BEP International Holdings Limited

百靈達國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2326)

2017

ANNUAL REPORT

* For identification purpose only

CONTENTS

Abbreviations

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

"Board"	the board of directors of the Company
"Company"	BEP International Holdings Limited
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$" and "cents"	Hong Kong dollars and cents, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of PRC
"US$"	United States dollars
"%"	per cent.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Honghai *(Chairman)*
Mr. Wang Zhonghe *(Vice-Chairman)*
(appointed on 16 May 2016)
Mr. Zhong Guoxing *(Chief Executive Officer)*
(appointed on 15 May 2017)
Mr. Hu Haifeng *(Deputy Chief Executive Officer)*
(appointed as Executive Director on 15 May 2017)
Mr. Ren Haisheng
Mr. Cheung Ming
(resigned as Executive Director and Chief Executive Officer on 15 May 2017)

Independent Non-executive Directors

Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin, David

AUDIT COMMITTEE

Mr. Ng Tze Kin, David *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick

REMUNERATION COMMITTEE

Mr. Siu Hi Lam, Alick *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Ng Tze Kin, David
Mr. Zhong Guoxing
(appointed on 15 May 2017)
Mr. Cheung Ming
(resigned on 15 May 2017)

NOMINATION COMMITTEE

Mr. Chan Kwong Fat, George
(Chairman)
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin, David
Mr. Zhong Guoxing
(appointed on 15 May 2017)
Mr. Cheung Ming
(resigned on 15 May 2017)

RISK MANAGEMENT COMMITTEE

Mr. Ng Tze Kin, David *(Chairman)*
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. Ren Haisheng

CORPORATE INFORMATION

COMPANY SECRETARY

Ms. Hui Yee Ling

AUDITOR

Crowe Horwath (HK) CPA Limited

STOCK CODE

2326

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

Suites 1004-1005, 10th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited, Hong Kong Branch
Bank of Jinzhou Co., Ltd.
Bank of Communications Co., Ltd., Hong Kong Branch
China CITIC Bank International Limited
China Construction Bank Corporation
Hang Seng Bank, Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY HOMEPAGE

http://www.bepgroup.com.hk

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

I am pleased to present the annual report of the Company (together with its subsidiaries, the "Group") for the year ended 31 March 2017 (the "Year").

Despite the complex global economy and the challenging business environment during the year, with the management's positive responses, the Group recorded profit attributable to owners of the Company of HK$66,348,000, representing a decrease of 62.7% as compared to HK$177,716,000 in the previous year. The Group still maintained a sustained, steady and healthy development.

In accordance with the business development strategic plan, the Group has completed the acquisition of 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the "Waste Recycling Company") and 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company Limited) (the "Power Company") in Ningxia Hui Autonomous Region, the PRC during the last financial year. These acquisitions expanded the Group's scope of business, diversified business risks and laid the foundation in the field of environmental protection and energy conservation businesses, and the strategic blueprint for its core businesses has been accomplished in general.

In the past year, the Waste Recycling Company continued to maintain a high level of revenue with the support of its customers. In order to expand its production scale, the Group plans to optimize the operation by exploring the initiation of new technologies, new raw materials, adding new production lines and enhancing production efficiency.

The Power Company had officially launched its production and sale of utilities business in August 2016, the operation was steadily on track in the second half of the financial year. Performance of this operation achieved its initial expectation, it is predicted that this operation will become one of the growth momentum of the Group.

During the year, the operation in sourcing and sale of metal minerals and related industrial materials faced with challenges from market competitions, contraction of purchase from customers, decrease of exports from local metal mineral suppliers, as well as fluctuations in RMB exchange rate. The management of the Group will continue to stay abreast of market trends, keep close communications with customers and suppliers, so as to maintain development of this operation.

CHAIRMAN'S STATEMENT

PROSPECT

Looking ahead, the paces of global economic recovery vary, trade protectionism rises, macroeconomic environment and capital markets remain volatile. At the same time, China's opening up to the world will accelerate, its integration with the world's economy will be increasing. In particular, the gradual facilitation of "Belt and Road" development strategy will bring China's economic development into a new norm.

The Group will pay close attention to the changes in domestic and foreign economic situations. The management will strive to promote the existing businesses while strengthening strategic planning, lead and explore the "new business" of recycling low-carbon economic resources, with the aim of achieving simultaneous development of both new and old businesses and creating values for the shareholders.

In March 2017, the Group entered into a memorandum of understanding on strategic cooperation with its partners to focus on seeking and exploring investment opportunities in renewable energy. In addition, in line with future business development, the Group may consider diversified financing methods, which include bank loans and fund raising at financial markets.

ACKNOWLEDGMENTS

I would like to take this opportunity to express my sincere gratitude to all shareholders, bankers, business partners and customers for their continuous supports, and to all directors and employees for their efforts and contributions in the past year.

Zhang Honghai
Chairman

Hong Kong, 23 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

For the year ended 31 March 2017 (the "Year"), the Group was principally engaged in sourcing and sale of metal minerals and related industrial materials, production and sale of industrial products and production and sale of utilities.

For the year under review, the Group reported a revenue of HK$1,872,541,000, decreased by 17.5% from the previous year (2016: HK$2,269,381,000), and gross profit of HK$239,632,000, which also dropped by 32.9% comparing to last year (2016: HK$357,262,000). The declines of the Group's revenue and gross profit were primarily due to the challenges faced by the Group in its operations and the slowdown of our sourcing and sale of metal minerals and related industrial material business. The Group posted a profit for the year amounting to HK$65,248,000, decreased by 61.4% comparing to last year (2016: HK$169,138,000), and profit attributable to owners of the Company of HK$66,348,000, which also declined by 62.7% from the previous year (2016: HK$177,716,000). Basic earnings per share of the Company were HK0.318 cent (2016: HK0.868 cent).

For the review year, the Group's operation in sourcing and sale of metal minerals and related industrial materials reported revenue of HK$1,619,896,000 (2016: HK$2,225,538,000) and segment profit of HK$153,109,000 (2016: HK$339,960,000), decreased by 27.2% and 55.0% respectively from the previous year. The declines in the operation's revenue and segment profit were the combination impact of the market competition, contraction in purchase from customers, decrease in export from local metal mineral suppliers in respond to the domestic demand together with the devaluation of Renminbi.

The Group's operation in production and sale of industrial products delivered impressive results for the review year. The operation achieved revenue of HK$133,073,000 (2016: HK$37,405,000) and segment profit of HK$34,066,000 (2016: HK$13,971,000), which showed sharp increases as compared to the 2 months results for previous year. Performance of this operation was satisfactory, the Group will continue to explore the opportunities to increase the production capacity as well as improving the production technology of this operation.

The Group has already commenced its operation in production and sale of utilities in August 2016. This operation posted revenue and segment profit of HK$119,343,000 and HK$42,749,000 respectively for the 8 months ended 31 March 2017. Performance of this operation achieved its initial expectation and become a foundation for the Group to tap into the clean energy business.

During the year under review, in view of the reduction in size of the provision of logistics services, the operation results of logistics services is classified into the "Others" business segment in the consolidated financial statements.

With the view to better utilise its resources, the Group disposed of few subsidiaries engaged in the sale of electrical and electronic consumer products during the year under review. Upon the disposal, the Group recorded a gain of HK$21,000 which was recognised as other income.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW (continued)

Other income of the Group amounted to HK$5,032,000 (2016: HK$5,156,000), which mainly attributable to the gain on change in fair value of forward foreign exchange contracts and interest income on bank deposits during the year.

As for administrative expenses, the amount was HK$88,994,000 which decreased by 21.9% when compared to HK$114,019,000 in last year. The decrease was a combination effect of the increase in staff cost and foreign exchange losses, decrease in legal and professional fee and also the absent of the share-based payment expenses relating to share options granted in April 2015. The foreign exchange losses incurred was due to exposure to foreign exchange risk from various currencies, mainly related to Renminbi and the United State dollars, mostly arising from purchase transactions conducted with overseas suppliers in foreign currencies and sales transactions with Mainland customers in Renminbi. In response to specific customer needs, the Group have the exposure to foreign exchange risk in exchange for better pricing in return.

During the year under review, the other operating expenses amounted to HK$342,000 (2016: HK$15,119,000). The substantial decrease in other operating expenses was mainly the result of reduction of impairment losses and/or allowances for goodwill, other intangible asset, trade and other receivables and property, plant and equipment.

The Group recorded finance costs of HK$50,989,000 (2016: HK$8,966,000), which were primarily interests on bank loan, other loan and discounting of bills receivables. The increase in finance costs was mainly attributable to the increase in interest on discounting of bills receivables and the interest on bank loan which was drawn down in March 2016 but fully repaid in August 2016.

During the year, the Group recognised other comprehensive expenses of HK$30,616,000 (2016: other comprehensive income of HK$1,479,000) being exchange differences on translation of financial statements of subsidiaries with the result that the Group recorded total comprehensive income for the year of HK$34,632,000, compared to HK$170,617,000 in the prior year. The Group's total comprehensive income, net of tax, attributable to owners of the Company was HK$35,434,000 for the year under review compared to HK$179,043,000 in the prior year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

During the year ended 31 March 2017, the Group financed its operations mainly by cash generated from its business activities, advances for discounted bills and credit facilities provided by banks. At 31 March 2017, the Group had current assets of HK$1,603,255,000 (2016: HK$3,314,320,000) comprising cash and bank balances of HK$15,165,000 (excluding restricted bank deposits) (2016: HK$80,326,000). The Group's current ratio, calculated based on current assets over current liabilities of HK$1,493,013,000 (2016: HK$3,237,459,000) was at a health ratio of 1.07 (2016: 1.02).

The trade payment terms of the Group's sourcing and sale of metal minerals and related industrial materials business was mainly by letters of credit. The Group's credit risk on bills receivables is considered as minimal as the bills are issued by banks with good reputation. At the year end, the Group's trade and bills receivables amounted to HK$1,491,495,000 (2016: HK$1,842,228,000), restricted bank deposits amounted to HK$7,547,000 (2016: HK$1,271,880,000), trade and bills payables amounted to HK$947,410,000 (2016: HK$1,270,521,000) and bank advances for discounted bills amounted to HK$414,080,000 (2016: HK$458,555,000). Such decreases in the Group's trade and bills receivables and trade and bills payables were mainly due to the decreases in trade volume of metal minerals and related industrial materials during the year. Details of the trade and bills receivables, trade and bills payables and bank advances for discounted bills of the Group as at 31 March 2017 are set out in notes 18, 21 and 24 to the consolidated financial statements.

The Group's gearing ratio represented its total borrowings over the sum of equity attributable to owners of the Company and total borrowings of the Group. At the year end, the Group's borrowings comprised bank advances for discounted bills of HK$414,080,000 and nil for bank loan (2016: HK$458,555,000 and HK$1,199,055,000 respectively). The Group's equity attributable to owners of the Company stood at HK$379,253,000 (2016: HK$347,048,000), the Group's gearing ratio was therefore at about 52% (2016: 83%).

At the year end, the Group's equity attributable to owners of the Company amounting to HK$379,253,000 (2016: HK$347,048,000). The increase in equity attributable to owners of the Company was mainly due to the profit earned by the Group during the year.

During the year under review, the Company issued 530,000,000 shares by the exercise of share options. As at 31 March 2017, the total number of issued shares of the Company was 21,084,072,140 shares (2016: 20,554,072,140 shares).

With the amount of liquid assets on hand together with advances and credit facilities granted by banks, the management will explore the feasibility of carrying out certain fund-raising exercises, with the support from financial and securities institutions and professional advisers, to meet its ongoing operational requirements and business expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintains a strategy in its foreign currency risk management, primarily by including the estimated exchange differences on currency exposure in our pricing of metal minerals trade to minimise the impact of foreign exchange risk on the Group's profit. The Group has entered into forward foreign exchange contracts to hedge against the Group's currency exposure. The Group thus believes the current level of bank balances, certain receivables and payables denominated in Renminbi and United States dollars expose us to a manageable foreign currency risk. The management is paying vigilant attention to the fluctuation of Renminbi and closely monitor the foreign currency exposure. The Group will further consider using any appropriate financial derivatives to hedge against the Group's currency risk and manage its exposure.

Borrowings and Pledge of Assets

As at 31 March 2017, the Group had bank advances for discounted bills of HK$414,080,000 and nil for bank loan (2016: HK$458,555,000 and HK$1,199,055,000 respectively). The bank advances for discounted bills were secured by the Group's bills receivables. Details of the borrowings and pledge of assets of the Group as at 31 March 2017 are set out in notes 23 and 24 to the consolidated financial statements.

Restricted Bank Deposits

As at 31 March 2017, restricted bank deposits in the amount of HK$7,547,000 (2016: HK$1,271,880,000) mainly refers to the deposits placed at designated bank account as guarantee deposits to secure the bills payables of the Group.

Capital Commitments

As at 31 March 2017, the Group had capital commitments of RMB11,811,000 (equivalent to approximately HK$13,323,000) (2016: HK$24,285,000) for acquisition of machineries, equipment and related installation works for Ningxia Tianyuan Power Generation Co., Ltd., a wholly owned subsidiary of the Company.

Contingent Liabilities

As at 31 March 2017, the Group had no material contingent liabilities (2016: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, the Group had a total of about 310 employees and directors with head count maintained at the same level as last year (2016: 310). Total staff costs for the year, including directors' remuneration, was HK$55,244,000 (2016: HK$37,020,000). The increase in staff costs was mainly due to increase in salaries and emolument of the staff and the directors and also the full year staff cost for a sulfuric acid production plant and a waste heat power generation plant in Ningxia Hui Autonomous Region, China, which were acquired in February 2016 and March 2016 respectively. However, the share-based payment expenses relating to share options granted in the prior year was absent during the year. Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance, share option scheme and discretionary bonuses.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2017 (2016: HK0.1 cent).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management as at 23 June 2017, the date of this annual report, are set out below:

EXECUTIVE DIRECTORS

Mr. Zhang Honghai, *Chairman*

Aged 64, joined the Company as an Executive Director in October 2013 and was appointed the Chairman of the Company from 28 January 2014. Mr. Zhang is also a director of several subsidiaries of the Company. He graduated from Peking University in 1982 and subsequently completed a postgraduate programme at the International Business School of Hunan University and was awarded a master degree and the title of Senior Economist. He also obtained an EMBA degree from Guanghua School of Management, Peking University. Mr. Zhang has worked for the Beijing Municipal Government for many years. He was the director of the Foreign Affairs Office of the People's Government of Beijing Municipality and Hong Kong and Macao Affairs Office of the People's Government of Beijing Municipality and was the vice president of the Beijing Chinese Overseas Friendship Association. Mr. Zhang initially worked as deputy general manager and was then promoted to vice chairman and general manager of Beijing International Trust Investment Limited during the period from 1990 to 1998. He has accumulated extensive experience in corporate management.

Mr. Zhang was an executive director, the vice chairman and the chief executive officer of Beijing Enterprises Holdings Limited (stock code: 392) during the period from 2003 to 2014. Also, he was an executive director and the chairman of Beijing Enterprises Water Group Limited (stock code: 371) from 2008 to 2014, an executive director of Bejing Enterprises Environment Group Limited (formerly known as Beijing Development (Hong Kong) Limited) (stock code: 154) during the period from 2004 to 2015 and an independent non-executive director of China Ground Source Energy Industry Group Limited (stock code: 8128) during the period from 2 September 2014 to 1 January 2017 respectively. All of the above companies indicated with stock code are listed company in Hong Kong.

Mr. Wang Zhonghe, *Vice-Chairman*

Aged 55, joined the Company as an Executive Director and was appointed the Vice-Chairman of the Company on 16 May 2016. Mr. Wang is also a director of several subsidiaries of the Company. Mr. Wang has obtained a Master of Science degree from University of North Texas. He graduated from 中國科學技術大學 (literally translated as University of Science and Technology of China) after completing its curriculum for a master degree in management and has obtained a Master of Engineering degree from 中國科學院系統科學研究所 (literally translated as Institute of Systems Science of Chinese Academy of Sciences). Mr. Wang has also been conferred a Bachelor of Engineering degree by 華南理工大學 (literally translated as South China University of Technology) (formerly called 華南工學院 (literally translated as South China Institute of Technology)).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang has about 25 years of experience in the financial industry with a focus on investment banking, corporate finance and capital markets. He has extensive experience in business development and corporate finance, operation and organizational management. Prior to joining the Company, he served as the deputy chief executive officer of ICBC International Holdings Limited and has also served senior executive positions in other renowned institutions in the financial industry.

Mr. Zhong Guoxing, *Chief Executive Officer, Member of the Remuneration Committee and the Nomination Committee*

Aged 50, has been appointed as an Executive Director and Chief Executive Officer of the Company and a member of each of the Nomination Committee and Remuneration Committee of the Company since 15 May 2017. Mr. Zhong is also a director of several subsidiaries of the Company. Mr. Zhong graduated from Hunan University, majoring in Manufacturing Accounting and holds a Master's Degree in Business Administration from Asia International Open University (Macau).

He has over 15 years of experience in banking, financing and over 18 years of experience in asset management. Mr. Zhong was the executive director and co-president of China Orient Asset Management (International) Holding Limited, a subsidiary of China Orient Asset Management Co., Limited from June 2012 to 15 May 2017. He was also an executive director of Shanghai Zendai Property Limited (stock code: 755) from 8 May 2015 to 25 May 2017 and was the executive director from 11 August 2009 to 27 June 2012 and the chief executive officer from 11 June 2010 to 27 June 2012 of Madex International (Holdings) Limited (now known as Ping An Securities Group (Holdings) Limited) (stock code: 231). Mr. Zhong has been appointed as a non-executive director of Skyfame Realty (Holdings) Limited (stock code: 59) since 9 October 2013, and has been a director of Guangzhou Yucheng Real Estate Development Company Limited, a sino-foreign cooperative joint venture of Skyfame Realty (Holdings) Limited since late 2012. All the above companies indicated with stock code are listed company in Hong Kong.

Mr. Hu Haifeng, *Deputy Chief Executive Officer*

Aged 42, has been an employee of the Company as Deputy Chief Executive Officer since 23 November 2016 and has been appointed as an executive director of the Company with effect from 15 May 2017. Mr. Hu graduated from Harbin University of Science and Technology after completing its two-year curriculum for an undergraduate program in accounting. Mr. Hu has then been conferred a Bachelor of Management degree by Harbin University of Science and Technology.

