3 February 2017)*	**–**	–	**–**	300	**–**	15	**–**	315
Shin Yick, Fabian *(appointed on 9 February 2017)*	**–**	–	**297**	51	**13**	3	**310**	54
Wang Jian *(appointed on 23 August 2016)*	**–**	–	**660**	499	**14**	11	**674**	510
Wu Shiming *(resigned on 31 August 2016)*	**–**	50	**–**	–	**–**	–	**–**	50
Xie Xiaobiao *(appointed on 31 August 2016)*	**198**	140	**–**	–	**–**	–	**198**	140
Zheng Suijun *(appointed on 31 August 2016)*	**198**	140	**–**	–	**–**	–	**198**	140
Feng Guoming *(appointed on 5 January 2018)*	**–**	–	**–**	–	**–**	–	**–**	–
	594	570	**1,957**	3,288	**54**	83	**2,605**	3,941

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (year ended 31 March 2017: two) are directors whose emoluments are disclosed in Note 9. The aggregate of the emoluments in respect of the other three (year ended 31 March 2017: three) individuals are as follows:

	Period from 1 April 2017 to 31 December 2017 *HKD'000*	Year ended 31 March 2017 *HKD'000*
Salaries and other emoluments	**1,947**	2,761
Retirement scheme contributions	**40**	54
	1,987	2,815

The emoluments of the three (year ended 31 March 2017: three) individuals with the highest emoluments are within the following bands:

	No. of individuals	
	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
HKDNil – HKD1,000,000	**3**	3

11. EARNINGS/(LOSS) PER SHARE

The diluted earnings/(loss) per share for the period from 1 April 2017 to 31 December 2017 and year ended 31 March 2017 was same as the basic earnings/(loss) per share. The computation of diluted earnings/(loss) per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of the shares for the period from 1 April 2017 to 31 December 2017 and year ended 31 March 2017.

11. EARNINGS/(LOSS) PER SHARE *(Continued)*

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the period/year.

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
	HKD'000	*HKD'000*
		(Restated)
Earnings/(loss)		
Profit/(loss) attributable to equity shareholders of the Company		
– From continued operations	**38,089**	(27,054)
– From discontinued operations	**1,114**	(1,865)
	39,203	(28,919)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares in issue	**1,789,399**	1,415,000

Basic earnings/(loss) per share are the same as diluted earnings/(loss) per share as the Company has no dilutive potential shares.

12. SEGMENT REPORTING

The chief operating decision-maker ("CODM") has been identified as the executive directors of the Company. The CODM reviews the Group's internal reporting for purpose of allocating resources to, and assessing the performance of, the Group's various businesses.

The Group is organised into business units based on their products and services and has seven reportable operating segments under HKFRS 8 Operating Segments which were as follows:

(i) Manufacturing and trading of garment;

(ii) Money lending business;

(iii) Leasing business;

(iv) General trading;

(v) New energy development;

(vi) Property investment; and

(vii) Securities investment

After the Disposal as described in Note 5, the new energy development business was discontinued.

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

12. SEGMENT REPORTING *(Continued)*

(a) Operating segment

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

Period from 1 April 2017 to 31 December 2017	Continuing operations							Discontinued operations	
	Manufacturing and trading of garment *HKD'000*	Money lending business *HKD'000*	Securities investment *HKD'000*	Leasing business *HKD'000*	General trading *HKD'000*	Property investment *HKD'000*	Subtotal *HKD'000*	New energy development *HKD'000*	Total *HKD'000*
Revenue from external customers	**191,401**	**2,880**	**8,520**	**4,417**	**542,808**	**1,443**	**751,469**	**–**	**751,469**
Segment result	**(14,672)**	**580**	**13,062**	**1,430**	**(214)**	**73,670**	**73,856**	**(5,458)**	**68,398**
Reconciliation:									
Interest income									**502**
Unallocated gains									**5**
Corporate and other unallocated expenses									**(7,438)**
Finance costs									**(8,849)**
Other net losses									**(1,283)**
Profit before taxation									**51,335**
Income tax expense									**(20,827)**
Profit for the period									**30,508**

Year ended 31 March 2017	Continuing operations							Discontinued operations	
	Manufacturing and trading of garment *HKD'000*	Money lending business *HKD'000*	Securities investment *HKD'000*	Leasing business *HKD'000*	General trading *HKD'000*	Property investment *HKD'000*	Subtotal *HKD'000*	New energy development *HKD'000*	Total *HKD'000*
Revenue from external customers	218,716	2,401	–	665	–	–	221,782	–	221,782
Segment result	(10,034)	(3,525)	–	47	–	–	(13,512)	(1,711)	(15,223)
Reconciliation:									
Interest income									193
Unallocated gains									965
Corporate and other unallocated expenses									(12,014)
Finance costs									(1,333)
Other net losses									(1,662)
Loss before taxation									(29,074)
Income tax expense									(82)
Loss for the year									(29,156)

12. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

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

At 31 December 2017	Continuing operations							Discontinued operations	
	Manufacturing and trading of garment	Money lending business	Securities investment	Leasing business	General trading	Property investment	Subtotal	New energy development	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Segment assets	82,551	109,536	35,434	453,580	38,122	198,838	918,061	–	918,061
Reconciliation:									
Corporate and other unallocated assets									108,558
Total assets									1,026,619
Segment liabilities	100,412	719	–	322,361	13,670	58,824	495,986	–	495,986
Reconciliation:									
Deferred tax liabilities									14,397
Corporate and other unallocated liabilities									2,094
Total liabilities									512,477

