CSE

CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
中國智慧能源集團控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1004)

2016
Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Hao *(Chairman & Chief Executive Officer)*
Mr. Lai Leong
Mr. Lam Kwan Sing
Mr. Wong Nga Leung
Mr. Hon Ming Sang
Mr. Zhou Chengrong

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

COMPANY SECRETARY

Mr. Hon Ming Sang

AUTHORISED REPRESENTATIVES

Mr. Lam Kwan Sing
Mr. Hon Ming Sang

AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

NOMINATION COMMITTEE

Mr. Wang Hao *(Chairman)*
Mr. Fok Ho Yin, Thomas
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

AUDITORS

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10th Floor, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2004-5, 20th Floor
World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
HSBC
Industrial Bank Company Limited
Shanghai Pudong Development Bank

STOCK CODE

1004

COMPANY WEBSITE

www.cse1004.com

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Smarter Energy Group Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present to you the annual report and audited financial statements for the year ended 31 March 2016.

RESULTS OF THE GROUP

During the financial year under review, the Group recorded a revenue of HK$253,157,000 (2015: HK$202,410,000), representing a increase by 25.07% as compared to the same period last year. The increase was mainly due to significant increase in revenue from clean energy business as a result of booking of full year revenue from Jinchang Jintai in Gansu Province for 100MW photovoltaic power generation project that the acquisition was completed on 17 February 2015. The net loss attributed to equity shareholders of the Company for the current year amounted to HK$275,537,000 as compared to a net loss of HK$28,778,000 last year, result in a basic loss per share this year of HK$3.80 cents (2015: basic loss per share of HK$0.47 cents), representing an increase in loss by 857.45%. The loss were mainly due to the significant impairment loss of the vanadium mining right, increase in operating and administrative expenses due to increase in depreciation, amortization of intangible assets, staff salaries and rental expenses and increase in financial cost due to issuance of the USD80 million Convertible Bonds during the year.

The fair value of mining right at 30 September 2015, which was valued by an independent valuer, was nominal (equivalent to HK$0). It was also the same fair value of the mining right at 31 March 2016, as compared to its carrying amount of RMB241,000,000 (equivalent to HK$300,985,000) at 31 March 2015. The decrease in the fair value of mining right was mainly due to a significant drop in vanadium market price from as on 31 March 2015 at about RMB55,000/metric tonne to as on 30 September 2015 at about RMB41,000/metric tonne, resulting in an impairment loss of HK$294,237,000 and the market price had continued to decline till on 31 March 2016.

The Group decided to discontinue the operation of mining business and the mining business was sold in June 2016. We plan to focus our resources towards developing clean energy business that has principally became more promising prospects for the Group.

The 2015/2016 financial year was the foundation year of the Group's strategic transformation and development. During the year, we focused on the clean-energy industry such as photovoltaic power generation, actively explored the smart energy sector, kept a close eye on and participated in the "Electricity System Reform" related sector. The progress we have made in each of these aspects laid a foundation for the Group's sustainable development in the future.

In recent years, in tackling the environmental pollution problems and facilitating the smooth transformation of Chinese economic development, the Chinese Government has rolled out multiple preferential policies to encourage the clean-energy industry, whereby procuring the rapid development of clean-energy power generation industry. In response to the national policy, the Group established the strategic objective on smart energy project, system, ecological investment and construction and operation services of "new energy investment + resources integration + internet". The Group plans to increase its investments in the clean-energy power generation industry such as photovoltaic power generation, which will be the focus of the future business growth of the Group. We are confident that the Group can enjoy sustainable and stable investment returns thanks to a favourable policy environment and steady revenue from the projects.

In the coming financial year, the Group plans to continue focusing on its development strategies and endeavors the promotion, increase the investments in relevant industries and profitability building. It will further make every effort to accomplish the following tasks to ensure the successful achievement of the operation objectives:

Continue to implement the development strategies of the Group, which will focus on the improvement of its development quality and effectiveness, co-ordinate both the domestic and international markets on capital and resources, make adjustment during its development, further develop from its integration and strive to achieve the corner overtaking effect. It will attain a leading standard among the peer enterprises in terms of quality and effectiveness in project development.