Mr. Hu has over 20 years of experience in the financial industry and has worked in an urban credit cooperative and banks in Mainland China, as well as an asset management company in Hong Kong. He has extensive experience in marketing and management.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ren Haisheng, *Member of the Risk Management Committee*

Aged 53, joined the Company as an Executive Director in November 2013. Mr. Ren is also a chief operating officer of a subsidiary of the Company and a director of several subsidiaries of the Company. He holds a Master's Degree from Beijing Forestry University specialising in Agriculture and Forest Economics and a Master of Business Administration Degree from Peking University. He was a lecturer of the School of Economics and Management in Beijing Forestry University.

Mr. Ren had also worked as finance manager in the securities department of Beijing International Trust and Investment Corporation (now known as Beijing International Trust Co., Ltd.) and had held executive positions in various departments of a state-owned enterprise group in the PRC.

Mr. Cheung Ming *(resigned as Executive Director, Chief Executive Officer and Member of the Nomination Committee and the Remuneration Committee on 15 May 2017)*

Aged 55, joined the Company as an Executive Director in October 2013 and was appointed the Chief Executive Officer and a member of each of the Nomination Committee and Remuneration Committee of the Company from 10 January 2014 to 15 May 2017. Prior to joining the Company, he had served as the executive director of Hengli & Liqi Furniture Limited ("Hengli"), a Hong Kong company specialising in the production of furniture for sale to Europe markets, and was responsible for the international business development of Hengli. Before joining Hengli, Mr. Cheung had served as the chief executive officer of a Hong Kong based retail company. From 17 May 2011 to 21 October 2011, Mr. Cheung served as an executive director and the chief executive officer of Xinhua News Media Holdings Limited (formerly known as Lo's Enviro-pro Holdings Limited) (stock code: 309), a company listed in Hong Kong. Mr. Cheung has extensive business management experience including over 30 years of experience in retail business and international trade in mainland China, Hong Kong and Taiwan. Mr. Cheung had been leading the companies he served in setting down long-term development blueprints including strategies for corporate and business development as well as brand building to enhance their market competitiveness and profitability, which laid the solid foundation for their sustainable growth in the Greater China and Asia-Pacific regions. Currently, Mr. Cheung is an independent non-executive director of Beijing Enterprises Environment Group Limited (formerly known as Beijing Development (Hong Kong) Limited) (stock code: 154), a company listed in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kwong Fat, George, *Chairman of the Nomination Committee, Member of the Audit Committee, the Remuneration Committee and the Risk Management Committee*

Aged 57, joined the Company as an Independent Non-executive Director in June 2009. Mr. Chan obtained his Bachelor degree in Social Sciences from the University of Hong Kong in 1982, Master degree in Business Administration from The Chinese University of Hong Kong in 1987 and Master degree in Accounting from Curtin University of Technology, Australia. Mr. Chan is also a member of the CPA Australia.

Mr. Chan is the executive director of a consultancy company engaging in providing financial investment consultancy services. Mr. Chan has worked in the finance and commercial field for more than 24 years. He had been the principal corporate planner of Airport Authority Hong Kong and was responsible for corporate planning in the areas of commercial and financial strategies.

Mr. Siu Hi Lam, Alick, *Chairman of the Remuneration Committee, Member of the Audit Committee, the Nomination Committee and the Risk Management Committee*

Aged 62, joined the Company as an Independent Non-executive Director in June 2009. Mr. Siu obtained a Master degree in Business Administration from the University of Hull in 1995.

Mr. Siu is the managing director of Fortune Take International Limited, a company engaging in providing business consultancy services. Mr. Siu has worked in the finance and banking field for more than 25 years. He had been the senior vice president of AIG Finance (Hong Kong) Limited and the vice president of Bank of America, responsible for business development and credit risk management. Mr. Siu is also an independent non-executive director of Sage International Group Limited (stock code: 8082) and Get Nice Holdings Limited (stock code: 64), both are listed companies in Hong Kong.

Mr. Ng Tze Kin, David, *Chairman of the Audit Committee and the Risk Management Committee, Member of the Nomination Committee and the Remuneration Committee*

Aged 67, joined the Company as an Independent Non-executive Director in December 2013. Mr. Ng holds a Master's Degree in Commerce from Macquarie University, Sydney and is an Australian Chartered Accountant. Mr. Ng is currently also a fellow of Hong Kong Institute of Certified Public Accountants.

Mr. Ng had worked for PWC (previously Lowe Bingham & Matthews) Hong Kong between July 1969 and April 1977. Since January 1983, Mr. Ng has been and is currently the managing director of a certified public accountants firm in Hong Kong. Mr. Ng was the Qualified Accountant for Air China Limited (stock code: 753) for the period from November 2005 to December 2008. Currently, he is an independent non-executive director of Herald Holdings Limited (stock code: 114), a company listed in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Hui Yee Ling, *Company Secretary*

Aged 52, joined the Company in October 2008. Ms. Hui is the Company Secretary of the Company. She obtained a Master in Business Administration degree from Hong Kong Polytechnic University in 1995. Ms. Hui has over 20 years of experience in the accounting and management fields. She had worked for the international accounting firm KPMG and has extensive experience in auditing, accounting, corporate management and company secretarial practice. Ms. Hui is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in sourcing and sale of metal minerals and related industrial materials, production and sale of industrial products and production and sale of utilities.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of likely future developments in the Group's business, can be found in the "Chairman's Statement" section and "Management Discussion and Analysis" section set out on pages 6 to 9 and pages 10 to 15 of this annual report respectively.

This discussion forms part of this report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 64.

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2017 (2016: HK0.1 cent).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Group, is set out on page 158 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 26(a) to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution as at 31 March 2017 amounted to approximately HK$38,289,000 (2016: HK$77,127,000).

DONATIONS

Donations to charitable organisation by the Group during the year ended 31 March 2017 amounted to approximately HK$474,000 (2016: HK$847,840).

DIRECTORS

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

Executive Directors:
Mr. Zhang Honghai *(Chairman)*
Mr. Wang Zhonghe *(Vice-Chairman)* (appointed on 16 May 2016)
Mr. Zhong Guoxing *(Chief Executive Officer)* (appointed on 15 May 2017)
Mr. Hu Haifeng *(Deputy Chief Executive Officer)* (appointed as Executive Director on 15 May 2017)
Mr. Ren Haisheng
Mr. Cheung Ming (resigned as Executive Director and Chief Executive Officer on 15 May 2017)

Independent Non-executive Directors:
Mr. Chan Kwong Fat, George
Mr. Siu Hi Lam, Alick
Mr. Ng Tze Kin, David

In accordance with bye-law 87 of the Company's Bye-laws, Mr. Chan Kwong Fat, George and Mr. Siu Hi Lam, Alick will retire from office by rotation at the forthcoming annual general meeting ("AGM") and being eligible, will offer themselves for re-election at the AGM.

In accordance with bye-law 86 of the Company's Bye-laws, Mr. Zhong Guoxing and Mr. Hu Haifeng will hold office until the following AGM and, being eligible, will offer themselves for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' EMOLUMENT

Details of the directors' emolument during the year are set out in note 8 to the consolidated financial statements.

UPDATES ON DIRECTORS' INFORMATION

The following is updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Zhang Honghai resigned as an independent non-executive director of China Grand Source Energy Industry Group Limited (stock code: 8128), a listed company in Hong Kong, on 1 January 2017; and

2. Mr. Zhong Guoxing resigned as an executive director of Shanghai Zendai Property Limited (stock code: 755), a listed company in Hong Kong, on 25 May 2017.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

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

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

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

Long positions in the shares and underlying shares of the Company

		As at 31 March 2017			
Name of directors	**Capacity and nature of interests**	**Number of shares held**	**Number of share options held**	**Total interests**	**Approximate percentage of the Company's issued share capital** *(Note)*
Mr. Zhang Honghai	Beneficial owner	159,940,000	–	159,940,000	0.76%
Mr. Ren Haisheng	Beneficial owner	123,820,000	–	123,820,000	0.59%
Mr. Chan Kwong Fat, George	Beneficial owner	10,000,000	–	10,000,000	0.05%
Mr. Siu Hi Lam, Alick	Beneficial owner	7,000,000	–	7,000,000	0.03%
Mr. Ng Tze Kin, David	Beneficial owner	9,000,000	–	9,000,000	0.04%
Mr. Cheung Ming (resigned on 15 May 2017)	Beneficial owner	180,000,000	–	180,000,000	0.85%

Note: The approximate percentage of the Company's issued share capital was calculated on the basis of 21,084,072,140 shares of the Company as at 31 March 2017.

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

COMPETING INTEREST OF DIRECTORS AND THEIR RESPECTIVE CLOSE ASSOCIATES

For the year ended 31 March 2017, none of the Directors or any of their respective close associates (as defined under the Listing Rules) is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests, which is required to be disclosed under the Listing Rules.

SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 27 August 2012 for the purpose of providing incentives to eligible participants and the previous share option scheme of the Company adopted on 6 January 2003 was terminated on the same date.

During the year, no share options under the Share Option Scheme were cancelled or lapsed. A total of 93,000,000 share options were granted on 1 April 2015 under the Share Option Scheme. Share options granted were fully exercised, of which 530,000,000 share options (adjusted after share subdivision becoming effective on 9 June 2015) were exercised during the year. As at 31 March 2017, no share options were outstanding under the Share Option Scheme.

Details of share options held by the eligible participants and movements in such holdings during the year ended 31 March 2017 were as follows:

		Number of share options							
Name and/or category of participants	**Date of grant of share options**	**Outstanding at 1 April 2016**	**Granted**	**Exercised**	**Cancelled**	**Lapsed**	**Outstanding at 31 March 2017**	**Exercise price** *(Note 1)* *HK$*	**Exercise period**
Directors									
Mr. Zhang Honghai	1.4.2015	200,000,000	–	200,000,000	–	–	–	0.0335	1.4.2015-31.3.2017
Mr. Ren Haisheng	1.4.2015	100,000,000	–	100,000,000	–	–	–	0.0335	1.4.2015-31.3.2017
Mr. Cheung Ming (resigned on 15 May 2017)	1.4.2015	180,000,000	–	180,000,000	–	–	–	0.0335	1.4.2015-31.3.2017
Employee									
Employee	1.4.2015	50,000,000	–	50,000,000	–	–	–	0.0335	1.4.2015-31.3.2017

Notes:

1. As a result of the share subdivision becoming effective on 9 June 2015, the exercise price of the share options granted on 1 April 2015 was adjusted from HK$0.335 to HK$0.0335.

2. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

3. The closing price of the shares traded on the Stock Exchange on 1 April 2015 was HK$0.033 (adjusted after share subdivision becoming effective on 9 June 2015), being the date on which the relevant options were offered to eligible participants.

4. As at 31 March 2017, the total number of issued shares of the Company was 21,084,072,140 shares.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

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

Long positions in the shares of the Company

Name of shareholder	Capacity and nature of interest	Number of shares held as at 31 March 2017	Approximate percentage of the Company's issued share capital *(Note 4)*
Sun Le	Interest of controlled corporation	5,040,000,000 *(Note 1)*	23.90%
Sheen Success Investments Limited	Beneficial owner	5,040,000,000 *(Note 1)*	23.90%
Zhou Qiuhong	Interest of controlled corporation	3,215,322,140 *(Note 2)*	15.25%
Ying Sheng Investment Co., Ltd	Beneficial owner	3,215,322,140 *(Note 2)*	15.25%
China Huarong Asset Management Co., Ltd. ("China Huarong Asset Management")	Person having a security interest in shares	1,971,000,000 *(Note 3)*	9.35%

Notes:

1. These shares were beneficially owned by Sheen Success Investments Limited which was wholly owned by Sun Le. Accordingly, Sun Le was deemed to be interested in 5,040,000,000 shares under the SFO.

2. These shares were beneficially owned by Ying Sheng Investment Co., Ltd which was wholly owned by Zhou Qiuhong. Accordingly, Zhou Qiuhong was deemed to be interested in 3,215,322,140 shares under the SFO.

3. Beaverway Limited ("Beaverway") was a wholly-owned subsidiary of Linewear Assets Limited ("Linewear"); Linewear was a wholly-owned subsidiary of Huarong International Financial Holdings Limited ("Huarong International"), which in turn was a 51.00% interest subsidiary of Camellia Pacific Investment Holding Limited ("Camellia"), Camellia was a wholly-owned subsidiary of China Huarong International Holdings Limited ("China Huarong International"), which in turn was a 88.10% interest subsidiary of Huarong Real Estate Co., Ltd. (華融置業有限公司) ("Huarong Real Estate(華融置業)"); and Huarong Real Estate (華融置業) was a wholly-owned subsidiary of China Huarong Asset Management.

   Accordingly, each of Beaverway, Linewear, Huarong International, Camellia, China Huarong International, Huarong Real Estate (華融置業) and China Huarong Asset Management is deemed to be interested in these 1,971,000,000 shares under the SFO.

4. The approximate percentage of the Company's issued share capital was calculated on the basis of 21,084,072,140 shares of the Company as at 31 March 2017.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 31 March 2017 as required pursuant to section 324 of the SFO. Such other relevant interest or short positions, if notified to the Company, would have to be recorded in the said register of interests required to be kept by the Company pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

The material related party transactions as disclosed in note 31 to the consolidated financial statements did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY

The Company's Bye-laws provided that the Directors for the time being of the Company 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 they or 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 duty, or supposed duty, in their respective offices or trusts or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and other officers of the Company during the year.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as disclosed in the section headed "Share Option Scheme" in this report of directors and in note 27 to the consolidated financial statements, no equity-linked agreements were entered into by the Group or existed during the year ended 31 March 2017.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during the year ended 31 March 2017.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 60% and approximately 100% respectively of the Group's total revenue for the year.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 45% and approximately 74% respectively of the Group's total purchases for the year.

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

EMOLUMENT POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market rate. Other employee benefits included provident fund scheme, medical insurance, subsidised training programme, share option scheme as well as discretionary bonus.

The determination of emoluments of the Directors had taken into consideration of their respective responsibilities and contribution to the Company with reference to market conditions.

AUDIT COMMITTEE

The audited consolidated financial information of the Group for the year ended 31 March 2017 had been reviewed by the Audit Committee of the Company (the "Audit Committee") before they are duly approved by the Board under the recommendation of the Audit Committee.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2017.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

There are no significant events undertaken after the reporting period and up to the date of this report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2017 have been audited by Crowe Horwath (HK) CPA Limited ("Crowe Horwath").

A resolution will be proposed at the forthcoming AGM to re-appoint Crowe Horwath as the auditor of the Company.

On behalf of the Board

Wang Zhonghe
Vice-Chairman

Hong Kong, 23 June 2017

CORPORATE GOVERNANCE REPORT

The Board is committed to upholding good corporate governance. The Board considers effective corporate governance is essential to protect shareholders' interests and enhance stakeholders' value.

CORPORATE GOVERNANCE

The Board has continued to implement appropriate corporate governance practices to ensure transparency, accountability and effective internal control. The Board has adopted the principles and complied with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules for the year ended 31 March 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

BOARD OF DIRECTORS

The Board is responsible for the overall management, leadership and control of the Group. The Board's primary responsibilities are to formulate long-term corporate strategies, to establish policies and plans, to oversee the management of the Group, to evaluate the performance of the Group, to assess the achievement of targets set by the Board periodically and to review and approve annual and interim results and other significant financial and operational matters under the leadership of the chairman of the Group. The Board is directly accountable to the shareholders of the Company. The responsibility of day-to-day management and operations of the Group are delegated to the senior management of the Company.

As at the date of this annual report, the Board comprises eight Directors including five Executive Directors, namely Mr. Zhang Honghai (Chairman), Mr. Wang Zhonghe (Vice-Chairman), Mr. Zhong Guoxing (Chief Executive Officer), Mr. Hu Haifeng (Deputy Chief Executive Officer) and Mr. Ren Haisheng and three Independent Non-executive Directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. Ng Tze Kin, David.

The Directors are considered to have a balance of skill and experience appropriate for the requirements of the business of the Company.

BOARD OF DIRECTORS (continued)

Changes in the composition of the Board, audit committee (“Audit Committee”), remuneration committee (“Remuneration Committee”), nomination committee (“Nomination Committee”) and risk management committee (“Risk Management Committee”) of the Company during the year ended 31 March 2017 and up to the date of this annual report are detailed on pages 30 to 41 of this annual report.

The section “Biographical Details of Directors and Senior Management“ set out the biographical details of the current Directors and senior management from pages 16 to 20 of this annual report. Save as disclosed in the aforesaid, none of the Directors has any financial, business, family or other material/relevant relationship between any members of the Board.

The Company has received the annual confirmation of independence from each of the independent non-executive directors of the Company (“Independent Non-executive Directors”) as required under Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors are independent under the independence guidelines set out in the Listing Rules.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his/her first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the Directors. Continuing briefing and professional development for Directors are arranged where necessary.

All Directors have full and timely access to all relevant information, including monthly Board updates from the management, regular reports from the Board committees and briefings on significant legal, regulatory or accounting issues affecting the Group.

BOARD OF DIRECTORS (continued)

During the year ended 31 March 2017, nine regular Board meetings and the 2016 Annual General Meeting were held. The attendance of each director is set out as follows:

	Number of attendance	
Name of Director	**Board meetings**	**2016 Annual General Meeting**
Executive Directors		
Mr. Zhang Honghai	9/9	1/1
Mr. Wang Zhonghe (appointed on 16 May 2016)	7/7	1/1
Mr. Ren Haisheng	9/9	0/1
Mr. Cheung Ming (resigned on 15 May 2017)	9/9	1/1
Independent Non-executive Directors		
Mr. Chan Kwong Fat, George	9/9	1/1
Mr. Siu Hi Lam, Alick	9/9	1/1
Mr. Ng Tze Kin, David	9/9	1/1

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year, the Group adopts a dual leadership structure in which the role of the Chairman, Mr. Zhang Honghai, remains separate from that of the Chief Executive Officer, Mr. Cheung Ming (resigned on 15 May 2017). The Chairman is responsible for managing and providing leadership to the Board, while the Chief Executive Officer is responsible for managing the day-to-day operations of the Group.