At 31 March 2017	Continuing operations							Discontinued operations	
	Manufacturing and trading of garment	Money lending business	Securities investment	Leasing business	General trading	Property investment	Subtotal	New energy development	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Segment assets	66,299	68,285	–	88,211	17,328	–	240,123	203,215	443,338
Reconciliation:									
Deferred tax assets									5,651
Corporate and other unallocated assets									10,839
Total assets									459,828
Segment liabilities	73,092	1	–	71,330	17,328	–	161,751	71,523	233,274
Reconciliation:									
Corporate and other unallocated liabilities									24,435
Total liabilities									257,709

12. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

The following is an analysis of the Group's other segment information by reportable segments:

Period from 1 April 2017 to 31 December 2017	Continuing operations: Manufacturing and trading of garment HKD'000	Continuing operations: Money lending business HKD'000	Continuing operations: Securities investment HKD'000	Continuing operations: Leasing business HKD'000	Continuing operations: General trading HKD'000	Continuing operations: Property investment HKD'000	Continuing operations: Subtotal HKD'000	Discontinued operations: New energy development HKD'000	Total HKD'000
Other information									
Additions to non-current segment assets	5,928	23	–	69	3	113,895	119,918	900	120,818
Unallocated expenditure									–
									120,818
Depreciation	4,535	67	–	22	–	–	4,624	2,255	6,879
Unallocated depreciation									529
									7,408
Impairment loss on trade and bills receivables	–	–	–	–	–	–	–	–	–

Year ended 31 March 2017	Continuing operations: Manufacturing and trading of garment HKD'000	Continuing operations: Money lending business HKD'000	Continuing operations: Securities investment HKD'000	Continuing operations: Leasing business HKD'000	Continuing operations: General trading HKD'000	Continuing operations: Property investment HKD'000	Continuing operations: Subtotal HKD'000	Discontinued operations: New energy development HKD'000	Total HKD'000
Other information									
Additions to non-current segment assets	1,487	14	–	42	–	–	1,543	1,763	3,306
Unallocated expenditure									566
									3,872
Depreciation	6,428	641	–	–	–	–	7,069	172	7,241
Unallocated depreciation									1,283
									8,524
Impairment loss on trade and bills receivables	1,312	–	–	–	–	–	–	–	1,312

12. SEGMENT REPORTING *(Continued)*

(b) Geographical information

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

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
	HKD'000	*HKD'000*
United States of America ("USA")	**146,143**	178,559
Europe	**23,163**	13,892
Asia	**578,075**	24,123
Others	**4,088**	5,208
	751,469	221,782

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

	At 31 December 2017	At 31 March 2017
	HKD'000	*HKD'000* (Restated)
The PRC	**205,743**	47,894
Hong Kong	**5,071**	5,188
	210,814	53,082

(c) Major customers

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

	Period from 1 April 2017 to 31 December 2017	Year ended 31 March 2017
	HKD'000	*HKD'000*
Customer A	**198,757**	–
Customer B	**89,295**	–
Customer C[1]	**–**	55,467
Customer D[1]	**–**	42,853
Customer E[1]	**–**	41,582
Customer F[1]	**–**	35,496
Customer G[1]	**–**	25,111

[1] Revenue from customers for the period from 1 April 2017 to 31 December 2017 was contributed less than 10% of the total revenue of the Group.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Construction in progress HKD'000	Total HKD'000
Cost						
At 1 April 2016	4,760	178,878	9,550	9,224	–	202,412
Exchange realignment	(300)	(1,599)	(82)	(8)	–	(1,989)
Additions	97	1,273	191	574	1,737	3,872
Disposals	–	(966)	(217)	(102)	–	(1,285)
Acquisition of subsidiaries *(Note 4(b))*	17,495	3,222	3,445	146	35	24,343
At 31 March 2017	22,052	180,808	12,887	9,834	1,772	227,353
At 1 April 2017	22,052	180,808	12,887	9,834	1,772	227,353
Exchange realignment	1,035	1,964	250	23	86	3,358
Additions	–	4,010	584	1,444	885	6,923
Disposals	–	(4,975)	(1,803)	(389)	–	(7,167)
Disposals of subsidiaries *(Note 5(c))*	(20,530)	(919)	(4,049)	(171)	(2,743)	(28,412)
At 31 December 2017	2,557	180,888	7,869	10,741	–	202,055
Accumulated depreciation and impairment						
At 1 April 2016	2,505	163,335	8,526	3,314	–	177,680
Exchange realignment	(132)	(287)	(28)	–	–	(447)
Provided for the year	1,314	5,311	360	1,539	–	8,524
Eliminated on disposals	–	(966)	(215)	(102)	–	(1,283)
At 31 March 2017	3,687	167,393	8,643	4,751	–	184,474
At 1 April 2017	3,687	167,393	8,643	4,751	–	184,474
Exchange realignment	572	703	73	4	–	1,352
Provided for the period	2,125	3,297	634	1,352	–	7,408
Eliminated on disposals	–	(2,708)	(1,780)	(389)	–	(4,877)
Disposals of subsidiaries *(Note 5(c))*	(4,355)	(72)	(969)	(43)	–	(5,439)
At 31 December 2017	2,029	168,613	6,601	5,675	–	182,918
Carrying amount						
At 31 December 2017	528	12,275	1,268	5,066	–	19,137
At 31 March 2017	18,365	13,415	4,244	5,083	1,772	42,879

14. INVESTMENT PROPERTIES

	At 31 December 2017	At 31 March 2017
	HKD'000	*HKD'000*
At the beginning of the period/year	**–**	–
Additions	**113,895**	–
Exchange realignment	**5,004**	–
Fair value gain	**72,778**	–
At the end of the period/year	**191,677**	–

The investment properties are situated in the PRC and are held under a medium-term lease.

At 31 December 2017, the Group's investment properties with an aggregate carrying amount of HKD191,677,000, were pledged to bank loans granted to the Group (Note 26(a)).

(a) Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in valuation technique as follows:

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

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

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

The fair value of the Group's investment properties at 31 December 2017 has been arrived at on the basis of valuation by 深圳市遂興房地產評估有限公司, an independent qualified professional valuer not connected with the Group.