Continue to adhere to the development strategies of dual self-development and mergers and acquisition cooperation; adhere to the distribution, large-scale and large base coordination development; and the sustainable development both domestically and overseas respectively.

Continue to optimize its development potential layout according to its domestic strategy of "consolidating the north, expanding the south and focusing on potential markets". Make progress in its development while ensuring stability in the three northern regions: seize resources before significant improvement in curtailing the wind and photovoltaic power generation is seen, with particular focus on the UHV long-range transmission reserved resources. Risk prevention, best of the best selection, setting up paces, appropriate establishment of high-quality project with assured consumption and effectiveness; accelerate the expansion in the central, eastern and southern regions: make effort in gaining and developing the consumed resources in those three regions, and increase the proportion of resources respectively. It will continue to seek new development models innovatively by applying new technology to overcome the obstacles on land shortage and poor natural resources, accelerate the development of various solar farms and distributed solar power generation projects to satisfy the conditions of investment returns.

In addition, with the further strengthening of electricity system reform, it is anticipated that, the three sets of models covering transmission and distribution integration, generation and retail integration and independent third party electricity sales companies will be formed domestically in the future. With marketization progressing, it will impair the State Grid and Southern Power Grid electricity sales business, the investment proportion of electricity sales business in power generation companies and other investment entities will be further expanded. In the future, with the opening up of electricity sales business, the number of electricity sales companies in China will further flourish rapidly. The Group will also try to increase its investments in this segment in the future.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2016.

ACKNOWLEDGEMENT

I would like to express my sincere thanks to all our shareholders, investors, bankers, business associates and customers for their continuous supports to the Group. I would also like to express my sincere thanks to all our directors, senior management and staff for the contributions. In the new financial year, I hope all of you will work together with our Group to achieve new development and create a brilliant future.

Wang Hao
Chairman

Hong Kong, 30 June 2016

EXECUTIVE DIRECTORS

Mr. Wang Hao, aged 52, was appointed as an Executive Director, the Chief Executive Officer and the Chairman of the Company on 11 March 2015. He is also a member and the chairman of the Nomination Committee of the Company. Mr. Wang is also a director of certain subsidiaries of the Company. Mr. Wang holds a bachelor of economics degree majoring in economic management and a master's degree in business administration. He has been engaged as a director and investment consultant of several listed companies in the PRC and has extensive experience in serving the statistical investigation institutions, financial institutions and investment and asset management companies in the PRC for almost 30 years. Since 2006, Mr. Wang primarily engage in new energy investment and management. Mr. Wang was an executive director and member of Executive committee of China Power New Energy Development Company Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 735) from 4 February 2002 to 20 March 2015.

Mr. Lai Leong, aged 51, was appointed as an executive Director, Chairman of the Board and Chief Executive Officer of the Company on 6 August 2013. He was a member and the chairman of the Nomination Committee of the Company. On 11 March 2015, Mr. Lai resigned as a Chairman of the Board and the Chief Executive Officer of the Company and ceased to be a member and the chairman of Nomination Committee of the Company. Mr. Lai received an MBA degree from the Maastricht School of Management in the Netherlands in 2005. Since 1991, he has worked for several property and trading companies in Mainland China and has over 25 years of experience in property investment, development and management and in corporate management for companies in Hong Kong and in Mainland China. Mr. Lai was an executive Director, a Chairman of the Board and Chief Executive Officer of the Company from 31 August 2007 to 15 March 2010.

Mr. Lai is a director of certain subsidiaries of the Company. He is also a director and beneficial owner of Oriental Day International Limited the controlling shareholder of the Company.