NON-EXECUTIVE DIRECTORS

Each of the Independent Non-executive Directors is appointed for a term of twelve-month period which automatically renews for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the Independent Non-executive Directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Company's Bye-laws.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference that is in compliance with the CG Code. As at the date of this annual report, the Remuneration Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Siu Hi Lam, Alick, Mr. Chan Kwong Fat, George and Mr. Ng Tze Kin, David, and one Executive Director, namely Mr. Zhong Guoxing (appointed on 15 May 2017). Mr. Siu Hi Lam, Alick is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration; determining the remuneration packages of individual executive directors and senior management and making recommendations to the Board on remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing a formal and transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The full terms of reference of the Remuneration Committee are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met four times during the year ended 31 March 2017 to review the remuneration packages for Directors. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Siu Hi Lam, Alick	4/4
Mr. Chan Kwong Fat, George	4/4
Mr. Ng Tze Kin, David	4/4
Mr. Cheung Ming (resigned on 15 May 2017)	4/4

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference that is in compliance with the CG Code. As at the date of this annual report, the Nomination Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Chan Kwong Fat, George, Mr. Siu Hi Lam, Alick and Mr. Ng Tze Kin, David, and one Executive Director, namely Mr. Zhong Guoxing (appointed on 15 May 2017). Mr. Chan Kwong Fat, George is the Chairman of the Nomination Committee.

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

NOMINATION COMMITTEE (continued)

The Nomination Committee met twice during the year ended 31 March 2017 to review the structure, size and composition of the Board; assess the independence of the Independent Non-executive Directors of the Company; review and make recommendations to the Board on the appointment and re-election of director. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Chan Kwong Fat, George	2/2
Mr. Siu Hi Lam, Alick	2/2
Mr. Ng Tze Kin, David	2/2
Mr. Cheung Ming (resigned on 15 May 2017)	2/2

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

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference that is in compliance with the CG Code. As at the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Ng Tze Kin, David, Mr. Chan Kwong Fat, George and Mr. Siu Hi Lam, Alick. Mr. Ng Tze Kin, David is the Chairman of the Audit Committee.

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

AUDIT COMMITTEE (continued)

The Audit Committee met four times during the year ended 31 March 2017 and the attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Ng Tze Kin, David	4/4
Mr. Chan Kwong Fat, George	4/4
Mr. Siu Hi Lam, Alick	4/4

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

- reviewed and discussed the audited financial statements of the Group for the year ended 31 March 2016 and recommended to the Board for approval;
- reviewed the corporate governance compliance with the CG Code and the disclosure requirements for the corporate governance report;
- reviewed and discussed the unaudited financial statements of the Group for the six months ended 30 September 2016 and recommended to the Board for approval;
- reviewed and discussed with the management and auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit;
- reviewed the effectiveness and sufficiency of the internal control system and risk management function of the Group;
- reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor; and
- engaged a professional consultant to conduct an internal audit review and risk assessment of the Group.

Subsequent to the year end, the Audit Committee reviewed the annual report and the annual results announcement for the year ended 31 March 2017, with a recommendation to the Board for approval.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee with specific written terms of reference was established by the Company on 23 November 2015. As at the date of this annual report, the Risk Management Committee comprises four members, including three Independent Non-executive Directors, namely Mr. Ng Tze Kin, David, Mr. Chan Kwong Fat, George, and Mr. Siu Hi Lam, Alick and one Executive Director, namely Mr. Ren Haisheng. Mr. Ng Tze Kin, David is the Chairman of the Risk Management Committee.

The Risk Management Committee is mainly responsible for reviewing the general goals and fundamental policies of the risk and compliance management, internal control and risk management and internal audit functions of the Group and made recommendations to the Board on the same. The full terms of reference of the Risk Management Committee are available on the Company's website and the Stock Exchange's website.

The Risk Management Committee met twice during the year ended 31 March 2017 to identify risk on Group's operation; to review and recommend to the Board the interim review reports on risk management and internal control. The attendance of each member is set out as follows:

Name of member	Number of attendance
Mr. Ng Tze Kin, David	2/2
Mr. Chan Kwong Fat, George	2/2
Mr. Siu Hi Lam, Alick	2/2
Mr. Ren Haisheng	2/2

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 March 2017 is set out in the section headed "Independent Auditor's Report" on pages 58 to 62 of this annual report.

During the year, the following fees were paid or payable to Crowe Horwath (HK) CPA Limited ("Crowe Horwath"), the auditor of the Company:

	HK$'000
Fees for audit services *(Note a)*	1,100
Fees for non-audit services *(Note b)*	200
Total	1,300

Notes:

(a) The audit services provided by Crowe Horwath.

(b) The non-audit services provided by Crowe Horwath.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

In order to establish the duties and responsibilities of the Board in performing its corporate governance functions, the Board has delegated certain corporate governance functions to the Audit Committee and the Risk Management Committee which include the following:

(a) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

(b) reviewing and monitoring the training and continuous professional development of directors and senior management;

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and

(e) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its responsibilities for maintaining adequate systems of risk management and internal control to safeguard the Group's assets and shareholders' interests. The systems, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguarding assets against unauthorised use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication. The systems are set up to provide reasonable, but not absolute, assurance against material misstatement of financial statements or lost of assets and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

Effective risk management is essential in the long-term growth and sustainability of the Group's businesses. The Board monitored the risk management and internal control systems on an ongoing basis. It has evaluated and determined the nature and extent of the risks it is willing to take in achieving the strategic objectives. An annual review of effectiveness of the Group's risk management and internal control systems has been conducted. The annual review ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

The process used to identify, evaluate and manage the significant risks of the Group is embedded in the Group's normal business operations. Organisational structure is well established with clearly defined authorities and responsibilities, and the Group has developed various risk management and internal control policies and procedures for each business unit to follow. Business units are responsible for identifying, assessing and monitoring risks associated with their respective units regularly. The results of assessment are reported to the management which subsequently assesses the likelihood of risk occurrence, provides remedial plan and monitors the progress of rectification with the assistance of the head of the business units. The results and effectiveness of the Group's risk management and internal controls have been reported to the Audit Committee.

Guidelines have been provided to the directors, officers, management and relevant staff in handling and disseminating sensitive and confidential inside information with due care. Only personnel at appropriate level can get reach of the sensitive and confidential inside information.

In view of the Company's businesses and scale of operations, and in order to adopt the most cost-effective method of conducting periodic reviews of the Company's internal controls, the Company has engaged an external consultant to conduct review on the Group's risk management and internal control systems to identify and evaluate significant risks of the business operations. The Board believes that the involvement of the external consultant could enhance the objectivity and transparency of evaluation process. The external consultant has conducted an annual review to assess the adequacy and effectiveness of the systems for the year ended 31 March 2017 in accordance with the requirements under code provision C.2 of the CG Code, and according to the scope of review agreed and approved by the Audit Committee. The review covered all material controls, including financial, operational and compliance controls.

After the review, a report of findings and recommendations for improvement in relation to the systems has been provided to the Audit Committee and management. The internal audit report has been approved by the Audit Committee and the management is required to establish remedial plans and take required actions to rectify those internal control deficiencies identified according to the respective risk level and priorities. Subsequent review will be performed by the external consultant to monitor the implementation of those agreed recommendations and to report the results of the follow up review to the Audit Committee.

COMPANY SECRETARY

Ms. Hui Yee Ling ("Ms. Hui") was appointed as the Company Secretary of the Company on 8 October 2008. The biographical details of Ms. Hui are set out under the section headed "Biographical Details of Directors and Senior Management" on page 20 of this annual report. Ms. Hui has taken no less than 15 hours of the relevant professional training during the year ended 31 March 2017.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene a special general meeting

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

Procedures for shareholders to put forward proposals at general meetings

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

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

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

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

SHAREHOLDERS' RIGHTS (continued)

Procedures for shareholders to propose a person for election as a director of the Company

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

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary of the Company at the Company's head office in Hong Kong at Suites 1004-1005, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

INVESTOR RELATIONS

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

CONSTITUTION DOCUMENTS

During the year, there was no change in the Company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE ESG REPORT

The Environmental, Social and Governance Report (the "ESG report") of BEP International Holdings Limited (the "Company") and its subsidiaries (collectively as the "Group" or "we") highlights the Group's commitment to sustainable development and our work in fulfillment of the corporate social responsibility.

Scope of the Report

The main environmental impact of our business results from the production and sales of industrial products and utilities. The ESG report focuses on the environmental and social performance of the core business of the Group in mainland China, including 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the "Waste Recycling Company") and 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Company) (the "Power Company") in Shikong Industry Park of Zhongning County in Ningxia from 1 April 2016 to 31 March 2017 (the "Year"). For more information o n corporate governance, please refer to "Corporate Governance Report" on page 30 of the Annual Report.

Reporting Guidelines

The compilation of the ESG report is in accordance with the "Environmental, Social and Governance Reporting Guide" as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Stakeholder Engagement

The ESG report represents the joint effort of employees across various departments of the Group. The information collected serves not only as a summary of the environmental and social initiatives adopted by the Group during the Year, but also a basis for the Group to map out its sustainability development strategy.

Information and Feedback

For detailed information about the environmental, social and corporate governance, please refer to our website (http://www.bepgroup.com.hk) and Annual Report. Your opinions will be highly valued. Please contact us with any comments or suggestions at ir@bepgroup.com.hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. GREEN OPERATION

The planet Earth and its various resources maintain the life of all creatures and humans. In the face of dwindling resources, the Group strongly believes that sustainable development is the only way out. Therefore, we shoulder the responsibility of environmental protection through strict compliance with laws and regulations related to emission, such as the Environmental Protection Law of the People's Republic of China (the "PRC"), Atmospheric Pollution Prevention and Control Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste and Emission Standard of Pollutants for Sulfuric Acid Industry (GB 26132-2010). Our uncompromising commitment to integrate the concept of environmental protection into the production system is also reflected by the operation mode of the Power Company and a system for the management of environment, air emission, water resources, soil, waste and energy.

Environmental Industry

The operation mode of the Power Company is the embodiment of our ongoing endeavour to environmental protection and resources conservation. The Power Company exploits the residual heat emitted by other factories in the industry park for power generation. The residual heat is first boiled in the Circulating Fluidized Bed (CFB) Furnace. The steam with high temperature and high pressure generated in the combustion process drives steam turbine units for power generation. The exhausted steam generated in the power generation process then undergoes condensation in the condenser before returning to the CFB Furnace and repeating the electricity generation process. Recycled water, which is chiefly used to cool steam turbine units, will enter the cooling tower and flow downward to the circulating pool, where natural heat dissipation takes place. After the cooling process, recycled water re-enters the condenser for heat transfer, forming a cycle which saves water resources.

Environmental Management System

Apart from green operation, we regard a sound management system as an essential first step in the implementation of sustainable development. The Waste Recycling Company and the Power Company established a comprehensive environmental management system to prevent and control environmental pollution with a vision towards sustainable development. Under the environmental management system, each department has to sign environmental objective responsibility letter to ensure full participation in environmental responsibility system. Environmental performance of each department is regularly assessed to avoid the occurrence of environmental incident. The Waste Recycling Company and the Power Company not only provide environmental training to help new employees get acquainted with the environmental policy of the Group, but also trainings for existing employees on topics such as national environmental legislations, current development of our environmental management, environmental emergency plan and basic knowledge of ISO 14001. Employee feedback will be collected for the assessment and refinement of the training content.

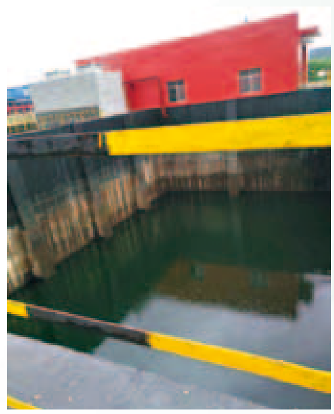
Emission Management

Much effort has been made to curb environmental pollution, thereby keeping the environment clean and comfortable. Major source of emission from the Waste Recycling Company and the Power Company includes industrial exhaust emission, flue gas generated by industrial kiln and furnace, dust from material storage area, working sites and provisional sites. The Waste Recycling Company and the Power Company adopt a series of measures to manage and recycle emissions, including purification of industrial exhaust emission, in which recyclable exhaust emission will be reused whereas non-recyclable exhaust emission will undergo further treatment until it meets emission

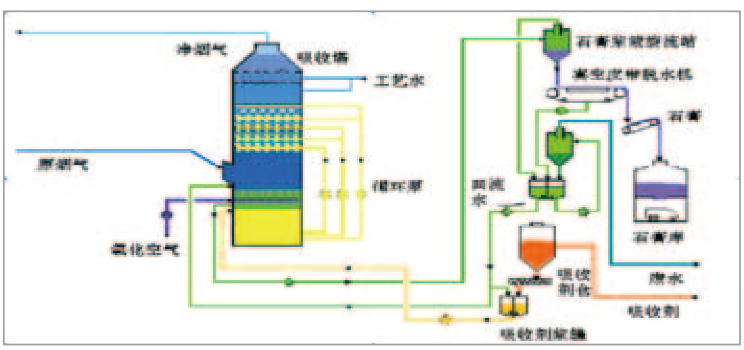
limits for disposal. Flue gas generated by industrial kiln and furnace is desulferised and denitrified as well as dust removal to ensure compliance with emission standard. For dust suppression and lower environmental impact, measures have been adopted to guard storage area, working sites and provisional working sites against rain, dust and wind. Water is sprinkled at dusty area and enclosures are built around the storage area to control the spread of dust and reduce pollution. Furthermore, the emission level of exhaust gas is closely observed to deter any violation of national and local environmental legislations. Looking ahead, the Waste Recycling Company and the Power Company will continue to act in conformity to relevant laws and regulations, seek to expand the scope of disclosure and inform the public of the supervision result.

Water Management

The Waste Recycling Company and the Power Company strive to embed the concept of water-saving initiative into the plant operation. Our business operation generates mainly domestic sewage and industrial wastewater. Governed by our stringent wastewater segregation policy, mixed storage of industrial wastewater, domestic sewage and recycled water is strictly forbidden. Prior to discharge, domestic sewage needs to pass the examination of the industrial park and meet the discharge standard set out in the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB 18918-2002). Industrial wastewater is transferred to wastewater treatment system of the industrial plant for filtration, condensation and chemical treatment to satisfy the Integrated Wastewater Discharge Standard (GB 8978-1996). Regular check for the sewers is conducted to prevent any wastewater leakage. To prevent the leakage of hazardous materials, it will continue to be the central task of the Waste Recycling Company and the Power Company to monitor water quality and improve wastewater treatment procedure.



Apart from the implementation of proper sewage management, we also carry out water-saving initiatives. The Waste Recycling Company and the Power Company conduct regular examination and maintenance work to prevent water leakage. The Waste Recycling Company and the Power Company also produce statistics and analysis to reveal the water-saving performance of each department with water use targets to encourage water conservation. Furthermore, various water conservation technologies have been leveraged to enhance the rate of water recycling. For example, the Waste Recycling Company recycles the cooling water to conserve the water usage during the operation, while the Power Company also built wastewater reception tank for the reuse of recyclable wastewater, such as furnace discharge and circulating water. Employees of the Waste Recycling Company and the Power Company are also made acquainted with water conserving measures and relevant scientific knowledge to be more aware of the importance of water conservation.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Soil Management

As part of the consistent effort to control soil pollution, the Waste Recycling Company and the Power Company constantly refine various technologies and facilities, including leak-proof ground solidification for the disposal site and raw material site, and installation of windproof and dust control nets. The plant also introduces the dust-free production line to mitigate soil pollution. There is also regular soil test in the vicinity of the factories to ensure the soil generated in our operation meets the Environmental Quality Standard for Soil (GB15618-1995).

Waste Management

The general wastes of the Waste Recycling Company and the Power Company are mainly sulfuric acid residue, coal ashes and desulfurised gypsum and domestic waste. Treatment and storage of sulfuric acid residue are in accordance with the Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes (GB 18599-2001). We also execute a set of clear requirements and strict supervision over the conveyance and storage of sulfuric acid residue against any adverse environmental impact. To forge full utilisation of materials, sulfuric acid residue, coal ashes and desulfurised gypsum are recycled by the concrete factory of the industrial park and processed into raw materials for the concrete production.

The formulation of rules on the conveyance and storage of hazardous waste is strictly governed by the Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2001). During transportation of hazardous waste, such as sludge contains heavy metals, coal tar and waste lubricating oil, safety measures are employed for pollution reduction. This includes measures which prevent the spread and leakage of hazardous wastes during transportation. Also, hazardous wastes of different types should not be conveyed by a single vehicle and should be handled only by qualified units.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Apart from proper waste management, the Group also actively reduces waste at source. To achieve waste reduction, the Waste Recycling Company and the Power Company promote paper-free operation through encouraging the use of email for internal and external communication as well as Office Automation system (OA system) for administrative procedures such as notification, application of transfer and leave. For higher environmental awareness of employees, we will continue to monitor the situation of waste production and explore the waste reduction potential of each department.

Conserving Energy

The Group is active in reducing the indirect emission of greenhouse gases. In line with the operation mode and energy saving initiatives of the Group, the Waste Recycling Company and the Power Company established an energy management system and energy management team. The energy management team is responsible for tapping the energy-saving potential of the Waste Recycling Company and the Power Company, identifying the existing problems and making improvement accordingly. Energy-efficient lighting fixtures have replaced energy-consuming office equipments in some departments. The Waste Recycling Company and the Power Company regularly monitor the energy consumption of departments to avoid energy waste. Each department is required to perform regular analysis on the energy use and give a summary of its work on energy conservation with suggestions. A penalty-reward mechanism is also in place to encourage the active participation of our employees in enhancing energy efficiency. Apart from the promotion of energy efficiency, various trainings on related topic are also organized to strengthen the awareness and skills of our employees in energy management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. CARE OUR EMPLOYEES

With employees being its cornerstone for success and key to the development of core competency, the Group makes every effort to ensure its operation compliant with laws and regulations related to employee benefits, such as the Labour Law of the PRC, Provisions on the Prohibitions of Using Child Labour and Labour Contract Law of the PRC. We also protect employees' rights and benefits and provide them with comprehensive welfare, training and development opportunities for talent retention.

Employees' Benefit

Talent cultivation and a culture of compassion define our corporate operation. In the course of recruitment, all candidates receive equal consideration for employment with regard only to their qualification and capabilities while no tolerance is given to discrimination on grounds of sex, age, race or religion. The Waste Recycling Company and the Power Company also perform careful verification of identity to avoid employment of child labour. Prior to commencement of employment, the employees will enter into labour contract with well-defined job descriptions, duties and responsibilities clearly set forth to prevent any form of forced labour. Overtime work is voluntary in nature to avoid forced overtime. The Waste Recycling Company and the Power Company also pay the overtime in accordance with relevant laws and regulations. Upon receipt of an employee's resignation notice, the Waste Recycling Company and the Power Company arrange exit interview to understand the reason of quitting and to improve our management. Payment of outstanding salary is also made in a timely manner.