The valuation of the Group's investment properties at 31 December 2017 is derived by recent comparable sales transactions in the relevant property market in the PRC together with unobservable inputs and are therefore grouped into Level 3 of fair value measurement. During the reporting period, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

14. INVESTMENT PROPERTIES *(Continued)*

(a) Fair value measurement of the Group's investment properties *(Continued)*

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

	At 31 December 2017 ***HKD'000***	At 31 March 2017 *HKD'000*
At the beginning of the period/year	**–**	–
Additions	**113,895**	–
Exchange realignment	**5,004**	–
Fair value adjustment	**72,778**	–
At the end of the period/year	**191,677**	–

(b) Assets leased out under operating leases

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased every 2 to 5 years to reflect market rentals. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

Total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 31 December 2017 ***HKD'000***	At 31 March 2017 *HKD'000*
Within 1 year	**4,328**	–
After 1 year but within 5 years	**15,868**	–
	20,196	–

15. GOODWILL

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

	At 31 December 2017	At 31 March 2017
	HKD'000	*HKD'000*
Cost		
At the beginning of the period/year	**14,518**	–
Acquisition of a subsidiary *(Note 4(b))*	**–**	14,518
Disposal of subsidiaries *(Note 5(c))*	**(14,518)**	–
Carrying amount		
At the end of the period/year	**–**	14,518

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

	At 31 December 2017	At 31 March 2017
	HKD'000	*HKD'000*
New energy development	**–**	14,518

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

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

16. CAPITALISED DEVELOPMENT COSTS

	At 31 December 2017 *HKD'000*	At 31 March 2017 *HKD'000*
Cost		
At the beginning of the period/year	**7,721**	–
Acquisition of a subsidiary *(Note 4(b))*	**–**	7,083
Additions	**1,533**	659
Written off	**(136)**	–
Disposal of subsidiaries *(Note 5(c))*	**(9,450)**	–
Exchange realignment	**332**	(21)
At the end of the period/year	**–**	7,721
Accumulated depreciation		
At the beginning and the end of the period/year	**–**	–
Carrying amount		
At the end of the period/year	**–**	7,721

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

17. FINANCE LEASE RECEIVABLES

	At 31 December 2017 *HKD'000*	At 31 March 2017 *HKD'000*
Non-current finance lease receivables	**43,210**	33,668
Current finance lease receivables	**29,845**	15,602
	73,055	49,270

17. FINANCE LEASE RECEIVABLES *(Continued)*

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

	Minimum lease payments receivable		**Present value of minimum lease payments**	
	At 31 December 2017	At 31 March 2017	**At 31 December 2017**	At 31 March 2017
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*
Within one year	**34,767**	19,049	**29,845**	15,602
Later than one year and not later than five years	**45,230**	36,103	**43,210**	33,668
	79,997	55,152	**73,055**	49,270
Unearned interest income	**(6,942)**	(5,882)	**–**	–
Present value of minimum lease payments receivable	**73,055**	49,270	**73,055**	49,270

Certain motor vehicles are leased out under finance leases. The terms of finance leases are 36 months (31 March 2017: 36 months). The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 8% (31 March 2017: 8%) per annum.

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

18. ASSETS CLASSIFIED AS HELD FOR SALE

	At 31 December 2017	At 31 March 2017
	HKD'000	*HKD'000*
Non-current assets held for sale		
Available-for-sale financial assets	**33,000**	–

In December 2017, the directors decided to sell the 10.66% equity investment in CVP Financial Holdings Limited, a private entity established in the British Virgin Islands. The assets, which were sold on 28 February 2018, have classified as assets held for sale and are presented separately in the consolidated statement of financial position. The net proceeds of disposal exceeded the net carrying amount of the relevant assets and accordingly, and therefore no impairment loss has been recognised.

19. INVENTORIES

	At 31 December 2017	At 31 March 2017
	HKD'000	*HKD'000*
Raw materials	**9,805**	7,671
Work in progress	**12,403**	17,418
Finished goods	**4,744**	15,930
	26,952	41,019

20. TRADE AND BILLS RECEIVABLES

	At 31 December 2017	At 31 March 2017
	HKD'000	*HKD'000*
Trade and bills receivables	**41,554**	13,167
Less: Allowance for impairment of doubtful debts *(Note 20(b))*	**(1,312)**	(1,312)
	40,242	11,855

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

At 31 December 2017, the Group discounted bills receivable amounted to HKD9,430,000 (31 March 2017: HKD1,590,000) to banks with recourse and continue to be recognised as assets in the consolidated financial statements as the Group has not transferred substantially the risks and rewards of ownership of the bills receivable taking into account the credit rating of the issuers of the bills. Accordingly, the liabilities associated with such bills, bank borrowings, as disclosed in Note 26.

20. TRADE AND BILLS RECEIVABLES *(Continued)*

(a) Ageing analysis

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

	At 31 December 2017 ***HKD'000***	At 31 March 2017 *HKD'000*
Within 1 month	**35,897**	9,160
1 to 3 months	**2,728**	2,212
3 to 12 months	**1,617**	483
	40,242	11,855

Trade and bills receivables are due within 30 to 60 days from the date of billing. Further details on the Group's credit policy are set out in Note 31(a).