Mr. Lam Kwan Sing, aged 46, was appointed as an executive Director on 1 August 2010. He is also a director of certain subsidiaries of the Company. Mr. Lam was graduated from the City University of Hong Kong with a degree in Bachelor of Arts in Accountancy. He has more than 18 years of experience in the commercial and corporate finance field. Mr. Lam is currently a director of China Natural Resources, Inc., a company listed on NASDAQ since 2003. Mr. Lam is currently also an independent non-executive director of Hao Tian Resources Group Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 474). He was an executive director and Chief Executive Officer of Enterprise Development Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 1808) from February 2012 to May 2015.

Mr. Wong Nga Leung, aged 38, was appointed as an executive Director on 26 October 2011. He is also a director of certain subsidiaries of the Company. Mr. Wong graduated from the University of New South Wales, Sydney with a Master of Commerce and Bachelor of Commerce. Mr. Wong has extensive experience in the private equity, commercial and corporate finance field. He is also a Chartered Financial Analyst. Before joining our Company, Mr. Wong worked in various international investment banks.

Mr. Hon Ming Sang, aged 37, was appointed as an independent non-executive Director on 3 August 2012 and re-designated from independent non-executive Director to an executive Director and the company secretary of the Company on 31 December 2012. He is also a director of certain subsidiaries of the Company. Mr. Hon graduated with an honor degree of Professional Accountancy in the School of Accountancy from the Chinese University of Hong Kong. He is a CFA charter, a member of the Hong Kong Society of Financial Analysts, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators. Mr. Hon has previously worked in an international audit firm and has several years of working experience in listed companies and financial institutions. He has extensive experience in corporate finance, merger and acquisition, investment and financial management and compliance services. Mr. Hon was an executive director, financial controller and qualified accountant of Carnival Group International Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 996) from January 2010 to January 2014.

Biographies of Directors

Mr. Zhou Chengrong, aged 49, was appointed as an executive Director on 23 September 2014. He is also a director of certain subsidiaries of the Company. Mr. Zhou holds the Bachelor of Economics（經濟學學士學位）of The Shi Jia Zhuang University of Economics（石家莊經濟學院）, the People's Republic of China (the "PRC"), previously known as Hebei Geography College（河北地質學院）. He is the member of the Chinese Institute of Certified Public Accountants（中國註冊會計師協會）and a senior accountant（高級會計師）of Shanghai Institute of Certificate Public Accountants（上海市註冊會計師協會）and has the qualification of speciality and technology（專業技術資格）in the area of real estate economy（房地產經濟）with intermediate level（中級）. Mr. Zhou has experience in accounting field for more than 15 years and has worked for property investment companies and financial investment companies and companies engaged in the energy sector in the PRC. Prior to joining the Company, Mr. Zhou has been working for an energy technology company engaged in the investment; manufacturing of solar parts including silicon wafers, solar batteries, etc, and construction and management of solar plants. Mr. Zhou was an executive director of Carnival Group International Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 996) from 8 June 2011 to 28 March 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fok Ho Yin, Thomas, aged 45, was appointed as an independent non-executive Director on 31 August 2007. He is also the chairman of both the Audit Committee and Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Fok had worked in the Listing Division of the Hong Kong Stock Exchange and has over 20 years of experience in the field of corporate finance and, in particular, in equity financing and financial restructuring. Mr. Fok is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. He is also a Chartered Financial Analyst. Mr. Fok is currently also an executive director of Jian ePayment Systems Limited (a company listed on the growth enterprise market of the Hong Kong Stock Exchange, stock code: 8165), and an independent non-executive director of Landing International Development Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 582).

Mr. Tsui Ching Hung, aged 63, was appointed as an independent non-executive Director on 31 August 2007. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Tsui holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from University of Aston and University of Warwick in the United Kingdom respectively. He has extensive experience in senior management positions of several multinational corporations in Hong Kong. Mr. Tsui is currently also an executive director of CST Mining Group Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 985). Mr. Tsui was an non-executive director of G-Resources Group Limited (a company listed on the main board of Hong Kong Stock Exchange, stock code: 1051) from July 2009 to December 2012.