Employees' Welfare

On top of statutory benefits, the Group also provides other welfares in recognition of the value and contribution of its workforce. Pay level of the Waste Recycling Company and the Power Company is subject to annual review with reference to performance appraisal, comparable market level and yearly budget to maintain a competitive salary. In addition to basic salary and statutory welfare, the Waste Recycling Company and the Power Company also offer allowances of varying types to applicable staff.

Allowances	Rest Periods	Employees Well-being
– Telecommunications allowance – Heat allowance – Seniority allowance	– Sick leave – Annual leave – Funeral leave – Maternity leave – Paternity leave	– Annual health checkup – Recreational facilities – Events and leisure activities

Employees' Career Planning

The Group derives strength from the development of a quality staff force and the exploration of employees' potential for its long-term growth. Apart from paving a well-defined career path, employees of the Waste Recycling Company and the Power Company are also offered training. The Waste Recycling Company and the Power Company closely monitor the employee's performance through regular assessment for their competencies, qualification and experience, contribution and ability to cooperate. Promotion decision is made based on factors such as evaluation results and professional knowledge. In the course of career progression, employees can take the managerial path or technical path. The Waste Recycling Company and the Power Company conduct yearly survey on the training needs of employees for the formulation of annual training plan and various drills, which cover knowledge enrichment, management skills, professional skills, new staff training and qualification enhancement. Job rotation is also practised to unleash and utilize potential of outstanding employees.

4. SAFEGUARDING HEALTH AND SAFETY OF EMPLOYEES

As a responsible employer, the Group cares about the safety and health of its employees through stringent conformity to laws and regulations related to production safety, such as the Law of the PRC on the Prevention and Control of Occupational Diseases, Work Safety Law of the PRC and Code for Fire Protection Design of Building. Underpinned by the principle of "Safety First", we place the highest priority on the well-being of employees and safety management work while strictly enforcing labour protective approaches and policies. Employee safety is also safeguarded through the introduction of comprehensive system, provision of protective facility and enhancement of occupational safety awareness through education and promotion.

Production Safety Mechanism

Profound importance is accorded to the health and safety of employees. The Group is firmly committed to maintaining a safe and healthful working condition. Governed by the consistent principle of "People-oriented, Safety First, Prevention Crucial, Treatment Comprehensive", the Waste Recycling Company and the Power Company implement production safety mechanism and sign the letter of responsibility for production safety with each department. Work safety committee is also set up to review and refine the management safety system, perform regular inspection for different departments, employ tracking mechanism in the handling of significant safety issue and provide practical training. Management crew of the Waste Recycling Company and the Power Company holds monthly meeting to keep abreast of the site production safety and map out solutions for existing issues.

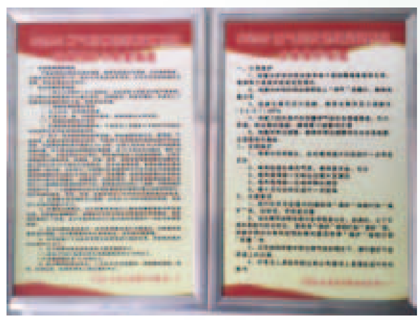
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Safety Measures and Emergency Plan

Safety and protective measures are central to occupational diseases prevention and injury reduction at workplace. For full practice of "Prevention Crucial", the Waste Recycling Company and the Power Company provide sufficient supplies of personal protective

equipments and set up safety protection facilities in the plant. The Waste Recycling Company and the Power Company purchase safety protection equipments only from qualified manufacturers with careful inspection, examination and regular maintenance work performed to safeguard the safety and health of our employees. The Waste Recycling Company and the Power Company conduct safety inspection on a regular basis to identify and tackle dangers and hazards at workplace and ensure departments' compliance with safety rules. There are also emergency plan and annual fire drill to enhance the capabilities of employees to prevent and handle emergency incidents, and to minimise the impact of the incident.

Promotion and Education



In addition to the safety management, the Group also seeks to raise the work safety awareness of employees through promotion and education to build a safe and injury-free workplace. To strengthen the workplace safety awareness of employees, a three-tier education model for production safety is adopted to promote a proper use of protective products and provide pre-job and regular on-job training on workplace safety. Training contents cover laws and regulations related to workplace hygiene, elementary knowledge on production safety management, production safety management and operation flow, proper use of protective facilities and products, emergency plan and case study. The Group also conducts periodic inspection based on the 5S (seiri, seiton, seiso, seiketsu and shitsuke) principle and encourages employees to maintain a clean and organized workplace and put the items neatly and orderly, in order to cultivate the habit of self-discipline.

5. COMMITMENT TO CLIENTS AND SUPPLIERS

Through continuous enhancement of relationship with clients and suppliers, the Group actively promotes the environmental and social concept to attain sustainable development. While upholding business integrity, the Group seeks to provide quality services for its clients. As a responsible corporate citizen, our anti-corruption commitment is demonstrated through the enforcement of various measures which advances corruption-free operation and social well-being.

Supply Chain Management

Raw materials from suppliers support the operation and development of the Group. The Waste Recycling Company and the Power Company conduct the procurement with transparency and fairness in the endeavour to establish a good relationship with suppliers. To reduce social risks arising from the supply chain, requirements and expectations are clearly stated in the contracts and technical agreement between the Waste Recycling Company and the Power Company, and the suppliers. Periodic inspection and assessment of suppliers with regard to their performance and service quality is also performed for the compilation of approved supplier list, which includes qualified suppliers and removes those with inadequate performance. To encourage suppliers to cooperate in our commitment to social responsibility, suppliers with relevant qualification and good social performance receive priority in the selection process of the Waste Recycling Company and the Power Company. The Waste Recycling Company and the Power Company will also terminate cooperation with suppliers involved in the use of child labour, forced labour and violation of labour laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Customer Focus

Utmost emphasis is given to product quality and much has been done to ensure that our products satisfy customers' need and conform to the Product Quality Law of the PRC. Apart from examining and testing our raw materials, the Waste Recycling Company and the Power Company also perform irregular test for semi-finished and finished products in random. Meanwhile, there is also customer support service with respect to technical problems in the use and management of the products to mitigate the potential health and safety risks. The Waste Recycling Company and Power Company are of a strong belief that customer feedback drives sustainable development of enterprises. Therefore, the Waste Recycling Company and Power Company carry out annual customer satisfaction survey to collect customer opinion, strengthen customer communications and thereby, improve customer satisfaction. Our customers can avail themselves of various channels to file a complaint regarding the products and services of the Waste Recycling Company and the Power Company. There is also designated department of the Waste Recycling Company and the Power Company to handle and investigate customer complaints, map out solution and preventive measures to cater for customer demands.

Business Ethics

The Group conforms closely to privacy-related laws and regulations, such as the Tort Liability Law of the PRC. To step up protection for privacy of the Group and customers, existing and departed employees of the Waste Recycling Company and the Power Company are legally bound by our confidentiality policy which is designed against commercial leak. Departed employees shall not join the competitors of the Waste Recycling Company and the Power Company, or engage in similar production and business. The Group also follows rules and regulations related to advertising and intellectual property rights, such as the Advertising Law of the PRC, Trademark Law of the PRC, Intellectual Property Right of the PRC and Patent Law of the PRC. Under the product quality responsibility mechanism, the professional quality engineers of the Waste Recycling Company and the Power Company are in charge of products explanation to maintain the product information with high degree of accuracy.

Anti-Corruption

Steadfast in our principle against corruption, we abide closely by laws and regulations that prevent bribery, extortion, frauds and money laundering, such as the Criminal Law of the PRC and Company Law of the PRC. The Waste Recycling Company and the Power Company keep a close tab on various expenses to deter corruption and malpractice. Prior to the commencement of business relationship with clients, the Waste Recycling Company and the Power Company conduct assessment for the qualification and reputation of the clients to guard itself against the involvement of money-laundering activities. A well-defined mechanism of the Waste Recycling Company and the Power Company is also put in place to prohibit superior/subordinate relationship among family members with clear guidelines that demand employees' compliance with the code of conduct and forbid the abuse of power for unlawful benefits.

6. COMMUNITY CARE

It is the firm belief of the Group that contributing to the community plays a prominent part in our business. For many years, the Group is committed to charitable activities and community service. It is also our aim to engage every employee in community contribution.

INDEPENDENT AUDITOR'S REPORT

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

香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BEP INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of BEP International Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 63 to 157 which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

Valuation of inventories

Refer to notes 2(k) and 17 to the consolidated financial statements and the accounting policies

The Key Audit Matter	How the matter was addressed in our audit
Inventories amounted to approximately HK$52,500,000 as at 31 March 2017 and mainly represent metal minerals and materials used in the production of industrial products and production of utilities. The Group has engaged an independent surveyor to assist in the measurement of their quantities. The measurement involved the use of special counting technique and equipment. We identified this as a key audit matter because of its significance to the consolidated financial statements and because applying the Group's accounting policies in this area involves a significant degree of judgement and estimation by management.	– we attended the Group's physical count as assisted by the independent surveyor on 31 March 2017 – we assessed the competence, capabilities and objectivity of the independent surveyor and have assessed the appropriateness and reasonableness of their counting technique and conclusions, having regard to the measurement methodology, key assumptions and the input data used in the calculation of the physical quantities – we performed testing on valuation, on a sample basis, of external documents and evidences and movement record, to confirm the reasonableness of weighted average cost calculation for the closing inventories – we checked the subsequent utilisation and considered the ageing of inventories to identify any obsolescence or slow-moving items to confirm the reasonableness of impairment allowance

INDEPENDENT AUDITOR'S REPORT

Valuation of trade and bills receivables

Refer to notes 2(j)(i), 2(l) and 18 to the consolidated financial statements and the accounting policies

The Key Audit Matter

Trade receivables amounted to approximately HK$447,911,000 and bills receivables amounted to approximately HK$1,043,584,000 as at 31 March 2017.

Management make estimates when assessing impairment losses for bad and doubtful debts resulting from the inability of the debtors to make the required payments. The estimates were made based on the ageing of the receivable balances, debtors' credit-worthiness, historical write-off experience and current market conditions.

We idendified this as a key audit matter because of its significance to the consolidated financial statements and because assessing recoverability of debts involves a significant degree of judgement and estimation by management.

How the matter was addressed in our audit

– we obtained direct confirmations from a selected sample of debtors and from banks for the bills receivables

– we inspected, on a sampling basis, external documents and evidences to support the validity and completeness of sales and bank advices for the acceptance of bills to gain assurance for the outstanding trade and bills receivables

– we assessed the management's bases and assumptions employed in making estimates on the recoverability of the receivable balances and the extent of impairment allowance required

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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 Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Sze Chor Chun, Yvonne.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 23 June 2017

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Revenue	4(a)	**1,872,541**	2,269,381
Cost of sales		**(1,632,909)**	(1,912,119)
Gross profit		**239,632**	357,262
Other income	5	**5,032**	5,156
Selling and distribution costs		**(11,339)**	(9,048)
Administrative expenses		**(88,994)**	(114,019)
Other operating expenses		**(342)**	(15,119)
Profit from operations		**143,989**	224,232
Finance costs	6(a)	**(50,989)**	(8,966)
Profit before taxation	6	**93,000**	215,266
Income tax	7(a)	**(27,752)**	(46,128)
Profit for the year		**65,248**	169,138
Attributable to:			
Owners of the Company		**66,348**	177,716
Non-controlling interests		**(1,100)**	(8,578)
Profit for the year		**65,248**	169,138
		HK cent	*HK cent*
Earnings per share	11		
Basic		**0.318**	0.868
Diluted		**0.315**	0.844

The notes on pages 70 to 157 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017 *HK$'000*	2016 *HK$'000*
Profit for the year	**65,248**	169,138
Other comprehensive (expenses)/income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**(30,616)**	1,479
Other comprehensive (expenses)/income for the year (net of nil tax (2016: nil))	**(30,616)**	1,479
Total comprehensive income for the year	**34,632**	170,617
Attributable to:		
Owners of the Company	**35,434**	179,043
Non-controlling interests	**(802)**	(8,426)
	34,632	170,617

The notes on pages 70 to 157 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	**2017 HK$'000**	2016 HK$'000
Non-current assets			
Property, plant and equipment	13	**256,866**	226,713
Prepaid land lease payments	14	**3,412**	3,617
Deposit paid for acquisition of property, plant and equipment	19	**–**	31,938
Goodwill	15	**–**	–
Other intangible asset	16	**–**	–
Deferred tax assets	25(b)	**49**	84
Rental deposit	19	**697**	697
		261,024	263,049
Current assets			
Inventories	17	**52,500**	40,815
Trade and bills receivables	18	**1,491,495**	1,842,228
Prepayments, deposits and other receivables	19	**36,037**	77,688
Prepaid land lease payments	14	**69**	52
Tax recoverable	25(a)	**442**	1,331
Restricted bank deposits	20(b)	**7,547**	1,271,880
Cash and cash equivalents	20(a)	**15,165**	80,326
		1,603,255	3,314,320
Current liabilities			
Trade and bills payables	21	**947,410**	1,270,521
Accruals, deposits and other payables	22	**113,416**	264,837
Bank loan	23	**–**	1,199,055
Bank advances for discounted bills	24	**414,080**	458,555
Tax payable	25(a)	**18,107**	44,491
		1,493,013	3,237,459
Non-current liabilities			
Deferred tax liabilities	25(b)	**66**	94
Net assets		**371,200**	339,816
Equity			
Equity attributable to owners of the Company			
Share capital	26(b)	**4,217**	4,111
Reserves		**375,036**	342,937
		379,253	347,048
Non-controlling interests		**(8,053)**	(7,232)
Total equity		**371,200**	339,816

Approved and authorised for issue by the Board of Directors on 23 June 2017.

Zhong Guoxing	**Wang Zhonghe**
Director	*Director*

The notes on pages 70 to 157 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company											
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory reserves	Share option reserve	Contributed surplus	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	4,031	–	(1,522)	8,173	–	–	114,768	2	38,702	164,154	2,353	166,507
Profit/(loss) for the year	–	–	–	–	–	–	–	–	177,716	177,716	(8,578)	169,138
Exchange differences on translation of financial statements of subsidiaries	–	–	–	–	–	–	–	1,327	–	1,327	152	1,479
Total comprehensive income/ (expenses) for the year	–	–	–	–	–	–	–	1,327	177,716	179,043	(8,426)	170,617
Recognition of equity-settled share-based payments	–	–	–	–	–	11,001	–	–	–	11,001	–	11,001
Shares issued under share option scheme *(note 26(b)(ii))*	80	18,069	–	–	–	(4,749)	–	–	–	13,400	–	13,400
Transfer from contributed surplus to retained profits *(note 26(c)(vi))*	–	–	–	–	–	–	(20,550)	–	20,550	–	–	–
Dividend declared and paid in respect of the previous year *(note 10(b))*	–	–	–	–	–	–	–	–	(8,220)	(8,220)	–	(8,220)
Dividend declared and paid during the current year *(note 10(a))*	–	–	–	–	–	–	–	–	(12,330)	(12,330)	(1,159)	(13,489)
At 31 March 2016	4,111	18,069	(1,522)	8,173	–	6,252	94,218	1,329	216,418	347,048	(7,232)	339,816

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company											
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory reserves	Share option reserve	Contributed surplus	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	4,111	18,069	(1,522)	8,173	–	6,252	94,218	1,329	216,418	347,048	(7,232)	339,816
Profit/(loss) for the year	–	–	–	–	–	–	–	–	66,348	66,348	(1,100)	65,248
Exchange differences on translation of financial statements of subsidiaries	–	–	–	–	–	–	–	(30,914)	–	(30,914)	298	(30,616)
Total comprehensive (expenses)/income for the year	–	–	–	–	–	–	–	(30,914)	66,348	35,434	(802)	34,632
Shares issued under share option scheme *(note 26(b)(ii))*	106	23,901	–	–	–	(6,252)	–	–	–	17,755	–	17,755
Release the capital reserve upon disposal of subsidiaries	–	–	–	(322)	–	–	–	–	322	–	–	–
Transfer from retained profits to statutory reserves	–	–	–	–	4,040	–	–	–	(4,040)	–	–	–
Transfer from contributed surplus to retained profits *(note 26(c)(vi))*	–	–	–	–	–	–	(62,258)	–	62,258	–	–	–
Dividend declared and paid in respect of the previous year *(note 10(b))*	–	–	–	–	–	–	–	–	(20,984)	(20,984)	–	(20,984)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(18)	(18)
Disposal of interests in non-wholly owned subsidiaries *(note 30)*	–	–	–	–	–	–	–	–	–	–	(1)	(1)
At 31 March 2017	4,217	41,970	(1,522)	7,851	4,040	–	31,960	(29,585)	320,322	379,253	(8,053)	371,200

The notes on pages 70 to 157 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**93,000**	215,266
Adjustments for:			
Finance costs	6(a)	**50,989**	8,966
Loss on disposal of property, plant and equipment	6(c)	**2**	–
Written off of property, plant and equipment	6(c)	**255**	18
Gain on disposal of subsidiaries	5	**(21)**	(45)
Gain on disposal of prepaid land lease payments	5	**(23)**	–
Gain on a bargain purchase	5	**–**	(4,538)
Equity-settled share-based payments	6(b)	**–**	11,001
Amortisation of prepaid land lease payments	6(c)	**615**	12
Amortisation of other intangible asset	6(c)	**–**	420
Depreciation for property, plant and equipment	6(c)	**18,506**	2,016
Impairment loss for goodwill	6(c)	**–**	5,368
Impairment loss for other intangible asset	6(c)	**–**	2,942
Impairment allowance for trade receivables	6(c)	**–**	72
Impairment allowance for other receivables	6(c)	**290**	5,660
Impairment loss for property, plant and equipment	6(c)	**52**	1,077
Fair value gain on derivative financial instruments	5	**(2,302)**	–
Fair value loss on derivative financial instruments	6(c)	**–**	13,601
Interest income	5	**(1,925)**	(431)
Unrealised foreign exchange loss		**38,157**	–
		104,595	46,139
		197,595	261,405
CHANGES IN WORKING CAPITAL			
(Increase)/decrease in inventories		**(14,386)**	23,328
Decrease/(increase) in trade and bills receivables		**249,349**	(1,539,596)
Decrease in prepayments, deposits and other receivables		**36,526**	79,652
Decrease/(increase) in restricted bank deposits on operating activities		**1,216,128**	(1,271,880)
(Decrease)/increase in trade and bills payables		**(280,895)**	1,204,305
Increase in accruals, deposits and other payables		**12,492**	10,562
		1,219,214	(1,493,629)
CASH GENERATED FROM/(USED IN) OPERATIONS		**1,416,809**	(1,232,224)
Income taxes paid			
Hong Kong	25(a)	**(40,454)**	(9,487)
PRC	25(a)	**(14,136)**	–
Income taxes recovered			
Hong Kong	25(a)	**–**	139
PRC	25(a)	**848**	–
		(53,742)	(9,348)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**1,363,067**	(1,241,572)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
INVESTING ACTIVITIES			
Payment for the purchase of property, plant and equipment		**(31,291)**	(762)
Payment for prepaid land lease payments		**(41,506)**	–
Proceeds from sale of prepaid land lease payments		**40,884**	–
Acquisition of subsidiaries, net of cash acquired	29	**–**	(108,525)
Payment of consideration payable for acquisition of a subsidiary		**(153,908)**	–
Interest received		**1,925**	431
Disposal of subsidiaries, net of cash disposed of	30	**26**	2,718
NET CASH USED IN INVESTING ACTIVITIES		**(183,870)**	(106,138)
FINANCING ACTIVITIES			
Interest paid		**(50,989)**	(8,966)
Proceeds from bank advances for discounted bills		**1,503,022**	475,932
Repayment of bank advances for discounted bills		**(1,541,069)**	(313,837)
Proceeds from issuance of ordinary shares		**17,755**	13,400
Proceeds from new bank loan		**–**	1,199,055
Repayment of bank loan		**(1,150,605)**	(309)
Proceeds from other loan		**40,255**	–
Repayment of other loan		**(40,255)**	–
Dividends paid to owners of the Company	10	**(20,984)**	(20,550)
Dividends paid to non-controlling interests		**(18)**	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(1,242,888)**	1,344,725
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(63,691)**	(2,985)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**80,326**	85,348
EFFECT OF FOREIGN EXCHANGE RATES CHANGES		**(1,470)**	(2,037)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	20(a)	**15,165**	80,326

The notes on pages 70 to 157 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong of the Company is located at Suites 1004-1005, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. Details of the principal activities of the subsidiaries of the Company are set out in note 34 to these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These financial statements also comply with the applicable disclosure provisions of the Listing Rules. Significant accounting policies adopted by the Group are disclosed below.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the "Group").