(b) Impairment of trade and bills receivables

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

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

	At 31 December 2017 ***HKD'000***	At 31 March 2017 *HKD'000*
At the beginning of the period/year	**1,312**	–
Impairment loss recognised	**–**	1,312
At the end of the period/year	**1,312**	1,312

20. TRADE AND BILLS RECEIVABLES *(Continued)*

(c) Trade and bills receivables that are not impaired

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

	At 31 December 2017 *HKD'000*	At 31 March 2017 *HKD'000*
Neither past due nor impaired	**30,152**	5,831
Less than 1 month past due	**6,206**	3,673
1 to 3 months past due	**2,247**	2,340
More than 3 months but less than 12 months past due	**1,637**	11
Amounts past due	**10,090**	6,024
	40,242	11,855

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

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

21. LOAN RECEIVABLES

The loan receivables from the money lending line of business is provided to an independent third party after a credit assessment on the borrower, bears interest ranging from 8% to 11% per annum and repayable within 1 year (31 March 2017: interest at 8% per annum and repayable within 1 year).

As at 31 December 2017, the loan receivables of amounting to HKD18,015,000 are secured by the charges on certain shares of a company listed on the Main Board of the Stock Exchange held by the borrower and the personal guarantee given by the sole director of the borrower, amounting to HKD18,010,000 are secured by the charges on certain shares of a private company incorporated in Hong Kong held by the borrower, and amounting to HKD24,426,000 are secured by the personal guarantee given by the sole director and sole shareholder of the borrower.

As at 31 March 2017, the loan receivable is secured by the charges on certain shares of a company listed on the Main Board of the Stock Exchange that held by the borrower and the personal guarantee given by the sole shareholder and sole director of the borrower.

22. HELD FOR TRADING INVESTMENTS

	At 31 December 2017	At 31 March 2017
	HKD'000	*HKD'000*
Listed equity securities at fair value *(Note 31(g)(i))*		
– in Hong Kong	**26,329**	–

23. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At 31 December 2017	At 31 March 2017
	HKD'000	*HKD'000*
Cash and cash equivalents in the consolidated statement of financial position	**535,822**	114,872
Bank overdraft *(Note 26)*	**(19,794)**	(21,491)
Cash and cash equivalents in the consolidated statement of cash flows	**516,028**	93,381

23. CASH AND CASH EQUIVALENTS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Borrowings *HKD'000* *(Note)*
At 1 April 2017	151,816
Changes from financing cash flows:	
Repayment to a shareholder	(20,000)
Proceeds from new loans	469,113
Repayment of loans	(144,843)
Total changes from financing cash flows	304,270
Exchange adjustments	6,602
Other changes:	
Disposals of subsidiaries	(56,338)
Total other changes	(56,338)
At 31 December 2017	406,350

Note: Borrowings consist of bank loans, shareholder's loan and other borrowings as disclosed in Note 26.

24. TRADE PAYABLES

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

	At 31 December 2017 HKD'000	At 31 March 2017 HKD'000
Within 1 month	**21,564**	22,082
1 to 3 months	**4,310**	1,856
3 to 12 months	**764**	267
Over 12 months	**8**	–
	26,646	24,205

25. OTHER PAYABLES AND ACCRUED CHARGES

	At 31 December 2017 HKD'000	At 31 March 2017 HKD'000
Accrued staff costs, welfare and benefits (including accrued directors' remunerations)	**22,469**	22,760
PRC sundry tax payables	**659**	104
Accrued rental expenses	**–**	4,714
Rental deposits payables	**–**	1,160
Deposits received for finance lease	**898**	845
Sales deposits received	**171**	3,421
Rental deposits received	**827**	–
Interest payables	**2,850**	860
Payables for acquisition of property, plant and equipment	**–**	4,042
Others (including professional fee payables)	**1,494**	7,802
	29,368	45,708

26. BORROWINGS AND OVERDRAFT

	At 31 December 2017 *HKD'000*	At 31 March 2017 *HKD'000*
Bank loans, secured *(Note (a))*	**78,734**	6,047
Bank advances for discounted bills *(Note 20)*	**9,430**	1,590
Bank overdraft *(Note 23) (Note (a))*	**19,794**	21,491
Shareholder's loan, unsecured *(Note (b))*	**–**	20,000
Other borrowings, unsecured *(Note (c))*	**318,186**	124,179
	426,144	173,307

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

	At 31 December 2017 *HKD'000*	At 31 March 2017 *HKD'000*
Within 1 year	**336,762**	119,440
After 1 year but within 2 years	**4,633**	20,000
After 2 years but within 5 years	**84,749**	33,867
	426,144	173,307
Less: Amount due within one year or repayable on demand classified as current liabilities	**(336,762)**	(119,440)
	89,382	53,867

Notes:

(a) At 31 December 2017, bank loans of HKD21,028,000 (31 March 2017: HKD6,047,000) were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng Kwai Chun ("Mr. Cheng"), a director of a wholly owned subsidiary of the Company. Bank loan of HKD57,706,000 (31 March 2017: HKD Nil) was secured by investment properties of the Group. Bank overdraft of HKD19,794,000 (31 March 2017: HKD17,991,000) was secured by legal charge on certain assets of Mr. Cheng.

(b) Shareholder's loan is unsecured, interest-bearing at 5% per annum (31 March 2017: 5% per annum) and is repayable on 4 January 2019.

(c) Other borrowings are obtained from independent third parties. Amount of HKD282,165,000 is unsecured, interest-bearing at 1.5% per month and are repayable within 1 year (31 March 2017: HKD90,312,000 are secured by corporate guarantee from the Company, interest-bearing in the range from 6% to 8% per annum and are repayable within 1 year). Amount of HKD36,021,000 is secured by corporate guarantee from the Company, interest-bearing at 6% per annum and is repayable within 2 years (31 March 2017: HKD33,867,000 is interest-bearing at 6% per annum and is repayable within 3 years).