Ms. Cheung Oi Man, Amelia, aged 63, was appointed as an independent non-executive Director, a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company on 31 December 2012. Ms. Cheung qualified as a solicitor in 1976 and has been in private practice in Hong Kong for about 32 years. She holds a Master of Laws degree (specializing in economic law) from Peking University, PRC. Ms. Cheung is also a China-Appointed Attesting Officer and an accredited mediator. She has substantial experience in corporate and financial matters. Ms. Cheung is currently the principal of Messrs. Amelia Cheung & Co., Solicitors.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the year ended 31 March 2016 is as follows:

- Clean Energy Business: approximately HK$115,095,000, 45.46% of revenue (2015: HK$14,356,000, 7.10%)
- Trading in securities: approximately HK$130,088,000, 51.39% of revenue (2015: HK$178,369,000, 88.10%)
- Investments: approximately HK$1,560,000, 0.62% of revenue (2015: HK$1,560,000, 0.77%)
- Trading of fur skins: approximately HK$Nil, 0% of revenue (2015: HK$Nil, 0%)
- Trading of fur garment: approximately HK$6,414,000, 2.53% of revenue (2015: HK$8,125,000, 4.03%)
- Mining: approximately HK$Nil, 0% of revenue (2015: HK:Nil, 0%)

Revenue by Geographical Region

Ratio analysis by geographical region for the Group's revenue for the year ended 31 March 2016 is as follows:

- Mainland China and Hong Kong: approximately HK$253,157,000, 100% of revenue (2015: HK$202,410,000, 100%)
- Other regions: approximately HK$0, 0% of revenue (2015: HK$Nil, 0%)

BUSINESS REVIEW

CONTINUING OPERATIONS

Clean Energy Business

During the year the on-grid power generation was approximately 112,256,000 kilowatt hour(s) ("KWh") and generated revenue of approximately HK$115.10 million as compared to revenue of approximately HK$14.4 million in 2015, as power generation time was only about one and half month in the financial year in 2015. The revenue was mostly contributed by 100% owned subsidiary, Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司, that have an aggregate production capacity of 100MW and completed acquired on 17 February 2015. Loss of HK$195,000 was recorded during the year as compared to a record of profit of HK$283,451,000, which was mainly due to gain on bargain purchase of subsidiaries last year. The loss were mainly due to amortization of intangible assets and depreciation.

The Group established in February 2015 a 95%-owned subsidiary, Baotou Chaoyang Photovoltaic Company Limited* 包頭超陽光伏電力有限公司 ("Baotou Chaoyang") in Baotou, Inner Mongolia. The remaining 5% equity interest in Baotou Chaoyang is held by an independent third party. Baotou Chaoyang has a registered share capital of RMB1 million and seeks to build and operate a 100MW solar power plant project located at Guyang County, Baotou, Inner Mongolia (內蒙自治區包頭市固陽縣). This project has been accepted for filing by Baotou City Development and Reform Commission (包頭市發展和改革委員會), after which the project company may proceed to prepare the feasibility reports for the project and thereafter to apply for the relevant regulatory authorisations and licences necessary for the construction of the plant and in due course secure an appropriate EPC contractor. The project has now come to a stage that it needs final approval of new energy subsidy which to be granted by Baotou City Development and Reform Commission (包頭市發展和改革委員會) before the construction works could commence.

Management Discussion and Analysis

On 17 June 2015, the Tianhe Smarter Energy Company Limited* 天合智慧能源有限公司, ("Tianhe Smarter Energy") (which is wholly-owned by the Company) entered into the acquisition agreement to acquire, from the Shanghai Hua Xing Electronic Company Limited* 上海華星電器有限公司 ("Vendor"), 100% equity interest in Shanghai Xin Lan Electric Company Limited* 上海昕嵐電力有限公司 ("Shanghai Xin Lan") which holds directly and indirectly (through its wholly-owned subsidiary), three distributed solar power projects, (i) two distributed solar power projects (of 3 MW and 5 MW respectively) in Shanghai; and (ii) one distributed solar power project in Dezhou, Shandong (of up to 11 MW).

Among the three projects mentioned above, the Shanghai Xin Lan 3MW and 5MW projects have been completed and were on grid for power generation on November 2015. At 31 March 2016, the projects recorded accumulated power generation of 2,593,000 KWh.