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars, rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional currency and the Group's presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments are stated at their fair value as explained in note 2(f).

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

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

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 36.

(c) Subsidiaries and non-controlling interests

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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 owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income or expenses for the year between non-controlling interests and the owners of the Company. Total comprehensive income or expenses of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

(d) Business combinations

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business combinations (continued)

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business combinations (continued)

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

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

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

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

(e) Goodwill

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Goodwill (continued)

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

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

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(g) Property, plant and equipment

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

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses and estimated residual value over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Plant, machinery and equipment	5%-33%
Furniture and fixtures	20%-25%
Office equipment	20%-33%
Computer equipment	20%-33%
Motor vehicles	20%-30%
Leasehold improvements	Over the shorter of the remaining term of the lease and the estimated useful life of 4 years

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

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

Construction in progress represents property, plant and equipment in the course of construction for production, supply or administrative purposes, which are carried at cost less any recognised impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress are reclassified to the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(h) Intangible assets (other than goodwill)

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired are carried at cost less any subsequent accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (other than goodwill) (continued)

Intangible assets acquired in a business combination (continued)

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Customer relationship	5 years

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(i) Leased assets

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

(i) Classification of assets leased to the Group

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

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

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets (continued)

(iii) Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump sum upfront payments) are allocated between the land and the building elements in proportion to their relative fair values at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid land lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

(j) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost 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; and

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(i) Impairment of receivables (continued)

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

– For trade and bills receivables, 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 (that is, 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.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and bills receivables and other receivables included within prepayments, deposits 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 bills receivables 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets

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

– property, plant and equipment;

– prepaid land lease payments;

– other intangible asset;

– goodwill;

– deposits and prepayments; 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, 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 its 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 (that is, a CGU).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of the CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis, except that the carrying amount of an 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 year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim Financial Reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (see notes 2(j)(i) and 2(j)(ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Inventories

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

(l) 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, 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 (see note 2(j)).

(m) 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 payables, using the effective interest method.

(n) 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(r)(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

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

(p) Employee benefits

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

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

(ii) Equity-settled share-based payments

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

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

(iii) Termination benefits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant 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 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 that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax 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 goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (that is, 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.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

(ii) Contingent liabilities assumed in business combinations

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

(iii) Other provisions and contingent liabilities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition

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

(i) Sale of goods

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

(ii) Sale of utilities

Revenue is recognised when utilities are generated and transmitted.

(iii) Service income

Service income are recognised when the related services are rendered.

(iv) Interest income

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

(t) Translation of foreign currencies

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies (continued)

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 acquired on or after 1 April 2005, are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving lost of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are 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 completed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Related parties

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

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

(b) has significant influence over the Group; or

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

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

(a) 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).

(b) 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).

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

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

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

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

(g) A person identified in (i)(a) 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).

(h) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief executive officer (the chief operating decision maker) 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

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

The Group has not applied any new HKFRSs that is not yet effective for the current accounting period. The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception for the first time in the current year. The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The Group has applied the amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations for the first time in the current year. The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS *3 Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (for example, HKAS 12 *Income Taxes* regarding the recognition of deferred taxes at the time of acquisition and HKAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group did not have any such transactions in the current year.

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

Amendments to HKAS 1 Disclosure Initiative

The Group has applied the amendments to HKAS 1 Disclosure Initiative for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The Group has applied the amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation for the first time in the current year. The amendments to HKAS 16 *Property, Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 *Intangible Assets* introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

In addition, the amendments also clarify that in choosing an appropriate amortisation method an entity could determine the predominant limiting factor that is inherent in the intangible asset.

As the Group already uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

Annual Improvements to HKFRSs 2012-2014 Cycle

The Group has applied the Annual Improvements to HKFRSs 2012-2014 Cycle for the first time in the current year which include a number of amendments to various HKFRSs as summarised below.

The amendments to HKFRS 5 clarify when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract constitutes continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (that is, the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments has had no effect on the Group's consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents the sales value of goods and utilities supplied and services rendered to customers. The amount of each significant category of revenue recognised during the year is as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Sourcing and sale of metal minerals and related industrial materials	**1,619,896**	2,225,538
Production and sale of industrial products	**133,073**	37,405
Production and sale of utilities	**119,343**	–
Others	**229**	6,438
	1,872,541	2,269,381

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief executive officer (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented the following four reportable segments.

(i) Sourcing and sale of metal minerals and related industrial materials;

(ii) Production and sale of industrial products;

(iii) Production and sale of utilities; and

(iv) Others

Others segment represents business activities and operating segments not separately reported, including provision of logistics services and sale of electrical and electronic consumer products. During the year ended 31 March 2017, the operation of sale of electrical and electronic consumer products segment was disposed.

Segment results, assets and liabilities

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

Segment assets include property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment, goodwill, other intangible asset, inventories, trade and bills receivables, prepayments, deposits and other receivables, tax recoverable, deferred tax assets and restricted bank deposits of each segment. Segment liabilities include trade and bills payables, accruals, deposits and other payables, bank loan, bank advances for discounted bills, tax payable and deferred tax liabilities of each segment.

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

The measure used for reporting segment profit is gross profit less selling and distribution costs of each segment.

In addition to receiving segment information concerning segment profits, the chief executive officer is provided with segment information concerning revenue, depreciation, amortisation of other intangible asset and prepaid land lease payments, impairment of property, plant and equipment, goodwill, other intangible asset, trade receivables and other receivables, finance costs, income tax expense or income and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to price charged to external parties for similar orders.

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Segment results, assets and liabilities (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2.

Information regarding the Group's reportable segments as provided to the Group's chief executive officer for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2017 and 2016 are set out below:

	2017				
	Sourcing and sale of metal minerals and related industrial materials *HK$'000*	Production and sale of industrial products *HK$'000*	Production and sale of utilities *HK$'000*	Others *HK$'000*	Total *HK$'000*
Reportable segment revenue	**1,619,896**	**133,073**	**119,343**	**229**	**1,872,541**
Reportable segment profit/(loss)	**153,109**	**34,066**	**42,749**	**(1,631)**	**228,293**
Depreciation for property, plant and equipment	**–**	**(8,908)**	**(9,227)**	**(2)**	**(18,137)**
Amortisation of prepaid land lease payments	**–**	**(71)**	**(544)**	**–**	**(615)**
Impairment of:					
– property, plant and equipment	**–**	**–**	**–**	**(52)**	**(52)**
– other receivables	**–**	**–**	**–**	**(290)**	**(290)**
Finance costs	**(50,114)**	**–**	**(875)**	**–**	**(50,989)**
Income tax expense	**(11,680)**	**(8,074)**	**(8,170)**	**(4)**	**(27,928)**
Reportable segment assets	**1,460,545**	**87,239**	**297,615**	**960**	**1,846,359**
Additions to non-current segment assets during the year	**–**	**1,982**	**70,742**	**–**	**72,724**
Reportable segment liabilities	**(1,401,924)**	**(30,655)**	**(47,931)**	**(4,054)**	**(1,484,564)**

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's chief executive officer for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2017 and 2016 are set out below: (continued)

	2016				
	Sourcing and sale of metal minerals and related industrial materials *HK$'000*	Production and sale of industrial products *HK$'000*	Production and sale of utilities *HK$'000*	Others *HK$'000*	Total *HK$'000*
Reportable segment revenue	2,225,538	37,405	–	6,438	2,269,381
Reportable segment profit/(loss)	339,960	13,971	–	(5,717)	348,214
Depreciation for property, plant and equipment	–	(1,532)	–	(169)	(1,701)
Amortisation of:					
– other intangible asset	–	–	–	(420)	(420)
– prepaid land lease payments	–	(12)	–	–	(12)
Impairment of:					
– goodwill	–	–	–	(5,368)	(5,368)
– other intangible asset	–	–	–	(2,942)	(2,942)
– property, plant and equipment	–	–	–	(1,077)	(1,077)
– trade receivables	–	–	–	(72)	(72)
– other receivables	–	–	–	(5,660)	(5,660)
Finance costs	(8,959)	–	–	(7)	(8,966)
Income tax (expense)/income	(43,036)	(3,384)	–	340	(46,080)
Reportable segment assets	3,087,573	136,987	262,351	973	3,487,884
Additions to non-current segment assets during the year	–	58,196	203,928	7	262,131
Reportable segment liabilities	(2,938,394)	(29,647)	(91,970)	(4,930)	(3,064,941)

There are no inter-segment sales during the years ended 31 March 2017 and 2016.

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Total reportable segment revenue	**1,872,541**	2,269,381
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**1,872,541**	2,269,381
Profit		
Total reportable segment profit derived from the Group's external customers	**228,293**	348,214
Other income	**5,032**	5,156
Depreciation of reportable segment not included in measurement of segment profit	**(2)**	(169)
Amortisation of other intangible asset	**–**	(420)
Amortisation of prepaid land lease payments	**(615)**	(12)
Impairment loss for property, plant and equipment	**(52)**	(1,077)
Impairment loss for goodwill	**–**	(5,368)
Impairment loss for other intangible asset	**–**	(2,942)
Impairment allowance for trade receivables	**–**	(72)
Impairment allowance for other receivables	**(290)**	(5,660)
Finance costs	**(50,989)**	(8,966)
Unallocated head office and corporate expenses		
– Depreciation for property, plant and equipment	**(369)**	(315)
– Staff costs (including directors' emoluments)	**(33,095)**	(21,815)
– Equity-settled share-based payments	**–**	(11,001)
– Net foreign exchange loss	**(41,588)**	(29,516)
– Fair value loss on derivative financial instruments	**–**	(13,601)
–Legal and professional fee and others	**(13,325)**	(37,170)
Consolidated profit before taxation	**93,000**	215,266

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items: (continued)

	2017	2016
	HK$'000	*HK$'000*
Assets		
Total reportable segment assets	**1,846,359**	3,487,884
Elimination of inter-segment receivable	**–**	–
	1,846,359	3,487,884
Unallocated head office and corporate assets		
– Cash and cash equivalents	**15,165**	80,326
– Others	**2,755**	9,159
Consolidated total assets	**1,864,279**	3,577,369
Liabilities		
Total reportable segment liabilities	**1,484,564**	3,064,941
Elimination of inter-segment payable	**–**	–
	1,484,564	3,064,941
Unallocated head office and corporate liabilities		
– Consideration payable for acquisition of a subsidiary	**–**	153,908
– Others	**8,515**	18,704
Consolidated total liabilities	**1,493,079**	3,237,553

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Reconciliation of reportable segment revenue, profit, assets, liabilities and other items: (continued)

	2017	2016
	HK$'000	*HK$'000*
Other items		
Depreciation for property, plant and equipment		
Reportable segment total	**18,137**	1,701
Unallocated head office and corporate total	**369**	315
Consolidated total	**18,506**	2,016
Income tax expense/(income)		
Reportable segment total	**27,928**	46,080
Unallocated head office and corporate total	**(176)**	48
Consolidated total	**27,752**	46,128
Additions to non-current segment assets during the year		
Reportable segment total	**72,724**	262,131
Unallocated head office and corporate total	**73**	773
Consolidated total	**72,797**	262,904

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For the year ended 31 March 2017

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2017	2016
	HK$'000	*HK$'000*
Metal minerals and related industrial materials	**1,619,896**	2,225,538
Industrial products	**133,073**	37,405
Utilities	**119,343**	–
Others	**229**	6,438
	1,872,541	2,269,381

Geographic information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment, goodwill, other intangible asset and non-current rental deposit. The geographical location of customers is based on the location at which the products were delivered or the services were provided. The geographical locations of property, plant and equipment, deposit paid for acquisition of property, plant and equipment, prepaid land lease payments and non-current rental deposit is based on the physical location of the assets under consideration. In the case of goodwill and other intangible asset, it is based on the location of the operation to which they are allocated.

	Revenue from external customers		**Non-current assets**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	195,602	**1,296**	1,594
PRC except Hong Kong	**1,872,541**	1,973,558	**259,679**	261,371
Other Asian countries	**–**	9,589	**–**	–
Europe	**–**	88,349	**–**	–
Others	**–**	2,283	**–**	–
	1,872,541	2,269,381	**260,975**	262,965

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

Information about major customers

Revenue from customers contributing 10% or more of the total sales of the Group are as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A *(note (i))*	**580,091**	1,861,253
Customer B *(note (ii))*	**1,118,492**	–

Notes:

(i) Revenue from the above customer arose from the businesses of production and sale of industrial products, production and sale of utilities and sourcing and sale of metal minerals and related industrial materials for the year ended 31 March 2017 (2016: sourcing and sale of metal minerals and related industrial materials and production and sale of industrial products).

(ii) Revenue from the above customer arose from the business of sourcing and sale of metal minerals and related industrial materials for the year ended 31 March 2017 (2016: the corresponding revenue did not contribute 10% or more of the Group's total revenue during the year).

5. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Interest income on bank deposits	**1,635**	112
Interest income on loan receivable	**290**	319
Total interest income on financial assets not at fair value through profit or loss	**1,925**	431
Sundry income	**761**	142
Gain on disposal of prepaid land lease payments	**23**	–
Gain on disposal of subsidiaries *(note 30)*	**21**	45
Gain on a bargain purchase *(note 29)*	**–**	4,538
Fair value gain on derivative financial instruments – forward foreign exchange contracts	**2,302**	–
	5,032	5,156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the followings:

		2017 HK$'000	2016 HK$'000
(a)	**Finance costs**		
	Interest on bank loan and overdrafts	**29,503**	707
	Interest on other loan	**876**	–
	Bills discount charges	**20,610**	8,259
	Total interest expense on financial liabilities not at fair value through profit or loss	**50,989**	8,966
(b)	**Staff costs (including directors' emoluments)**		
	Salaries, wages and other benefits	**50,535**	24,909
	Contributions to defined contribution retirement plans	**4,709**	1,110
	Equity-settled share-based payments	**–**	11,001
		55,244	37,020
(c)	**Other items**		
	Cost of inventories#	**1,631,074**	1,904,989
	Auditors' remuneration	**914**	1,200
	Amortisation of other intangible asset	**–**	420
	Amortisation of prepaid land lease payments	**615**	12
	Depreciation for property, plant and equipment	**18,506**	2,016
	Operating lease charges: minimum lease payments	**14,687**	8,897
	Loss on disposal of property, plant and equipment	**2**	–
	Written off of property, plant and equipment	**255**	18
	Impairment allowance for trade receivables*	**–**	72
	Impairment allowance for other receivables*	**290**	5,660
	Impairment loss for property, plant and equipment*	**52**	1,077
	Impairment loss for goodwill*	**–**	5,368
	Impairment loss for other intangible asset*	**–**	2,942
	Net foreign exchange loss	**41,588**	29,516
	Fair value loss on derivative financial instruments	**–**	13,601

6. PROFIT BEFORE TAXATION (continued)

Cost of inventories included HK$47,250,000 (2016: HK$3,804,000) relating to staff costs, depreciation and operating lease charges for the years ended 31 March 2017 and 2016 which amounts were also included in the respective total amounts disclosed separately in notes 6(b) and 6(c) for each of these types of expenses.

* These items are included in "other operating expenses" on the face of the consolidated statement of profit or loss.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2017 ***HK$'000***	2016 *HK$'000*
Current tax		
– Hong Kong Profits Tax *(note (i))*	**11,378**	43,036
– PRC Enterprise Income Tax ("EIT") *(note (ii))*	**16,585**	3,384
	27,963	46,420
(Over)/under-provision in respect of prior years		
– Hong Kong Profits Tax	**(218)**	209
Deferred tax		
– Origination and reversal of temporary differences *(note 25(b)(i))*	**7**	(501)
Total	**27,752**	46,128

Notes:

(i) The provision for Hong Kong Profits Tax for 2017 is calculated at 16.5% (2016: 16.5%) of estimated assessable profits for the year.