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax assets and liabilities recognised

	At 31 December 2017	At 31 March 2017
	HKD'000	*HKD'000*
Net deferred tax liabilities/(assets) recognised in the consolidated statement of financial position	**14,397**	(5,651)

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

	Tax losses	**Accelerated tax depreciation**	**Fair value changes of held for trading investment**	**Investment properties**	**Other temporary differences**	**Total**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 1 April 2016	(715)	715	–	–	(6,030)	(6,030)
Effect of changes in exchange rate	–	–	–	–	309	309
(Credited)/charged to profit or loss	28	(28)	–	–	70	70
At 31 March 2017 and 1 April 2017	(687)	687	–	–	(5,651)	(5,651)
Effect of changes in exchange rate	–	–	–	601	(249)	352
Charged to profit or loss	192	(200)	1,151	18,195	358	19,696
At 31 December 2017	(495)	487	1,151	18,796	(5,542)	14,397

(b) Deferred tax assets not recognised

At 31 December 2017, the Group has unused tax losses of approximately HKD70,748,000 (31 March 2017: approximately HKD50,173,000). A deferred tax asset has been recognised in respect of HKD2,998,000 (31 March 2017: approximately HKD4,162,000) of such losses. No deferred tax asset has been recognised in respect of the remaining balance of approximately HKD67,750,000 (31 March 2017: approximately HKD46,011,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses of approximately HKD9,127,000 (31 March 2017: approximately HKD8,724,000) that will expire within five years. Other losses may be carried forward indefinitely.

28. PROVISION AND OTHER ACCRUED CHARGES

	At 31 December 2017 ***HKD'000***	At 31 March 2017 *HKD'000*
Provision for long service payments *(Note 28(a))*	**1,123**	759
Other accrued charges *(Note 28(b))*	**13,718**	13,718
	14,841	14,477

(a) Provision for long service payments

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

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

	At 31 December 2017 ***HKD'000***	At 31 March 2017 *HKD'000*
At the beginning of the period/year	**759**	1,350
Received from trustees	**364**	–
Benefit payments	**–**	(591)
At the end of the period/year	**1,123**	759

(b) Other accrued charges

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

29. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

The Company

	Share capital *HKD'000*	Share premium *HKD'000*	Warrant reserve *HKD'000*	Contributed surplus *HKD'000*	Accumulated losses *HKD'000*	Total *HKD'000*
At 1 April 2016	28,300	41,308	5,490	181,059	(117,020)	139,137
Changes in equity for the year ended 31 March 2017:						
Loss and total comprehensive loss for the year	–	–	–	–	(37,677)	(37,677)
At 31 March 2017	28,300	41,308	5,490	181,059	(154,697)	101,460
At 1 April 2017	28,300	41,308	5,490	181,059	(154,697)	101,460
Changes in equity for the period from 1 April 2017 to 31 December 2017:						
Loss and total comprehensive income for the period	–	–	–	–	(14,942)	(14,942)
Issue of shares *(Note 29(c))*	29,700	320,826	–	–	–	350,526
At 31 December 2017	58,000	362,134	5,490	181,059	(169,639)	437,044

(b) Dividend

The directors do not recommend the payment of any dividend for the period from 1 April 2017 to 31 December 2017 (year ended 31 March 2017: HKDNil).

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

(c) Share capital

Authorised and issued share capital

	At 31 December 2017		At 31 March 2017	
	No. of shares '000	***HKD'000***	*No. of shares '000*	*HKD'000*
Authorised:				
At the beginning of the period/year	**2,500,000**	**50,000**	2,500,000	50,000
Increase during the period/year	**7,500,000**	**150,000**	–	–
At the end of the period/year	**10,000,000**	**200,000**	2,500,000	50,000
Ordinary shares, issued and fully paid:				
At the beginning of the period/year	**1,415,000**	**28,300**	1,415,000	28,300
Issue of shares	**1,485,000**	**29,700**	–	–
At the end of the period/year	**2,900,000**	**58,000**	1,415,000	28,300

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

On 12 June 2017, the Company issued 283,000,000 new ordinary shares under placing agreement to not less than six placees, at the placing price HKD0.28 per share for a total cash consideration of approximately HKD79,240,000.

On 22 September 2017, the Company issued 339,600,000 new ordinary shares under subscription agreement at the subscription price of HKD0.23 per share for a total cash consideration of approximately HKD78,108,000.

On 19 December 2017, the Company issued 862,400,000 new ordinary shares under placing agreement at the subscription price of HKD0.224 per share for a total cash consideration of approximately HKD193,177,600.

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

(d) Nature and purpose of reserve

(i) Share premium

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

(ii) Warrant reserve

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

(iii) Exchange reserve

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

(iv) Contributed surplus

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

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

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

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

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

(e) Distributability of reserves

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

	At 31 December 2017 ***HKD'000***	At 31 March 2017 *HKD'000*
Share premium	**362,134**	41,308
Contributed surplus	**181,059**	181,059
Accumulated losses	**(169,639)**	(154,697)
	373,554	67,670

(f) Capital management

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

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

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

	At 31 December 2017 ***HKD'000***	At 31 March 2017 *HKD'000*
Current liabilities		
Interest-bearing borrowings	**426,144**	173,307
Total debt	**426,144**	173,307
Total shareholders' fund	**514,142**	107,098
Gearing ratio	**83%**	162%

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

30. SHARE OPTION SCHEME

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

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

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

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

No options under the Scheme were granted or exercised during the period from 1 April 2017 to 31 December 2017 and the year ended 31 March 2017 and there were no outstanding options at 31 December 2017 and 31 March 2017.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

(a) Credit risk

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

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

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

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

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

At 31 December 2017, the Group had a certain concentration of credit risk as 0% (31 March 2017: 47%) and 36% (31 March 2017: 82%) of the total trade and bills receivables was due from the Group's largest customer and the five largest customers respectively.

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables are set out in Note 20.