The 5.5MW project of Dezhou, Guanyang was completed in March 2016, and at 31 March 2016, the project recorded accumulated power generation of 197,000 KWh.

The 2.75MW project of Dezhou, Guanyang was commenced on September 2015, and at 31 March 2016, the construction and engineering works have been completed and awaited for on grid connection for electricity generation. The other 2.75MW projects of Dezhou, Guanyang is still under construction.

The 8MW Project of Dezhou, Hongxiang commenced construction on January 2016. At 31 March 2016, 40% of the construction works have been completed including structural enforcements and infrastructure works. The project is scheduled to operate and on grid for power generation by the end of 2016.

The 5MW project of Dezhou, Jinde commenced the construction work on March 2016, at 31 March 2016, the preparation works for construction have been completed and entered into infrastructure and installation phase. The project is scheduled to operate and on grid for power generation by the end of 2016.

In addition, Tianhe Smarter Energy also entered into a cooperation framework agreement with the Vendor, Shanghai Zhu An Construction Services Company Limited* 上海築安建設工程有限公司 ("Shanghai Zhu An") in relation to the Vendor, companies that are controlled by the Vendor or the majority shareholder of the Vendor, who is an Independent Third Party ("affiliate") (an affiliate of the Vendor) in relation to the future cooperation between them with respect to future distributed solar power projects that the Vendor may assist Shanghai Xin Lan to source and for which Shanghai Zhu An may be appointed as the main engineering, procurement and construction contractor.

On 3 June 2015, Tianhe Smarter Energy and Jinhua 658 Investment Management Company Limited* 金華658投資管理有限公司 ("658") entered into an agreement to establish a joint venture, Shanghai Tianhe Smarter Energy Technology Company Limited* 上海天合智慧能源科技有限公司, a 51% – owned subsidiary of the Company established in PRC ("Shanghai Tianhe"), in Shanghai, the People's Republic of China (the "PRC"). 658 is a third party independent from the Company and its connected persons.

On 3 August 2015, the board of directors of the Company announced that the Company entered into a strategic cooperation framework agreement (the "Strategic Cooperation Framework Agreement") with Terrajoule Corporation ("Terrajoule") in relation to their cooperation in the investment and development, promotion, construction, operation and management of the uninterruptible distributed solar power energy generation and smart micro-grid projects that deploy Terrajoule developed technology. The detailed terms of cooperation are to be set out in the definitive agreements to be negotiated and agreed between the parties. Headquartered in California, the United States, Terrajoule is developing modular solar power stations with output of 100KW and above. Terrajoule's technology incorporates energy storage with solar power generation at a storage cost lower than that for chemical battery storage, to enable a solar power station to provide electricity on demand for up to 24 hours per day, with rapid ramp, controllable power output.

During the year, the Group had commenced looking into clean energy projects in various European countries. The Company had signed non-legally binding agreement with potential European partners in respect of forming joint venture for clean energy projects in Europe. However, due to the uncertainty in the prospects of the projects, the related negotiations were suspended accordingly.

On 17 September 2015, the board of directors of the Company announced that the Company's wholly owned subsidiary, Tianhe Smarter Energy entered into a framework agreement (the "Framework Agreement") with Anhui Province Quanjiao County People's Government (安徽省全椒縣人民政府) in relation to their cooperation in the development of the 100MW fishing-solar complementary distributed photovoltaic power generation project (the "Project") in Quanjiao, Anhui Province, the People's Republic of China.

The Group established a project company (the "Project Company") for the development of the Project in phases, which is contemplated to involve the construction of 20MW fishing-solar complementary power plants in Phase I. Anhui Province Quanjiao County People's Government is to assist the Project Company on, among other things, application for the relevant regulatory authorizations and licences necessary for the construction and operation of the Project. The development was still in negotiation stage.