(ii) PRC subsidiaries are subject to PRC EIT at 25% (2016: 25%).

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Dividend distributed out of the profits generated thereafter shall be subject to the EIT at 5% or 10% and withheld by PRC entities.

(iii) The Group is not subject to any taxation under the jurisdiction of Bermuda, Samoa and the British Virgin Islands for the years ended 31 March 2017 and 2016.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

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

	2017 **HK$'000**	2016 HK$'000
Profit before taxation	**93,000**	215,266
Notional tax on profit before taxation, calculated at the domestic income tax rate of 16.5% (2016: 16.5%)	**15,345**	35,519
Tax effect of non-deductible expenses	**205**	8,675
Tax effect of non-taxable income	**(588)**	(1,046)
Effect of different tax rates arising from other tax jurisdictions	**2,825**	1,151
Tax effect of utilisation of unused tax losses not recognised in prior years	**–**	(44)
Tax effect of unused tax losses not recognised	**9,557**	1,673
(Over)/under-provision in prior years	**(218)**	209
Tax reduction	**–**	(57)
Others	**626**	48
Actual tax expense	**27,752**	46,128

8. 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:

	2017					
	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits scheme contributions	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Mr. Zhang Honghai	–	3,720	620	201	–	4,541
Mr. Wang Zhonghe (appointed on 16 May 2016)	–	3,727	450	167	–	4,344
Mr. Cheung Ming (resigned on 15 May 2017)	–	3,120	520	18	–	3,658
Mr. Ren Haisheng	–	1,872	312	18	–	2,202
Independent non-executive directors						
Mr. Chan Kwong Fat, George	240	–	–	–	–	240
Mr. Siu Hi Lam, Alick	240	–	–	–	–	240
Mr. Ng Tze Kin, David	240	–	–	–	–	240
	720	12,439	1,902	404	–	15,465

8. DIRECTORS' EMOLUMENTS (continued)

	2016					
	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*
Executive directors						
Mr. Zhang Honghai	–	3,720	930	233	2,354	7,237
Mr. Cheung Ming (resigned on 15 May 2017)	–	3,120	780	18	2,119	6,037
Mr. Sue Ka Lok (resigned on 13 July 2015)	–	188	–	9	–	197
Ms. Hu Denger (retired on 20 August 2015)	–	465	–	7	1,766	2,238
Mr. Ren Haisheng	–	1,872	468	18	1,766	4,124
Non-executive director						
Mr. Suen Cho Hung, Paul (resigned on 1 June 2015)	–	16	–	1	–	17
Independent non-executive directors						
Mr. Chan Kwong Fat, George	150	–	–	–	118	268
Mr. Siu Hi Lam, Alick	150	–	–	–	118	268
Mr. Ng Tze Kin, David	150	–	–	–	118	268
	450	9,381	2,178	286	8,359	20,654

No director of the Company has waived any emoluments and no emoluments were paid or payable by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2017 and 2016.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2016: four) are directors of the Company whose emoluments are disclosed in note 8. The aggregate of the emoluments of the remaining one (2016: one) individual is as follows:

	2017	2016
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,200**	1,372
Discretionary bonuses	**284**	360
Retirement benefits scheme contributions	**18**	87
Share-based payments expenses	**–**	600
	2,502	2,419

The emoluments of the one (2016: one) individual with the highest emoluments is within the following bands:

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

No emoluments were paid or payable by the Group to any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2017 and 2016.

10. DIVIDENDS

(a) The Board does not recommend the payment of any dividend for the year ended 31 March 2017 (2016: HK0.06 cent per ordinary share for interim dividend and HK0.1 cent per ordinary share for final dividend amounted to HK$12,330,000 and HK$20,554,000, respectively).

(b) Dividends paid to owners of the Company attributable to the previous financial year, approved and paid during the year are as follows:

	2017	2016
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year ended 31 March 2017, of HK0.1 cent per ordinary share (2016: HK0.04 cent per ordinary share)	**20,984**	8,220

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2017	2016
Earnings		
Profit for the year attributable to owners of the Company *(HK$'000)*	**66,348**	177,716
Number of shares		
Weighted average number of ordinary shares in issue	**20,836,044,743**	20,466,801,648
Basic earnings per share *(HK cent per share)*	**0.318**	0.868

11. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the number of dilutive potential ordinary shares under the share option scheme.

	2017	2016
Earnings		
Profit for the year attributable to owners of the Company *(HK$'000)*	**66,348**	177,716
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	**20,836,044,743**	20,466,801,648
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**230,768,820**	596,763,353
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**21,066,813,563**	21,063,565,001
Diluted earnings per share *(HK cent per share)*	**0.315**	0.844

12. EMPLOYEE RETIREMENT BENEFITS

The Group has arranged its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees make monthly contributions to the scheme at 5% of the employees' relevant income. The contributions from each of the employer and employees are subject to a cap of HK$1,500 per month and thereafter contributions are voluntary. Contributions to the plan vest immediately.

The Group also participates in a defined contribution state-managed retirement benefit scheme. The employees of the Group's subsidiaries in PRC are members of a state-managed retirement benefit scheme operated by the government of PRC. The subsidiaries are required to contribute a specified percentage of payroll costs 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 specified contributions.

13. PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and equipment *HK$'000*	Furniture and fixtures *HK$'000*	Office equipment *HK$'000*	Computer equipment *HK$'000*	Motor vehicles *HK$'000*	Leasehold improvements *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
Cost								
At 1 April 2015	–	840	36	377	1,012	354	–	2,619
Additions	39	18	15	282	395	13	–	762
Acquisition through business combination *(note 29)*	54,200	–	323	–	–	–	171,990	226,513
Written off	–	–	–	(36)	–	–	–	(36)
Effect of foreign currency exchange differences	704	(16)	4	(4)	(50)	–	–	638
At 31 March 2016 and 1 April 2016	54,943	842	378	619	1,357	367	171,990	230,496
Additions	1,881	1	28	44	–	–	–	1,954
Construction expenditure capitalised	–	–	–	–	–	–	61,275	61,275
Transfer	207,333	–	7,630	–	–	–	(214,963)	–
Written off	(323)	–	(15)	–	–	–	–	(338)
Disposal	–	(2)	(1)	–	–	–	–	(3)
Derecognised on disposal of subsidiaries *(note 30)*	–	(464)	(12)	(37)	–	–	–	(513)
Effect of foreign currency exchange differences	(7,359)	(19)	(169)	(5)	(58)	–	(7,173)	(14,783)
At 31 March 2017	256,475	358	7,839	621	1,299	367	11,129	278,088
Accumulated depreciation and impairment								
At 1 April 2015	–	488	16	117	38	81	–	740
Charge for the year	1,504	47	35	109	230	91	–	2,016
Impairment losses recognised in profit or loss	–	270	–	46	761	–	–	1,077
Written off	–	–	–	(18)	–	–	–	(18)
Effect of foreign currency exchange differences	(26)	(1)	–	(1)	(4)	–	–	(32)
At 31 March 2016 and 1 April 2016	1,478	804	51	253	1,025	172	–	3,783
Charge for the year	17,259	16	887	134	118	92	–	18,506
Impairment losses recognised in profit or losses	–	–	–	–	52	–	–	52
Written off	(74)	–	(9)	–	–	–	–	(83)
Disposal	–	(1)	–	–	–	–	–	(1)
Eliminated on disposal of subsidiaries *(note 30)*	–	(464)	(12)	(37)	–	–	–	(513)
Effect of foreign currency exchange differences	(424)	(19)	(19)	(5)	(55)	–	–	(522)
At 31 March 2017	18,239	336	898	345	1,140	264	–	21,222
Carrying amounts								
At 31 March 2017	238,236	22	6,941	276	159	103	11,129	256,866
At 31 March 2016	53,465	38	327	366	332	195	171,990	226,713

13. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year ended 31 March 2016, because of the lost of major customers for the business of provision of logistics services, the directors consider the recoverable amount of the CGU engaged in the provision of logistics services of Shing Kee International Logistics Holdings Limited ("SKIL") together with its subsidiary, Shing Kee Sea-land Logistics & Warehousing (Shenzhen) Co., Ltd. (literally translation of 勝記海陸物流倉(深圳)有限公司) ("Sealand") (collectively the "SKIL Group") to which certain plant and equipment belonged, which was determined based on value in use calculations with key assumption of pre-tax discount rate being 16.88%, to drop to nil. In addition, these plant and equipment have no or little commercial value in the market. An impairment loss for the property, plant and equipment of HK$1,077,000 was recognised in "other operating expenses" in the consolidated statement of profit or loss.

14. PREPAID LAND LEASE PAYMENTS

	2017	2016
	HK$'000	*HK$'000*
Carrying amount at beginning of the year	**3,669**	–
Acquisition through business combination *(note 29)*	**–**	3,634
Additions for the year	**41,506**	–
Disposal	**(40,861)**	–
Amortisation for the year	**(615)**	(12)
Effect of foreign currency exchange differences	**(218)**	47
Carrying amount at end of the year	**3,481**	3,669
Current portion	**(69)**	(52)
Non-current portion	**3,412**	3,617

Note: The Group's leasehold land is held under medium-term leases and is situated in mainland China.

15. GOODWILL

	2017 HK$'000	2016 HK$'000
Cost		
At beginning and at end of the year	**5,368**	5,368
Accumulated impairment loss		
At beginning of the year	**(5,368)**	–
Impairment loss	**–**	(5,368)
At end of the year	**(5,368)**	(5,368)
Carrying amount	**–**	–

Others segment:

For purposes of impairment testing, goodwill has been allocated to a CGU, namely, the SKIL Group which is principally engaged in logistics businesses comprising warehousing, transportation and cargo handling in Hong Kong and PRC, and included under others segment. The management considered SKIL Group is the CGU for allocation of goodwill as synergies are derived in such arrangement.

During the year ended 31 March 2016, because of the lost of major customers, the directors consider the foreseeable reduced profit will result in the recoverable amount of the CGU, which was determined based on value in use calculations with key assumption of pre-tax discount rate being 16.88%, to drop to nil. An impairment loss on goodwill of HK$5,368,000 was recognised in "other operating expenses" in the consolidated statement of profit or loss.

16. OTHER INTANGIBLE ASSET

	Customer relationship *HK$'000*
Cost	
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	4,202
Accumulated amortisation and impairment	
At 1 April 2015	840
Amortisation for the year	420
Impairment loss recognised in profit or loss	2,942
At 31 March 2016, 1 April 2016 and 31 March 2017	4,202
Carrying amount	
At 31 March 2017	–
At 31 March 2016	–

The amortisation for the year is included in "administrative expenses" in the consolidated statement of profit or loss.

During the year ended 31 March 2016, because of the lost of major customers for the business of provision of logistics services, the directors consider the recoverable amount of the CGU engaged in provision of logistics services to which the customer relationship belonged, which was determined based on value in use calculations with key assumption of pre-tax discount rate being 16.88%, to drop to nil. An impairment loss on the other intangible asset of HK$2,942,000 was recognised in "other operating expenses" in the consolidated statement of profit or loss.

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17. INVENTORIES

	2017 HK$'000	2016 HK$'000
Merchandise	12,262	–
Raw materials	40,238	40,815
	52,500	40,815

18. TRADE AND BILLS RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	447,984	166,301
Bills receivables	1,043,584	1,676,087
Less: Allowance for doubtful debts *(note (b))*	(73)	(160)
	1,491,495	1,842,228

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

Notes:

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables based on the invoice date or shipment date and net of allowance for doubtful debts is as follows:

	2017 HK$'000	2016 HK$'000
0 - 60 days	426,838	155,050
61 - 120 days	19,678	8,921
121 - 180 days	1,329	2,076
181 - 360 days	66	94
	447,911	166,141

18. TRADE AND BILLS RECEIVABLES (continued)

Notes: (continued)

(a) Ageing analysis (continued)

As of the end of the reporting period, the ageing analysis of bills receivables based on the shipment date is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 - 60 days	**112,670**	208,558
61 - 120 days	**418,555**	570,265
121 - 180 days	**238,107**	388,668
181 - 360 days	**274,252**	508,596
	1,043,584	1,676,087

Trade and bills receivables are usually due within 90 to 360 days (2016: 30 to 360 days) from the date of billing, shipment date or bills issue date. Further details on the Group's credit policy are set out in note 28(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(j)).

Movements in the allowance for doubtful debts

		2017	2016
	Notes	***HK$'000***	*HK$'000*
At beginning of the year		**160**	88
Impairment allowance recognised	(i)	**–**	72
Amount written off upon disposal of subsidiaries	(ii)	**(87)**	–
At end of the year	(i)	**73**	160

Notes:

(i) At 31 March 2017, trade receivables of the Group amounting to HK$73,000 (2016: HK$160,000) were individually determined to be impaired. The individually impaired receivables were outstanding for over 360 days at the end of the reporting period or were due from customers with financial difficulties. Accordingly, no specific allowances for doubtful debts were recognised during the year ended 31 March 2017 (2016: HK$72,000).

(ii) Upon disposal of subsidiaries during the year ended 31 March 2017, HK$87,000 of the trade receivables previously impaired were derecognised (2016: nil).

18. TRADE AND BILLS RECEIVABLES (continued)

Notes: (continued)

(c) Trade and bills receivables that are not impaired

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

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**388,941**	165,986
Past due but not impaired		
Less than 1 month past due	**31,925**	52
1 to 3 months past due	**25,858**	9
Over 3 months past due	**1,187**	94
	58,970	155
	447,911	166,141

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

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,043,584**	1,676,087

Receivables that were neither past due nor impaired relate to bills receivables and customers for whom there was no significant history of default.

Receivables that were past due but not impaired relate to a number of independent customers of production and sale of industrial products and production and sale of utilities segments that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

18. TRADE AND BILLS RECEIVABLES (continued)

Notes: (continued)

(d) Transfer of financial assets

During the year, the Group discounted bills receivables to banks for cash proceeds. If the bills receivables are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the discounting as secured bank advances.

At the end of the reporting period, the carrying amount of the bills receivables that have been discounted but has not been derecognised amounted to HK$480,620,000 (2016: HK$500,479,000) and the carrying amount of the associated liability is HK$414,080,000 (2016: HK$458,555,000).

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Amount due from a non-controlling interest *(note (a))*	**5,938**	5,648
Other receivables	**108**	33,962
Less: Impairment allowance *(note (b))*	**(5,950)**	(5,660)
	96	33,950
Deposit paid for acquisition of property, plant and equipment *(note (c))*	**–**	31,938
Other deposits and prepayments	**18,785**	10,463
Other tax prepayments *(note (d))*	**17,853**	33,972
	36,734	110,323
Representing:		
Current	**36,037**	77,688
Non-current *(note (c))*	**697**	32,635
	36,734	110,323

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes:

(a) The amount is secured by the shares in certain private limited companies incorporated in Hong Kong, one of which being SKIL, a non-wholly-owned subsidiary of the Group. It was interest-bearing at 5.01% per annum and is repayable on 30 September 2017.

(b) Impairment of other receivables

Impairment losses in respect of other 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 other receivables directly (see note 2(j)).

Movements in the allowance for doubtful debts

	Note	**2017** **HK$'000**	2016 *HK$'000*
At beginning of the year		**5,660**	–
Impairment allowance recognised	(i)	**290**	5,660
At end of the year	(i)	**5,950**	5,660

Note:

(i) At 31 March 2017, other receivables of the Group amounting to HK$5,950,000 (2016: HK$5,660,000) were individually determined to be impaired. The individually impaired receivables were outstanding for over 1 year at the end of the reporting period and were due from a non-controlling interest with financial difficulties. Accordingly, specific allowances for doubtful debts of HK$290,000 (2016: HK$5,660,000) were recognised.

(c) Except for rental deposits of HK$697,000 (2016: HK$697,000) and no deposit paid for the acquisition of property, plant and equipment (2016: HK$31,938,000) which are expected to be recovered after more than one year, all other receivables are expected to be recovered within one year and other deposits and prepayments are expected to be recognised as expenses within one year.

(d) The other tax prepayments represent the prepaid value-added tax in PRC which can be utilised to offset the value-added tax payable arising from the future sales of the subsidiaries operating in PRC.

20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

(a) Cash and cash equivalents

	2017	2016
	HK$'000	*HK$'000*
Cash at banks and on hand	**15,165**	80,326
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**15,165**	80,326

Note:

Cash at banks earns interest at floating rates based on daily bank deposit rates.

(b) Restricted bank deposits

At 31 March 2017, the Group's restricted bank deposits of HK$7,547,000 (2016: HK$1,271,880,000) comprise of:

(i) Deposits of HK$7,547,000 (2016: HK$72,825,000) placed at banks to secure the bills payables (note 21) without any deposit interest, which will be released upon the settlement of relevant bills payables.

(ii) No deposit placed at a bank as security for bank loan (note 23) (2016: a deposit of HK$1,199,055,000, which was interest-bearing at 1.5% per annum and with a maturity of one year, was placed at a bank as security for bank loan).

21. TRADE AND BILLS PAYABLES

	2017 HK$'000	2016 HK$'000
Trade payables	**304,426**	255,902
Bills payables *(note (b))*	**642,984**	1,014,619
	947,410	1,270,521

Notes:

(a) Trade and bills payables are expected to be settled within one year.

(b) At 31 March 2017, included in bills payables HK$237,344,000 (2016: HK$186,061,000) being secured by the restricted bank deposits of HK$7,547,000 (2016: HK$72,825,000) (note 20(b)(i)).

(c) Ageing analysis

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

	2017 HK$'000	2016 HK$'000
0 – 60 days	**242,641**	74,875
61 – 120 days	**19,583**	53,211
121 – 180 days	**10,988**	70,195
181 – 360 days	**1,126**	56,736
Over 360 days	**30,088**	885
	304,426	255,902

As of the end of the reporting period, the ageing analysis of bills payables based on the shipment date is as follows:

	2017 HK$'000	2016 HK$'000
0 – 60 days	**154,874**	213,429
61 – 120 days	**202,782**	324,805
121 – 180 days	**73,664**	263,836
181 – 360 days	**211,664**	212,549
	642,984	1,014,619

22. ACCRUALS, DEPOSITS AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Consideration payable for acquisition of a subsidiary *(note 29)*	**–**	153,908
Accruals and other payables	**60,777**	95,211
Trade deposits received	**43,992**	2,117
Derivative financial instruments – forward foreign exchange contracts *(note 28(d))*	**8,647**	13,601
	113,416	264,837

Note:

All of the consideration payable for acquisition of a subsidiary, accruals and other payables, trade deposits received and derivative financial instruments are expected to be settled or recognised as income within one year or are repayable on demand.