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

(b) Liquidity risk

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

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

	At 31 December 2017					At 31 March 2017				
	Carrying amount HKD'000	Total contractual undiscounted cash flow HKD'000	Within 1 year or on demand HKD'000	More than 1 year but less than 2 years HKD'000	More than 2 years HKD'000	Carrying amount HKD'000	Total contractual undiscounted cash flow HKD'000	Within 1 year or on demand HKD'000	More than 1 year but less than 2 years HKD'000	More than 2 years HKD'000
Trade payables	26,646	26,646	26,646	–	–	24,205	24,205	24,205	–	–
Other payables and accrued charges	29,368	29,368	29,368	–	–	45,708	45,708	45,708	–	–
Borrowings and overdraft +	426,144	485,871	375,715	7,944	102,212	173,307	186,324	124,867	21,833	39,624
Other accrued charges	13,718	13,718	–	–	13,718	13,718	13,718	–	–	13,718
	495,876	555,603	431,729	7,944	115,930	256,938	269,955	194,780	21,833	53,342

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

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

(c) Interest rate risk

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

(i) *Interest rate profile*

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

	At 31 December 2017		At 31 March 2017	
	Effective interest rate		Effective interest rate	
	%	***HKD'000***	%	*HKD'000*
Fixed rate receivables:				
Loan receivables	**9.8**	**60,000**	8	45,000
Fixed rate borrowings:				
Borrowings and overdraft	**16.64**	**(318,186)**	6.61	(144,179)
Variable rate deposits:				
Bank deposits	**0.23**	**515,167**	0.29	94,061
Variable rate borrowings:				
Borrowings and overdraft	**4.72**	**(107,958)**	1.25	(29,128)
Net variable rate exposure		**407,209**		64,933

(ii) *Sensitivity analysis*

At 31 December 2017, it is estimated that a general increase/decrease of 100 basis points (31 March 2017: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax by approximately HKD3,400,000 (year ended 31 March 2017: loss after tax by approximately HKD542,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for the year ended 31 March 2017.

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

(d) Foreign currency risk

(i) Foreign currency transactions

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

(ii) Recognised assets and liabilities

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

(iii) Exposure to foreign currency risk

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

	At 31 December 2017		At 31 March 2017	
	Renminbi	**United States Dollars**	Renminbi	United States Dollars
	'000	***'000***	*'000*	*'000*
Trade and bills receivables	**–**	**27,325**	1	1,449
Cash and cash equivalents	**9**	**278**	9	752
Trade payables	**(1,013)**	**(3,754)**	(1,974)	(549)
Other payables and accrued charges	**(68)**	**(90)**	(46)	(240)
Provision and other accrued charges	**(11,105)**	**–**	(11,105)	–
Net exposure arising from recognised assets and liabilities	**(12,177)**	**23,759**	(13,115)	1,412

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

(d) Foreign currency risk *(Continued)*

(iv) Sensitivity analysis

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

	Period from 1 April 2017 to 31 December 2017		Year ended 31 March 2017	
	Increase/ (decrease) in foreign exchange rate	**Effect on profit after tax** *HKD'000*	Increase/ (decrease) in foreign exchange rate	Effect on loss after tax *HKD'000*
Renminbi	**5%**	**(610)**	5%	618
	(5%)	**610**	(5%)	(618)
United States Dollars	**5%**	**7,688**	5%	(457)
	(5%)	**(7,688)**	(5%)	457

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States Dollars would be materially unaffected by any changes in movement in value of the United States Dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit/(loss) after tax measured in the respective functional currencies, translated into Hong Kong Dollar at the exchange rate ruling as at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for the year ended 31 March 2017.

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

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as held for trading investments (see Note 22). All of these investments are listed.

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Decisions to buy or sell held for trading investments are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs.

At 31 December 2017, it is estimated that an increase/decrease of 5% (31 March 2017: 5%) in the relevant stock market index, with all other variables held constant, would have increased/decreased the Group's profit/(loss) after tax and retained profits as follows:

	Period from 1 April 2017 to 31 December 2017		Year ended 31 March 2017	
	Increase/ (decrease) in equity price rate	**Effect on profit after tax and retained profits** *HKD'000*	Increase/ (decrease) in equity price rate	Effect on loss after tax and retained profits *HKD'000*
Change in the relevant equity price risk variable:				
Increase	**5%**	**1,099**	5%	–
Decrease	**(5%)**	**(1,099)**	(5%)	–

The sensitivity analysis indicates the instantaneous change in the Group's profit/(loss) after tax and retained profits that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables. The analysis is performed on the same basis for the year ended 31 March 2017.

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

(f) Categories of financial instruments

	At 31 December 2017 **HKD'000**	At 31 March 2017 *HKD'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**720,723**	224,524
Held for trading investments	**26,329**	–
Financial liabilities		
Financial liabilities at amortised cost	**495,876**	256,938

(g) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table represents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

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

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

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

(g) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy *(Continued)*

The following table presents the Group's assets that are measured at fair value at the end of the reporting periods:

	Fair value at 31 December 2017	Fair value measurements as at 31 December 2017 categorised into Level 1	Fair value at 31 March 2017	Fair value measurements as at 31 March 2017 categorised into Level 1
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Recurring fair value measurements				
Assets:				
Held for trading investments	**26,329**	**26,329**	–	–

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

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their values as at 31 December 2017 and 31 March 2017.

32. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements were as follows:

	At 31 December 2017 HKD'000	At 31 March 2017 HKD'000
Contracted for		
– Acquisition of property, plant and equipment	**–**	58,422

(b) Operating lease commitments

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December 2017 HKD'000	At 31 March 2017 HKD'000
Within 1 year	**7,590**	5,761
After 1 year but within 5 years	**3,967**	11,675
After 5 years	**–**	77
	11,557	17,513

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

33. FINANCIAL GUARANTEES ISSUED

At 31 December 2017, the Company had issued corporate guarantees amounting to HKD55 million (31 March 2017: HKD60 million) and HKD96 million (31 March 2017: HKD124 million) to banks and two independent third parties, respectively, in connection with facilities granted to subsidiaries.