On 22 September 2015, the Company announced that further to the Company's announcement dated 17 June 2015, the Group has made further progress in securing possible distributed solar power projects with government and non-government parties in various parts of the People's Republic of China (the"PRC"). The Company's wholly owned subsidiary, Tianhe Smarter Energy entered into the following framework agreements:–

(a) a framework agreement (the "Macheng Framework Agreement") dated 21 August 2015 with Central (Macheng) Stone Industrial Park Development Limited* 中部（麻城）石材產業園開發有限公司 ("Central (Macheng) Stone") and Macheng County Yunzhuo New Energy Company Limited* 麻城市運灼新能源有限公司 (the "Yunzhuo New Energy") in relation to their cooperation in the development of the 50MW rooftop distributed solar power projects (the "Macheng Projects") in Macheng County, Huanggang City, Hubei Province, the PRC 湖北省黃岡市麻城市; and

(b) a framework agreement (the "Yizheng Framework Agreement") dated 17 September 2015 with Jiangsu Province Yizheng County Vehicle Industrial Limited* 江蘇省儀征市汽車工業公司 in relation to their cooperation in the development of the 50MW rooftop distributed solar power projects (the "Yizheng Projects") in Yangzhou (Yizheng) Vehicle Industrial Park* 揚州（儀征）汽車工業園, Yizheng County, Jiangsu Province, the PRC.

It is contemplated under the Macheng Framework Agreement that Tianhe Smarter Energy and Yunzhuo New Energy will establish a project company (the "Macheng Project Company") for the development of the Macheng Project and Yunzhuo New Energy is to assist the Macheng Project Company on, among other things, application for the relevant regulatory authorisations and licences necessary for the construction and operation of the Macheng Project. Central (Macheng) Stone will source rooftop units for the Macheng Project.

In addition, the ground work of 100 MW fishing-solar complementary distributed solar power project in Quanjiao, Anhui Province, 50MW rooftop distributed solar power project in Yizheng Vehicle Industrial Park（儀征汽車工業園）, Jiangsu Province, 50MW rooftop distributed solar power project in Central (Macheng) Stone Industrial Park（中部（麻城）石材產業園）, Macheng, Hubei Province had commenced.

On 2 November 2015, the Company announced the lapse of the major transaction in relation to the acquisition of Incentive Power Limited, reference is made to the announcements of the Company dated 13 February 2014, 4 November 2014, 31 December 2014, 26 February 2015, 30 April 2015, 29 June 2015, 3 August 2015 and 28 August 2015 (the "Announcement(s)") respectively, in relation to, among other things, the proposed acquisition of the entire equity interest in Incentive Power Limited, as the condition precedents to completion has not been fulfilled.

No agreement was reached by the parties to extend the Long Stop Date. The vendor had refunded the deposit of HK$100,000,000 paid without interest to the Group. The Board considered that the lapse of the Acquisition Agreement would not have any material adverse impact on business, operation and financial position of the Group.

Investment Business

Trading in securities

During the year, revenue from trading of securities was HK$130,088,000, compared with last year HK$178,369,000, representing a decrease in sales by 27.1%. Profit of HK$126,560,000 was recorded from this sector during the year as compared to a record of HK$175,837,000 last year representing a decrease by 28.0%. The decrease in profit was mainly due to the decrease in the unrealized gain on investments in listed financial assets at fair value through profit or loss.

Investments

The Group's revenue in investments was HK$1,560,000 during the year. Similar to last year, the revenue was solely generated from dividend income received from the investment in unlisted available-for-sale financial assets, an investment involved in a property project in Vietnam. Profit of HK$1,554,000 was recorded during the year as compared to the loss of HK$3,468,000 last year. The profit was mainly due to the decrease in administrative expenses of the Group in this sector.