23. BANK LOAN

	2017	2016
	HK$'000	*HK$'000*
Term loan due for repayment within 1 year	**–**	1,199,055

Note:

During the year ended 31 March 2016, the Group drew down a bank loan which according to the loan contract signed was to be used for the purchase of metal minerals.

At 31 March 2016, the bank loan carried at amortised cost was secured by the Group's restricted bank deposits (note 20(b)(ii)) amounting to HK$1,199,055,000, interest-bearing at 7% per annum and repayable within one year. The loan was fully repaid during the year ended 31 March 2017.

The carrying amount of the bank loan approximates its fair value.

24. BANK ADVANCES FOR DISCOUNTED BILLS

At 31 March 2017, the bank advances for discounted bills of HK$414,080,000 (2016: HK$458,555,000) are secured by the bills receivables (note 18(d)), interest-bearing ranged from 2.02% to 8.10% (2016: 1.73% to 6.30%) per annum and repayable within the next financial year with a repayment on demand clause.

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25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2017 *HK$'000*	2016 *HK$'000*
At beginning of the year	**43,160**	4,397
Tax payable assumed through business combinations *(note 29)*	**–**	1,517
Derecognised on disposal of a subsidiary *(note 30)*	**–**	(1)
Provision for the year		
– Hong Kong Profits Tax	**11,378**	43,036
– PRC EIT	**16,585**	3,384
	27,963	46,420
(Over)/under-provision in respect of prior years		
– Hong Kong Profits Tax	**(218)**	209
Income tax paid during the year		
– Hong Kong Profits Tax	**(40,454)**	(9,487)
– PRC EIT	**(14,136)**	–
	(54,590)	(9,487)
Income tax recovered during the year		
– Hong Kong Profits Tax	**–**	139
– PRC EIT	**848**	–
	848	139
Effect of foreign currency exchange differences	**502**	(34)
At end of the year	**17,665**	43,160
Representing:		
Tax recoverable	**(442)**	(1,331)
Tax payable	**18,107**	44,491
At end of the year	**17,665**	43,160

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised

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

Deferred tax arising from:	Depreciation allowances in excess of related depreciation *HK$'000*	Depreciation in excess of related depreciation allowances *HK$'000*	Fair value adjustment of other intangible asset *HK$'000*	Total *HK$'000*
At 1 April 2015	37	(80)	554	511
Charged/(credited) to profit or loss *(note 7(a))*	57	(4)	(554)	(501)
At 31 March 2016 and 1 April 2016	94	(84)	–	10
(Credited)/charged to profit or loss *(note 7(a))*	(28)	35	–	7
At 31 March 2017	66	(49)	–	17

(ii) Reconciliation to the consolidated statement of financial position:

	2017 ***HK$'000***	2016 *HK$'000*
Deferred tax assets recognised in the consolidated statement of financial position	**(49)**	(84)
Deferred tax liabilities recognised in the consolidated statement of financial position	**66**	94
	17	10

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(c) Deferred tax assets not recognised

As at 31 March 2017, the Group has unused tax losses of HK$8,595,000 (2016: HK$3,228,000) and HK$53,690,000 (2016: HK$23,368,000) available for offset against future profits that may be carried forward indefinitely and with expiry date of within 5 years, respectively. No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profit streams.

(d) Deferred tax liabilities not recognised

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

At 31 March 2017, temporary differences relating to the undistributed profits of subsidiaries amounted to HK$59,741,000 (2016: HK$10,153,000). Deferred tax liabilities of HK$2,987,000 (2016: HK$508,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

26. CAPITAL AND RESERVES

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

	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Capital reserve *HK$'000*	Share option reserve *HK$'000*	Contributed surplus *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2015	4,031	–	(1,522)	7,851	–	114,768	–	125,128
Loss for the year	–	–	–	–	–	–	(23,420)	(23,420)
Total comprehensive expenses for the year	–	–	–	–	–	–	(23,420)	(23,420)
Recognition of equity-settled share-based payments	–	–	–	–	11,001	–	–	11,001
Shares issued under share option scheme *(note 26(b)(ii))*	80	18,069	–	–	(4,749)	–	–	13,400
Transfer from contributed surplus to accumulated losses *(note 26(c)(vi))*	–	–	–	–	–	(20,550)	20,550	–
Dividend declared and paid in respect of the previous year *(note 10(b))*	–	–	–	–	–	–	(8,220)	(8,220)
Dividend declared and paid during the current year *(note 10(a))*	–	–	–	–	–	–	(12,330)	(12,330)
At 31 March 2016	4,111	18,069	(1,522)	7,851	6,252	94,218	(23,420)	105,559
At 1 April 2016	**4,111**	**18,069**	**(1,522)**	**7,851**	**6,252**	**94,218**	**(23,420)**	**105,559**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(17,854)**	**(17,854)**
Total comprehensive expenses for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(17,854)**	**(17,854)**
Shares issued under share option scheme *(note 26(b)(ii))*	**106**	**23,901**	**-**	**-**	**(6,252)**	**-**	**-**	**17,755**
Transfer from contributed surplus to accumulated losses *(note 26(c)(vi))*	**-**	**-**	**-**	**-**	**-**	**(62,258)**	**62,258**	**-**
Dividend declared and paid in respect of the previous year *(note 10(b))*	**-**	**-**	**-**	**-**	**-**	**-**	**(20,984)**	**(20,984)**
At 31 March 2017	**4,217**	**41,970**	**(1,522)**	**7,851**	**-**	**31,960**	**-**	**84,476**

26. CAPITAL AND RESERVES (continued)

(b) Share capital

	Notes	**2017** Number of shares	**2017** Amount HK$'000	2016 Number of shares	2016 Amount HK$'000
Authorised:					
At the beginning of the year					
(ordinary shares of HK$0.0002 each)		**500,000,000,000**	**100,000**	–	–
(ordinary shares of HK$0.002 each)		**–**	**–**	50,000,000,000	100,000
Share Subdivision	(i)	**–**	**–**	450,000,000,000	–
At the end of the year (ordinary shares of HK$0.0002 each)		**500,000,000,000**	**100,000**	500,000,000,000	100,000
Ordinary shares, issued and fully paid:					
At the beginning of the year					
(ordinary shares of HK$0.0002 each)		**20,554,072,140**	**4,111**	–	–
(ordinary shares of HK$0.002 each)		**–**	**–**	2,015,407,214	4,031
Share Subdivision	(i)	**–**	**–**	18,314,164,926	–
Shares issued under share option scheme	(ii)	**530,000,000**	**106**	224,500,000	80
At the end of the year (ordinary shares of HK$0.0002 each)		**21,084,072,140**	**4,217**	20,554,072,140	4,111

Notes:

(i) Upon the share subdivision becoming effective on 9 June 2015 ("Share Subdivision"), the subdivided shares of par value of HK$0.0002 each in the share capital of the Company (the "Subdivided Shares") rank pari passu in all respects with each other and with the shares in issue prior to the Share Subdivision and the rights attached to the Subdivided Shares are not affected by the Share Subdivision.

(ii) During the year ended 31 March 2017, the Company allotted and issued 530,000,000 ordinary shares of par value of HK$0.0002 each.

During the year ended 31 March 2016, the Company allotted and issued 19,500,000 ordinary shares of par value of HK$0.002 each (before the Share Subdivision) and 205,000,000 ordinary shares of par value of HK$0.0002 each (after the Share Subdivision).

The owner 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.

26. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act 1981 of Bermuda (the "Companies Act") and Bye-laws of the Company.

(ii) Merger reserve

On 6 January 2003, the Company became the holding company of the companies then comprising the Group pursuant to a group reorganisation scheme (the "Group Reorganisation") at the time of listing of the Company's shares on the Stock Exchange. The merger reserve of the Group represents the difference between the nominal value of the shares of a former subsidiary of the Company acquired pursuant to the Group Reorganisation and the nominal value of the Company's shares issued in exchange therefor.

(iii) Capital reserve

Capital reserve represents the fair value adjustment on the amounts due to the former ultimate holding company and the former immediate holding company at initial recognition, deemed capital contribution from the former immediate holding company on the date of extension of repayment and waiver of amount due to the former ultimate holding company.

(iv) Statutory reserves

Pursuant to applicable PRC regulations, certain PRC subsidiaries in the Group are required to appropriate not less than 10% of their profit after tax to the statutory reserve until such reserve reaches 50% of their registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders.

Pursuant to applicable PRC regulations, PRC subsidiaries in the Group engaged in business involving the prescribed dangerous goods are required to appropriate certain of their profit, calculated based on regressive rate ranging from 0.5% to 4% applied on the revenue of that entity, to the statutory reserve.

(v) Share option reserve

The share option reserve comprises the portion of the fair value of unexercised share options granted that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(p)(ii).

26. CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(vi) Contributed surplus

The contributed surplus of the Company at the end of the reporting period represented the credit arising from the transfer of the entire amount of the share premium account of the Company to the contributed surplus account of the Company as reduced by amounts transferred from the contributed surplus account of the Company to set off the accumulated losses of the Company.

(vii) Exchange reserve

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

(d) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt, which includes bank loan and bank advances for discounted bills disclosed in notes 23 and 24, respectively, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group is not subject to any externally imposed capital requirements.

26. CAPITAL AND RESERVES (continued)

(d) Capital management (continued)

The Group monitors capital using a gearing ratio, which is total borrowings divided by equity plus total borrowings. Total borrowings is calculated as the sum of bank loan and bank advances for discounted bills. Equity represents equity attributable to owners of the Company. The gearing ratio as at the end of the reporting periods is as follows:

	2017	2016
	HK$'000	*HK$'000*
Bank loan	**–**	1,199,055
Bank advances for discounted bills	**414,080**	458,555
Total borrowings	**414,080**	1,657,610
Equity attributable to owners of the Company	**379,253**	347,048
Equity and total borrowings	**793,333**	2,004,658
Gearing ratio	**52%**	83%

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 27 August 2012 for the purpose of providing incentives to eligible participants and the previous share option scheme of the Company adopted on 6 January 2003 was terminated on the same date. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions. Eligible participants of the Share Option Scheme include any individual being an employee, officer, agent, consultant or representatives of any member of the Group (including any executive or non-executive director of any member of the Group) who, as the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his/her performance and/or years of service, or is regarded to be a valuable human resource of the Group based on his/her working experience, knowledge in the industry and other relevant factors. The offer of a grant of share options may be accepted within thirty days from the date of grant, provided that no such grant shall be open for acceptance after the expiry of the period of ten years commencing on the adoption date of the Share Option Scheme or after the Share Option Scheme has been terminated. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00.

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

The subscription price for the shares on the exercise of options under the Share Option Scheme shall be a price determined by the Board and notified to the relevant participant at the time of grant of the options (subject to any adjustments made pursuant to the Share Option Scheme and the relevant provisions of the Listing Rules) made to (subject to acceptance by) the participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the share. An option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted by the Board but in any event, not longer than ten years from the date of grant.

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

The limit on the total number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company (excluding lapsed and cancelled options) must not exceed 30% of the total number of the shares in issue from time to time. In addition, the total number of the shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company (excluding lapsed options), must not represent more than 10% of the total number of the shares in issue as at the date of approval of the Share Option Scheme (the "Scheme Mandate Limit") or as at the date of approval of the refreshed Scheme Mandate Limit as the case may be. As at 31 March 2017, the total number of shares of the Company available for issue under the Share Option Scheme is 1,085,407,210 shares.

On 1 April 2015, the Company granted share options to subscribe for a total of 93,000,000 ordinary shares of HK$0.002 each under the Company's Share Option Scheme to eligible persons. The exercise price of the options granted was HK$0.335 per share and the exercisable period was from 1 April 2015 to 31 March 2017. Among the options granted, 71,000,000 options were granted to the directors of the Company and 22,000,000 options were granted to the employees of the Group.

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

Pursuant to the Share Option Scheme and relevant rules of the Listing Rules, upon the Share Subdivision, each of the issued and unissued ordinary shares of par value of HK$0.002 each in the share capital of the Company was subdivided into ten shares of par value of HK$0.0002 each and the exercise price of the outstanding options was adjusted to HK$0.0335 per share accordingly.

Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) Terms of unexpired and unexercised share options at the end of the reporting period

	Outstanding at 31 March 2017		Outstanding at 31 March 2016	
	Exercise price *HK$*	**Number of share options**	Exercise price *HK$*	Number of share options
Exercise period 1 April 2015 to 31 March 2017	**–**	**–**	0.0335	530,000,000

(b) The number and weighted average exercise prices of share options are as follows:

	2017		2016	
	Weighted average exercise price *HK$*	**Number of share options**	Weighted average exercise price *HK$*	Number of share options
Outstanding at the beginning of the year	**0.0335**	**530,000,000**	–	–
Granted during the year prior to Share Subdivision	**–**	**–**	0.335	93,000,000
Exercised during the year prior to Share Subdivision	**–**	**–**	0.335	(29,600,000)
		530,000,000		63,400,000
Adjusted during the year upon completion of Share Subdivision	**–**	**–**	0.0335	570,600,000
Exercised during the year after Share Subdivision	**0.0335**	**(530,000,000)**	0.0335	(104,000,000)
Outstanding and exercisable at the end of the year		**–**		530,000,000

27. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) (continued)

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2017 was HK$0.4404 (2016: HK$1.1993). As at 31 March 2017, there is no share option outstanding. As at 31 March 2016, the share options outstanding had an exercise price of HK$0.0335 and a weighted average remaining contractual life of 1 year.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

Date granted	**1 April 2015**
Fair value per share option at measurement date	HK$0.1183
Share price	HK$0.33
Exercise price	HK$0.335
Expected volatility (expressed as weighted average volatility used in the modelling under the Binomial Model)	75.997%
Option life (expressed as weighted average life used in the modelling under the Binomial Model)	2 years
Exercise multiple (expressed as weighted average multiple used in the modelling under the Binomial Model)	2.9
Expected dividends	1.82%
Risk-free interest rate (based on Hong Kong Sovereign Curve)	0.452%

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include the followings:

Categories of financial instruments

	2017	2016
	HK$'000	*HK$'000*
Financial assets		
Trade and bills receivables	**1,491,495**	1,842,228
Amount due from a non-controlling interest and other receivables	**96**	33,950
Restricted bank deposits	**7,547**	1,271,880
Cash and cash equivalents	**15,165**	80,326
Loans and receivables	**1,514,303**	3,228,384
Financial liabilities		
Trade and bills payables	**947,410**	1,270,521
Consideration payable for acquisition of a subsidiary	**–**	153,908
Accruals and other payables	**60,777**	95,211
Bank loan	**–**	1,199,055
Bank advances for discounted bills	**414,080**	458,555
Financial liabilities at amortised cost	**1,422,267**	3,177,250
Derivative financial instruments	**8,647**	13,601
Financial liabilities at fair value through profit or loss	**8,647**	13,601

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

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

(i) Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

(ii) The Group's credit risk is primarily attributable to trade receivables. In order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out searches on the credibility of the new customer and assesses the potential customer's credit quality and defines credit limits for the customer. Limits attributed to customers are reviewed once a year.

Ongoing credit evaluation is performed on the financial condition of customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debts are usually due within 90 to 360 days (2016: 30 to 360 days) from the date of billing, shipment date or bills issue date. Normally, the Group does not obtain collateral from its customers.

The management considers no impairment is necessary for the trade receivables in view of the customers' good repayment history and low default rates.

(iii) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, 49% (2016: 46%) and 97% (2016: 100%) of the total trade receivables were due from the Group's largest trade debtor and the three largest trade debtors respectively. In the opinion of the directors of the Group, the three largest trade debtors are well established customers with good credibility.

(iv) The Group's credit risk on bills receivables is considered as minimal as the bills are issued by banks with good reputation.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(v) The Group also has credit risk attributable to amount due from a non-controlling interest and other receivables. The management of the Group monitors the credit risk on an ongoing basis. Credit evaluations of the counterparties' financial position and condition are performed periodically. These evaluations focus on the counterparties' current ability to pay, and take into account the value of any assets pledged by the counterparties as security for the facilities.

(vi) The credit risk on restricted bank deposits and cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables and other receivables are set out in notes 18 and 19 respectively.

(b) Liquidity risk

The cash management policy of the Group includes short-term investment of cash surpluses and raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major institutions to meet its liquidity requirements in the short and long term. The Group relies on its liquid funds and bank advances as significant sources of liquidity.

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, 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.

Specifically, for the bank loan and bank advances for discounted bills which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans and bank advances for discounted bills with immediate effect.

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For the year ended 31 March 2017

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

	2017			
	On demand *HK$'000*	**Within 1 year** *HK$'000*	**Total contractual undiscounted cash flow** *HK$'000*	**Carrying amount** *HK$'000*
Non-derivative financial liabilities:				
Trade and bills payables	**–**	**947,410**	**947,410**	**947,410**
Accruals and other payables	**–**	**60,777**	**60,777**	**60,777**
Bank advances for discounted bills	**414,080**	**–**	**414,080**	**414,080**
	414,080	**1,008,187**	**1,422,267**	**1,422,267**

	2016			
	On demand *HK$'000*	Within 1 year *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial liabilities:				
Trade and bills payables	–	1,270,521	1,270,521	1,270,521
Consideration payable for acquisition of a subsidiary	–	153,908	153,908	153,908
Accruals and other payables	–	95,211	95,211	95,211
Bank loan	1,199,055	–	1,199,055	1,199,055
Bank advances for discounted bills	458,555	–	458,555	458,555
	1,657,610	1,519,640	3,177,250	3,177,250

The following tables summarises the maturity analysis of bank advances for discounted bills and bank loan with a repayment on demand clause based on agreed scheduled repayments set out in the bills contracts and loan agreements. Taking into account of the Group's financial position, the directors of the Group do not consider it probable that the banks will exercise their discretion to demand immediate repayment. The directors of the Group believe that such bank advances and bank loan will be repaid in accordance with the scheduled repayment dates set out in the bills contracts and loan agreements.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

Maturity Analysis – Bank advances for discounted bills and bank loan subject to a repayment on demand clause based on scheduled repayments

	On demand *HK$'000*	Within 1 year *HK$'000*	Total undiscounted cash flows *HK$'000*
31 March 2017	**–**	**414,080**	**414,080**
31 March 2016	–	1,741,544	1,741,544

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's derivative financial liabilities based on contractual undiscounted cash flows and the earliest date of the Group can be required to pay.