The guarantees were issued by the Company at no consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKAS 39, Financial instruments: Recognition and measurement, had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

At 31 December 2017, the directors of the Company considered it is not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by a subsidiary of HKD66 million (31 March 2017: HKD132 million).

34. PLEDGE OF ASSETS

At 31 December 2017, the investment properties of the Group with carrying amount of approximately HKD191,677,000 (31 March 2017: HKD Nil) have been pledged to secure a bank loan granted to the Group.

35. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 9 and the highest paid employees as disclosed in Note 10, is as follows:

	Period from 1 April 2017 to 31 December 2017 *HKD'000*	Year ended 31 March 2017 *HKD'000*
Salaries, allowances and other benefits	**3,805**	5,564
Contributions to defined contributions retirement plan	**82**	126
	3,887	5,690

Total remuneration is included in "Staff costs" (see Note 7(b)).

(b) Financing arrangements

At 31 December 2017, certain general banking facilities totalling HKD75,000,000 (31 March 2017: HKD80,000,000) were secured by legal charges on leasehold properties of companies controlled by Mr. Cheng, the director and legal representation of certain major subsidiaries of the Group, legal charges on certain assets of Mr. Cheng and personal guarantees from Mr. Cheng. At 31 December 2017, these facilities were utilised by the Group to the extent of HKD50,253,000 (31 March 2017: HKD17,991,000).

35. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Other related party transactions

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

Name of related party	Nature of transaction	Period from 1 April 2017 to 31 December 2017 HKD'000	Year ended 31 March 2017 HKD'000
Companies in which Mr. Cheng has interests or significant influence	Sales of goods	**5,244**	2,791
	Rental and other income received	**226**	235
	Commission paid	**262**	32
	Overdue interest income	**35**	1
	License fee paid	**676**	901
	Rental expenses paid	**2,880**	3,840
A shareholder of the Company	Interest paid	**759**	–

Trade and bills receivables at 31 December 2017 included amounts of HKD2,741,000 (31 March 2017: HKD657,000) due from the above related parties.

36. EVENT AFTER THE END OF THE REPORTING PERIOD

(i) On 28 February 2018, the Company's subsidiary, Hua Tong Investment Holding Limited, entered into a sales and purchase agreement with an independent third party to dispose of the available-for-sale financial assets for a cash consideration of HKD34,560,000. The disposal was completed on 28 February 2018 which the title of the available-for-sale financial assets have been transferred.

(ii) On 5 March 2018, Golden Flourish Property Limited ("Purchaser"), a wholly-owned subsidiary of the Company, entered into a provisional agreement for sale and purchase with an individual third party ("Vendor") and the agent, pursuant to which the Purchaser conditionally agreed to purchase the entire issued share ("Sale Share") of Confield Worldwide Limited ("Target Company"), a company incorporated in the British Virgin Islands with limited liability, and take up the assignment of the all such sum of money advanced by the Vendor to the Target Company and due and owing by Target Company to the Vendor as at the completion date ("Shareholder's Loan"), and the Vendor conditionally agreed to sell the Sale Share and assign the Shareholder's Loan, at the consideration of HKD71,632,000 (subject to adjustments). The Target Company, which is principally engaged in property investment in Hong Kong, is the sole legal and beneficial owner of the property located at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong.

37. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Depreciation

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

(b) Impairments

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

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate their present values. Details of impairment of goodwill are set out in Note 15.

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

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

37. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) Income taxes

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

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

(d) Inventories provision

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

(e) Development costs

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

(f) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions including unobservable inputs. In relying on the valuation report, the directors of the Company have exercised their judgments and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss that would be recognised in profit or loss. Details of these are set out in Note 14.

38. SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ registration	Particular of issued and paid up capital/ registered capital	Proportion of ownership interest held by the Company				Principal activities
			At 31 December 2017		At 31 March 2017		
			Directly	**Indirectly**	Directly	Indirectly	
Ample Colour Investments Limited	British Virgin Islands	1 share of USD1 each	**100%**	**–**	100%	–	Investment holding
Grand Mark Worldwide Limited	Hong Kong	1 share of HKD1 each	**–**	**100%**	–	100%	Money lending business
Markway International Group Holdings Limited	Hong Kong	1 share of HKD1 each	**–**	**100%**	–	100%	Provision of administrative services
Mega Grade Holdings Limited	British Virgin Islands	50,000 shares of USD1 each	**100%**	**–**	100%	–	Investment holding
Pak Tak Hong Kong Trading Limited	Hong Kong	10,000 shares of HKD1 each	**–**	**100%**	–	100%	Trading in garments
Richtime Knitting Limited	Hong Kong	10,000 shares of HKD1 each	**–**	**100%**	–	100%	Trading in garments and provision of administrative services
Shibo Global Holdings Limited	British Virgin Islands	1 share of USD1 each	**100%**	**–**	100%	–	Investment holding
百德針織製衣(東莞)有限公司#	The PRC	HKD111,975,000	**–**	**100%**	–	100%	Manufacture of and trading in garments
森派新能源*	The PRC	RMB182,000,000	**–**	**–**	–	45.05%	New energy development
深圳金盛融資租賃有限公司#	The PRC	HKD100,000,000	**100%**	**–**	100%	–	Provision of leasing services
深圳金勝供應鏈有限公司#	The PRC	Note	**–**	**100%**	–	100%	General trading
泰和昱通#	The PRC	RMB36,000,000	**–**	**–**	–	100%	Investment holding
深圳金盛商業有限公司#	The PRC	RMB60,000,000	**–**	**100%**	–	–	Property investment

\# Wholly foreign owned enterprise

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

Note: The Company was newly set up during the period and no registered capital paid-up before the end of the reporting period.