Fur Business

Trading of Fur Garment

During the year, revenue of HK$6,414,000 was recorded from the sale of trading of fur garment, representing a decrease of 21.1% as compared to last year's revenue of HK$8,125,000. A loss of HK$10,356,000 was recorded for the year, as compared to the loss of HK$7,944,000 (restated) for the last year, with an increase in loss by 30.4%. At 31 March 2016, the segment assets of this sector was HK$10,317,000 (2015:HK$12,626,000) and segment liabilities was HK$66,321,000 (2015:HK$58,440,000). Accordingly, the net liabilities of approximately HK$56,004,000 (2015:HK$45,814,000). The increase in loss was mainly due to decrease in sales and more costs occurred for marketing as a result of fierce competition in the market and the drop in consumption in luxury items. We are now reviewing the trading operations and is considering the possibility of selling or winding down this sector of business.

Trading of Fur Skins

Even though there was no revenue in the trading of fur skin during the year, being the same nil as that of last year, a loss of HK$190,000 was recorded as compared to a profit of HK$746,000 of last year. At 31 March 2016, the segment assets of this sector was HK$15,782,000 (2015: HK$15,732,000) and segment liabilities was HK$25,456,000 (2015: HK$25,235,000). Accordingly, the net liabilities of approximately HK$9,674,000 (2015: HK$9,503,000). The loss was mainly due to more administrative expenses during the year while last year the profit recorded was mainly from a compensation income originated from a skin trading customer. As market conditions for this sector has deteriorated significantly, we are now considering to winding down this sector of business.

DISCONTINUED OPERATION

Mining Business

During the year, a revenue of nil was recorded for the mining business, same as that of last year. A loss of HK$223,618,000 was recorded during the year representing a decrease in loss by 55.5% as compared to last year's loss of HK$502,342,000 (restated). The Group decided to discontinue the sector of mining business as the global metal price dropped significantly while the vanadium mining right on our book already recorded to zero during the financial year. Since we have decided to concentrate our efforts and resources towards in developing the clean energy business which brings steadier return and appear to be less risky, we had discontinued the mining operation in September 2015 and have sold the business in June 2016. The mining business is classified as discontinued operation on 30 September 2015. Certain comparative amounts have been restated and reclassified.

The loss was mainly due to the impairment loss of mining right and based on its fair value at 30 September 2015 primarily due to significant drop in market price of Vanadium Pentoxide (V_2O_5). The valuer confirmed to the Company that since the current Vanadium price is lower than the estimated cost of production, the fair value of the exploration and evaluation assets of the vanadium mine is nominal. This has resulted in the book value of the vanadium mining right at 30 September 2015 being recorded as HK$0. An independent valuer, BMI Appraisals Limited ("BMI"), valued the mining rights at 30 September 2015 amounted to RMB0 equivalent to HK$0 as the market price of V_2O_5 was around RMB41,000/metric tonne as compared to its carrying amount of RMB241,000,000, equivalent to HK$300,985,000 when the market price of V_2O_5 was around RMB55,000/metric tonne at 31 March 2015. After 30 September 2015, the Vanadium price has continued to drop. The valuer confirmed that it adopted the same valuation methodology as the valuation at 31 March 2015 and 30 September 2015 and apart from the issue associated with Vanadium market price described above all other key parameters of valuation used are largely the same. We therefore consider that the fair value of the exploration and evaluation assets of the Vanadium mine at 31 March 2016 was still RMB0 (HK$0) as the market price of V_2O_5 at 31 March 2016 was almost the same as that at 30 September 2015. Such impairment losses, being accounting related adjustments to the consolidated financial statements of the Group, are non-cash in nature and do not affect the Group's cash flow condition. The Group has subsequently disposed of the entire equity interest in Perfect Fair Limited which is an indirect-owned subsidiary of the Company in June 2016. Shaanxi Jiuquan Mining Company Limited* 陝西久權礦業有限公司 which operates the Vanadium mine is an indirect-owned subsidiary of Perfect Fair Limited.