	2017		2016	
	Within 1 year or on demand ***HK$'000***	**Total** ***HK$'000***	Within 1 year or on demand *HK$'000*	Total *HK$'000*
Derivative settled gross:				
Forward foreign exchange contracts				
– outflow	**(393,934)**	**(393,934)**	(340,314)	(340,314)
– inflow	**385,287**	**385,287**	326,713	326,713

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 20 for details) and fair value interest rate risk mainly in relation to fixed-rate amount due from a non-controlling interest (see note 19(a) for details), restricted bank deposits (see note 20 for details), bank loan (see note 23 for details) and bank advances for discounted bills (see note 24 for details).

Interest rate risks are managed by the Group by maintaining an appropriate mix between fixed and variable rate financial instruments.

Sensitivity analysis

At 31 March 2017, it is estimated that a general increase/decrease of 50 basis points (2016: 50 basis points) in interest rates for variable-rate financial instruments, with all other variables held constant, would have increased/decreased the Group's profit after tax and the Group's retained profits by HK$58,000 (2016: HK$387,000). Other components of the Group's consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2016: 50 basis points) increase/decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis is performed on the same basis for 2016.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk

(i) Exposure to currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, restricted bank deposits, cash and cash equivalents and bank advances for discounted bills that are denominated in a foreign currency, that is, a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$ and RMB. The Group manages this risk as follows:

Recognised assets and liabilities

Changes in the fair value of forward foreign exchange contracts that minimise the foreign currencies risk of certain monetary assets and liabilities are recognised in profit or loss (see notes 5 and 6(c)). The net fair value of forward foreign exchange contracts entered into by the Group at 31 March 2017 was HK$8,647,000 (2016: HK$13,601,000), recognised as derivative financial instruments.

In respect of other assets and liabilities denominated in foreign currencies, the Group closely monitors the net exposure and has entered into forward foreign exchange contracts to hedge against the Group's currency exposure.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk (continued)

The following details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HK$, translated using the spot rates at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in HK$)			
	2017		2016	
	US$	**RMB**	US$	RMB
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Trade and bills receivables	**–**	**–**	85	1,815,483
Other receivables	**–**	**–**	–	19
Restricted bank deposits	**7,547**	**–**	72,825	–
Cash and cash equivalents	**5,513**	**177**	52,118	4,702
Trade and bills payables	**(923,056)**	**–**	(1,225,721)	(149)
Consideration payable for acquisition of a subsidiary	**–**	**–**	–	(153,908)
Accruals and other payables	**(2,593)**	**(2,460)**	–	(108)
Bank advances for discounted bills	**(336,413)**	**–**	(364,473)	(94,082)
Gross exposure arising from recognised assets and liabilities	**(1,249,002)**	**(2,283)**	(1,465,166)	1,571,957
Notional amount of forward foreign exchange contracts used to minimise the foreign currencies risk	**385,287**	**–**	326,713	(340,314)
Net exposure arising from recognised assets and liabilities	**(863,715)**	**(2,283)**	(1,138,453)	1,231,643

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following tables indicate the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HK$ and the US$ would not be materially affected by any changes in movement in value of the US$ against other currencies. The increase/(decrease) in foreign exchange rates of 5% represents the sensitivity rate of management's assessment of the reasonably possible strengthening/(weakening) of the foreign currency against the functional currencies of the group entities.

	2017			2016		
	Increase/ (decrease) in foreign exchange rates	**(Decrease)/ increase in profit after tax** *HK$'000*	**(Decrease)/ increase in retained profits** *HK$'000*	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax *HK$'000*	Increase/ (decrease) in retained profits *HK$'000*
RMB	**5%**	**(95)**	**(95)**	5%	51,421	51,421
	(5%)	**95**	**95**	(5%)	(51,421)	(51,421)
US$	**5%**	**(34,826)**	**(34,826)**	5%	–	–
	(5%)	**34,826**	**34,826**	(5%)	–	–

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

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

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, 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, that is, 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, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

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

		Fair value measurements as at 31 March 2017 categorised into				Fair value measurement as at 31 March 2016 categorised into		
	Fair value at 31 March 2017	**Level 1**	**Level 2**	**Level 3**	Fair value at 31 March 2016	Level 1	Level 2	Level 3
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurements								
Liabilities:								
Derivative financial instruments:								
– Forward foreign exchange contracts	**8,647**	**–**	**8,647**	**–**	13,601	–	13,601	–

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (continued)

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

During the years ended 31 March 2017 and 2016, 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.

The fair value of forward foreign exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate.

(ii) Fair values 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 are not materially different from their fair values as at 31 March 2017 and 2016.

29. BUSINESS COMBINATION

For the year ended 31 March 2017

During the year ended 31 March 2017, there was no business combination in the Group.

For the year ended 31 March 2016

(a) Acquisition of 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the "Waste Recycling Company")

On 1 February 2016, the Group acquired the entire equity interests in Waste Recycling Company which is principally engaged in the production and sale of industrial products in PRC, for a cash consideration of RMB77,000,000 (equivalent to approximately HK$91,592,000). The Waste Recycling Company was acquired so as to broaden the revenue base and diversify the business risks of the Group.

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2016 (continued)

(a) Acquisition of 寧夏華夏環保資源綜合利用有限公司 *(literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the "Waste Recycling Company") (continued)*

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment *(note 13)*	54,523
Prepaid land lease payments *(note 14)*	3,634
Inventories	54,913
Prepayments, deposits and other receivables	15,032
Cash and cash equivalents	3
Trade payables	(22,756)
Accruals, deposits and other payables	(7,702)
Tax payable *(note 25(a))*	(1,517)
Total identifiable net assets at fair value	96,130
Gain on a bargain purchase *(note 5)*	(4,538)
	91,592

Net cash outflow on acquisition

	HK$'000
Cash consideration, satisfied in cash	91,592
Cash and cash equivalents acquired	(3)
Net cash outflow	91,589

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2016 (continued)

(a) Acquisition of 寧夏華夏環保資源綜合利用有限公司 (literally translated as Ningxia Huaxia Integrated Waste Recycling Company Limited) (the "Waste Recycling Company") (continued)

Impact of acquisition on the revenue and results of the Group

For the two months ended 31 March 2016, Waste Recycling Company contributed revenue and profit of HK$37,405,000 and HK$10,153,000 respectively to the revenue and profit of the Group for the year ended 31 March 2016.

Had the acquisition occurred on 1 April 2015, the revenue and profit of the Group for the year ended 31 March 2016 would have been HK$2,291,501,000 and HK$170,955,000 respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is it intended to be a projection of future results.

Gain on a bargain purchase of HK$4,538,000 was recognised upon completion of the acquisition of Waste Recycling Company, since the net assets value of Waste Recycling Company increased between the date of sale and purchase agreement and the date of acquisition, therefore, the acquisition generated such gain on a bargain purchase.

Acquisition-related costs amounting to HK$9,023,000 and have been excluded from the consideration transferred and have been recognised as an expense in the year, within the "administrative expenses" line item in the consolidated statement of profit or loss.

At the acquisition date, the gross contractual amount and fair value of the receivables acquired, representing other receivables amounted to HK$537,000, which was expected to be fully collectible.

(b) Acquisition of 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Co., Ltd.) (the "Power Company")

On 31 March 2016, the Group acquired the entire equity interests in Power Company which is principally engaged in the production and sale of utilities in PRC, for a cash consideration of RMB142,620,000 (equivalent to approximately HK$171,008,000). Power Company was acquired so as to broaden the revenue base and diversify the business risks of the Group.

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2016 (continued)

(b) Acquisition of 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Co., Ltd.) (the "Power Company") (continued)

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment *(note 13)*	171,990
Inventories	422
Prepayments, deposits and other receivables	89,940
Cash and cash equivalents	164
Trade paybles	(21,950)
Accruals, deposits and other payables	(69,558)
Total identifiable net assets at fair value	171,008

Net cash outflow on acquisition

	HK$'000
Consideration	171,008
Less: unpaid consideration included in accruals, deposits and other payables *(note 22)*	(153,908)
Cash consideration, satisfied in cash	17,100
Cash and cash equivalents acquired	(164)
Net cash outflow	16,936

29. BUSINESS COMBINATION (continued)

For the year ended 31 March 2016 (continued)

(b) Acquisition of 寧夏天元發電有限公司 (literally translated as Ningxia Tianyuan Power Generation Co., Ltd.) (the "Power Company") (continued)

Impact of acquisition on the revenue and results of the Group

As the acquisition of Power Company is completed on 31 March 2016, Power Company contributed no revenue and no profit to the Group for the year ended 31 March 2016.

Had the acquisition occurred on 1 April 2015, the revenue and profit of the Group for the year ended 31 March 2016 would have been HK$2,299,214,000 and HK$168,428,000 respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2015, nor is intended to be a projection of future results.

Acquisition-related costs amounting to HK$5,624,000 and have been excluded from the consideration transferred and have been recognised as an expense in the year, within the "administrative expenses" line item in the consolidated statement of profit or loss.

At the acquisition date, the gross contractual amount and fair value of the receivables acquired, representing other receivables amounted to HK$27,979,000, which was expected to be fully collectible.

30. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2017

On 31 August 2016, the Group disposed of its 100% equity interests in BEP International Trading Limited and its subsidiaries, which were engaged in the provision of management services in Hong Kong, to an independent third party at a consideration of HK$180,000.

	HK$'000
Consideration received	
Consideration received in cash and cash equivalents	180
Total consideration received	180
Analysis of assets and liabilities over which control was lost	
Current assets	
Property, plant and equipment *(note 13)*	–
Cash and cash equivalents	169
Net assets disposed of	169
Gain on disposal of subsidiaries	
Consideration received	180
Net assets disposed of	(169)
Gain on disposal of subsidiaries	11

The gain on disposal of subsidiaries is included in the "other income" line item in the consolidated statement of profit or loss.

	HK$'000
Net cash inflow on disposal of subsidiaries	
Consideration received in cash and cash equivalents	180
Cash and cash equivalent balances disposed of	(169)
Net cash inflow	11

30. DISPOSAL OF SUBSIDIARIES (continued)

For the year ended 31 March 2017 (continued)

On 31 August 2016, the Group disposed of its 92% equity interests in May Wilson Investment Co. Ltd and its subsidiaries, which were engaged in the sale of electrical and electronic consumer products in Hong Kong, to an independent third party at a consideration of HK$20,000.

	HK$'000
Consideration received	
Consideration received in cash and cash equivalents	**20**
Total consideration received	**20**
Analysis of assets and liabilities over which control was lost	
Current assets	
Prepayments, deposits and other receivables	**6**
Cash and cash equivalents	**5**
Net assets disposed of	**11**
Gain on disposal of subsidiaries	
Consideration received	**20**
Net assets disposed of	**(11)**
Non-controlling interests	**1**
Gain on disposal of subsidiaries	**10**

The gain on disposal of subsidiaries is included in the "other income" line item in the consolidated statement of profit or loss.

	HK$'000
Net cash inflow on disposal of subsidiaries	
Consideration received in cash and cash equivalents	**20**
Cash and cash equivalent balances disposed of	**(5)**
Net cash inflow	**15**

30. DISPOSAL OF SUBSIDIARIES (continued)

For the year ended 31 March 2016

On 30 July 2015, the Group disposed of its 100% equity interests in a subsidiary, which was engaged in the sale of electrical and electronic consumer products in Hong Kong together with an assignment of a shareholder's loan of HK$1,583,000 due by the subsidiary, to an independent third party at a consideration of HK$2,800,000.

	HK$'000
Consideration received	
Consideration received in cash and cash equivalents	2,800
Total consideration received	2,800
Analysis of assets and liabilities over which control was lost	
Current assets	
Cash and cash equivalents	82
Trade receivables	2,678
	2,760
Current liabilities	
Trade payables	4
Tax payable *(note 25(a))*	1
Shareholder's loan due to the Group	1,583
	1,588
Net assets disposed of	1,172
Gain on disposal of a subsidiary	
Consideration received	2,800
Net assets disposed of	(1,172)
Assignment of shareholder's loan due to the Group	(1,583)
Gain on disposal of a subsidiary	45

30. DISPOSAL OF SUBSIDIARIES (continued)

For the year ended 31 March 2016 (continued)

The gain on disposal of a subsidiary is included in the "other income" line item in the consolidated statement of profit or loss.

	HK$'000
Net cash inflow on disposal of a subsidiary	
Consideration received in cash and cash equivalents	2,800
Cash and cash equivalent balances disposed of	(82)
Net cash inflow	2,718

31. MATERIAL RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions:

Key management personnel remuneration

All members of key management personnel are the directors of the Company, and the remuneration for them is disclosed in note 8 and as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Salaries and other short-term employee benefits	**15,061**	12,009
Post-employment benefits	**404**	286
Equity compensation benefits	**–**	8,359
	15,465	20,654

Total remuneration is included in "staff costs" (see note 6(b)).

32. CAPITAL COMMITMENTS

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

	2017	2016
	HK$'000	*HK$'000*
Contracted for in respect of property, plant and equipment	**13,323**	24,285

33. OPERATING LEASES COMMITMENTS

The Group as lessee

At 31 March 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**14,416**	24,479
After one year but within five years	**31,053**	66,093
	45,469	90,572

The Group leases properties under operating leases as its office premises, factories, warehouses and for staff accommodation. Leases are negotiated for an average term of 1 to 5 years (2016: 1 to 5 years), some of the leases have an option to renew the leases when all terms are subject to renegotiation. None of the leases includes contingent rentals.

34. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 March 2017:

Name of subsidiary	Place of establishment or incorporation/ business	Class of shares held	Particulars of issued and paid up capital	Attributable equity interest		Principal activities
				2017	2016	
Directly held						
BEP Capital Limited	British Virgin Islands	Ordinary	US$1 (2016: US$1)	**100%**	100%	Investment holding
Indirectly held						
China Mining Industrial Import & Export Company Limited	Hong Kong	Ordinary	1 share (2016: 1 share)	**100%**	100%	Sourcing and sale of metal minerals and related industrial materials
Global Metal Industrial Company Limited	Hong Kong	Ordinary	1 share (2016: 1 share)	**100%**	100%	Sourcing and sale of metal minerals and related industrial materials
BEP Management Company Limited	Hong Kong	Ordinary	1 share (2016: 1 share)	**100%**	100%	Provision of management services
寧夏天元發電有限公司 (literally translated as "Ningxia Tianyuan Power Generation Co., Ltd.") *(note)*	PRC	Registered	RMB142,610,000 (2016: RMB142,610,000)	**100%**	100%	Production and sale of utilities
寧夏華夏環保資源綜合利用有限公司 (literally translated as "Ningxia Huaxia Integrated Waste Recycling Company Limited") *(note)*	PRC	Registered	RMB77,365,215 (2016: RMB77,365,215)	**100%**	100%	Production and sale of industrial products
百靈達(北京)進出口有限公司 (literally translated as "BEP (Beijing) Import & Export Company Limited") *(note)*	PRC	Registered	HK$31,310,000 (2016: HK$49,750)	**100%**	100%	Sourcing and sale of metal minerals and related industrial materials
百靈達(天津)進出口有限公司 (literally translated as "BEP (Tianjin) Import & Export Company Limited") *(note)*	PRC	Registered	HK$99,750 (2016: HK$99,750)	**100%**	100%	Sourcing and sale of metal minerals and related industrial materials

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

35. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**2017** **HK$'000**	2016 HK$'000
Non-current assets			
Investments in subsidiaries		**–**	1
Current assets			
Prepayments, deposits and other receivables		**275,720**	176,667
Tax recoverable		**21**	–
Cash and cash equivalents		**2,162**	5,132
		277,903	181,799
Current liabilities			
Accruals, deposits and other payables		**193,427**	76,062
Tax payable		**–**	179
		193,427	76,241
Net assets		**84,476**	105,559
Equity			
Equity attributable to owners of the Company	26(a)		
Share capital		**4,217**	4,111
Reserves		**80,259**	101,448
Total equity		**84,476**	105,559

36. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

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

(a) Estimated impairment of property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment

Determining whether there is an impairment requires an estimation of recoverable amounts of the property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment or the respective CGU in which the property, plant and equipment, prepaid land lease payments, deposit paid for acquisition of property, plant and equipment belong, which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the assets or CGUs and a suitable discount rate in order to calculate the present value. The discount rate represents a rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Where the actual future cash flows or the revision of estimated future cash flows are less than original estimated future cash flow, a material impairment loss may arise.

(b) Impairment of receivables

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Group bases the estimates on the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual impairment losses would be higher than estimated.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

36. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

(d) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The management reviews the estimated useful lives and the residual values of the Group's property, plant and equipment regularly in order to determine the amount of depreciation charge for the year. The useful lives and the residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation charge for future periods is adjusted if there are significant changes from previous estimates.

(e) Income tax

The subsidiaries of the Company are subject to income taxes, including capital gain tax, if any, in Hong Kong and PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the financial period in which such determination is made.

Deferred income tax assets relating to certain temporary differences are recognised as management considers it is likely that future taxable profits will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[4]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28(2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 15	Clarifications to HKFRS 15[1]
Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative[2]
Amendments to HKAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to HKAS 40	Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]

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

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**1,872,541**	2,269,381	633,957	220,168	150,645
Profit/(loss) before taxation	**93,000**	215,266	20,043	(3,727)	8,090
Income tax	**(27,752)**	(46,128)	(4,441)	(604)	(621)
Profit/(loss) for the year	**65,248**	169,138	15,602	(4,331)	7,469
Non-controlling interests	**1,100**	8,578	1,596	651	(40)
Profit/(loss) attributable to owners of the Company for the year	**66,348**	177,716	17,198	(3,680)	7,429

	At 31 March				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**1,864,279**	3,577,369	500,890	335,294	176,377
Total liabilities	**(1,493,079)**	(3,237,553)	(334,383)	(182,787)	(19,477)
Non-controlling interests	**8,053**	7,232	(2,353)	(1,009)	(1,660)
	379,253	347,048	164,154	151,498	155,240
Equity attributable to owners of the Company	**379,253**	347,048	164,154	151,498	155,240