38. SUBSIDIARIES *(Continued)*

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

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

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	At 31 December 2017 ***HKD'000***	At 31 March 2017 *HKD'000*
Non-current assets		
Investments in subsidiaries *(Note 38)*	**100,397**	15,398
Current assets		
Other receivables, prepayments and deposits	**395**	291
Amounts due from subsidiaries	**167,164**	109,087
Cash and cash equivalents	**176,081**	3,591
	343,640	112,969
Current liabilities		
Accrued charges	**1,001**	915
Amounts due to subsidiaries	**5,992**	5,992
	6,993	6,907
Net current assets	**336,647**	106,062
Total assets less current liabilities	**437,044**	121,460
Non-current liabilities		
Shareholder's loan	**–**	20,000
NET ASSETS	**437,044**	101,460
CAPITAL AND RESERVES *(Note 29(a))*		
Share capital	**58,000**	28,300
Reserves	**379,044**	73,160
TOTAL EQUITY	**437,044**	101,460

40. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD FROM 1 APRIL 2017 TO 31 DECEMBER 2017

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the period from 1 April 2017 to 31 December 2017 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2014-2016 cycle	1 January 2017 or 1 January 2018, as appropriate
Annual improvements to HKFRSs 2015-2017 cycle	1 January 2019
HKFRS 9, Financial instruments	1 January 2018
HKFRS 15, Revenue from contracts with customers and related amendments	1 January 2018
Amendments to HKFRS 2, Share-based payment: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKAS 40, Investment property: Transfers of investment property	1 January 2018
HK(IFRIC) Int 22, Foreign currency transactions and advance consideration	1 January 2018
HKFRS 16, Leases	1 January 2019
HK(IFRIC) Int 23, Uncertainty over income tax treatments	1 January 2019
Amendments to HKFRS 9, Financial instruments: Prepayment features with negative compensation	1 January 2019

Except for the new and amendments to HKFRSs and interpretations mentioned below, the Group anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the Group's consolidated financial statements in the foreseeable future.

40. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD FROM 1 APRIL 2017 TO 31 DECEMBER 2017 *(Continued)*

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.

Key requirements of HKFRS 9 are described below:

- 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 fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

The Group has reviewed its financial assets and liabilities and is expecting the following impacts from the adoption of the new standard on 1 January 2018:

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such kind of liabilities.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") as opposed to an incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVTOCI, contract assets under HKFRS 15 'Revenue from contracts with customers', lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments of management undertaken to date, the Group does not expect material change of the loss allowance for the Group's trade debtors and other debt investments held at amortised cost and net investment in finance leases.

40. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD FROM 1 APRIL 2017 TO 31 DECEMBER 2017 *(Continued)*

HKFRS 9, Financial instruments *(Continued)*

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15, Revenue from contracts with customers

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

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step approach to determine whether, how much and when revenue is recognised. The five steps approach to revenue recognition is as follows:

i) Identify the contract(s) with a customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations in the contract; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group anticipate that the application of HKFRS 15 in the future may result in enhanced disclosures, however, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

40. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD FROM 1 APRIL 2017 TO 31 DECEMBER 2017 *(Continued)*

HKFRS 16, Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value and below 12 months. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and adjust interest and lease payments on the lease liability, and also to classify repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. In addition, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17. Furthermore, extensive disclosures are required by HKFRS 16.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately HKD 11,557,000 as disclosed in Note 32 (b). A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16.

The application of above new HKFRSs and requirements may result in changes in measurement, presentation and disclosure as discussed above.

41. COMPARATIVE FIGURES

Certain comparative figures have been restated in order to conform with the current period's presentation.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				Period from 1 April 2017 to 31 December
	2014	2015	2016	2017	**2017**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000* *(Restated)*	***HKD'000***
Continuing operations					
Turnover	427,870	366,353	308,545	221,782	**751,469**
(Loss)/profit from operations	(28,927)	(7,997)	(42,907)	(26,132)	**65,475**
Finance costs	(859)	(455)	(453)	(852)	**(6,598)**
(Loss)/profit before taxation	(29,786)	(8,452)	(43,360)	(26,984)	**58,877**
Income tax credit/(expense)	1,467	1,922	3,659	(70)	**(20,788)**
(Loss)/profit for the period/year from continuing operations	(28,319)	(6,530)	(39,701)	(27,054)	**38,089**
Discontinued operations					
Loss for the period/year from discontinued operations	–	–	–	(2,102)	**(7,581)**
(Loss)/profit for the period/year	(28,319)	(6,530)	(39,701)	(29,156)	**30,508**
Attributable to:					
Equity shareholders of the Company	(27,795)	(6,281)	(39,701)	(28,919)	**39,203**
Non-controlling interests	(524)	(249)	–	(237)	**(8,695)**
	(28,319)	(6,530)	(39,701)	(29,156)	**30,508**

ASSETS AND LIABILITIES

	At 31 March				At 31 December
	2014	2015	2016	2017	**2017**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	***HKD'000***
Total assets	265,849	254,232	235,272	459,828	**1,026,619**
Total liabilities	(82,305)	(78,451)	(95,941)	(257,709)	**(512,477)**
Net assets	183,544	175,781	139,331	202,119	**514,142**
Equity attributable to equity shareholders of the Company	185,426	175,781	139,331	107,098	**514,142**
Non-controlling interests	(1,882)	–	–	95,021	**–**
Total equity	183,544	175,781	139,331	202,119	**514,142**

PARTICULARS OF INVESTMENT PROPERTIES

At 31 December 2017

Location	Usage	Tenure	Attributable interest of the Group
City Plaza, No.1 Yunxiang Avenue, Xijiang New District, Yunfu, Guangdong Province, the PRC	The investment property comprises 141 retailing shops for rental and/or capital appreciation	Granted the land use rights of the property until 29 October 2053.	100%