The reduction in valuation of the mining right this year and the last few years was mainly due to the continued steep decline of vanadium price, as follows:

Market price of V_2O_5 at 31 March 2012	about RMB78,000/metric tonne
Market price of V_2O_5 at 31 March 2013	about RMB73,000/metric tonne
Market price of V_2O_5 at 31 March 2014	about RMB69,000/metric tonne
Market price of V_2O_5 at 31 March 2015	about RMB55,000/metric tonne
Market price of V_2O_5 at 31 March 2016	below RMB41,000/metric tonne

The reserves of the Vanadium Mine according to the Chinese Mineral Resource/Reserve Classification as included in the Circular of the Company dated 26 February 2008 were as follows:

Category	**Ore Quantity** *(tonne)*	**Grade** *(% V_2O_5)*	**Contained V_2O_5** *(tonne)*
332	6,545,401	1.15	75,083
333	14,209,599	1.13	160,669
334	5,916,518	1.10	65,009
Total	**26,671,518**	**1.13**	**300,761**

The reserves of the Vanadium Mine at 31 March 2016 remain unchanged since the acquisition in April 2008 (being 300,761 metric tonnes of V_2O_5), given that no material extraction was done, due to the delay in the development of the mine as a result of decline in V_2O_5 selling price since 2008.

PROSPECTS

Clean Energy Business

To pursue the clean energy policy implement in PRC and try to capture the business opportunities in this area, the Group has been and keep on putting more investments in the energy section including solar energy and renewable energy. We have successfully acquired a 100MW solar plant in Jinchan, Gansu Province and we are now in the process to develop more solar energy plants in China, at the same also try to participate in renewable energy. We believe this would assist us seeking more business partners and at the same time obtaining more new technologies. In the coming financial year, the Group will continue to focus on the developing its energy internet business and other clean-energy generation business. We are confident that the Group will achieve its goal of becoming an international innovative clean energy company in the future.

In response to supportive policies introduced by decision makers of China, the Company is actively involved in clean-energy power generation businesses such as solar power, and studied and selected a number of clean energy projects for future development. In the meantime, we noted that clean-energy power generation market in China had been in the time of change. Therefore, the Company will be more active in selecting quality projects, reducing construction cost and improving return on projects.

Investment Business

China, Europe, Japan and US, all these major developing economic entities have been continued to slow down its GDP growth in recent years despite efforts of implementing the quantitative easing policy in their region. During the first quarter of 2016 the GDP growth rate of major economies were 1.7% in Japan, 0.5% in Europe, 0.5% in USA and among the highest 6.7% in PRC. China performed among the best, but still recorded a significant drop from its double digit growth that achieved two years ago. All these poor economic performance all over the world led to drop in commodity and oil prices as a result of less demand for major resources. However under such an adverse condition, the Federal Reserve of US is still planning to increase its interest rate so as to call back its loose liquidity which resulted of quantitative easing policy first implemented by US Federal Reserve.

With regard to the Group's investments and trading in securities business, it is expected that the Hong Kong stock market will be highly volatile for the coming year. The Group will closely monitor the market condition for the coming year and adjust its portfolio of investment as appropriate and put more resources for clean energy business.

Fur Business

Trading of Fur Garment

The market environment for this sector in Hong Kong has been weak. Despite our efforts in establishing various marketing channels during the past few years, sales during the year has decreased while losses was increased. We foresee that operations in this segment will continue to be extremely challenging as expects to see continued delays in collection sale receivables from present customers, increase in cost of sales and drop in sales, due to fierce competition. We are considering to scale down or even probably to sell this sector of business as we expect continue loss and adverse market conditions, so as to enable us to devote our full efforts in the clean energy business.

Trading of Fur Skins

This sector of operation has been dormant for few years. As the market for this sector have deteriorated significantly, we foresee the difficulties in collecting receivables and increase in risks as we expect further drop in international skin auction price. We would not consider to re-enter this sector of business within the coming year and we may even to winding up this sector of business.

OPERATING AND ADMINISTRATIVE EXPENSES

For the year ended 31 March 2016, the amount of operating and administrative expenses was approximately HK$184,776,000 (2015: HK$57,830,000) (restated). The increase in operating and administrative expenses were mainly due to the increase in depreciation, amortisation of intangible assets, staff salaries and rental expenses during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow from banks in Hong Kong and PRC. At 31 March 2016, the Group had time deposit and cash and bank balances of approximately HK$294,674,000 (2015: HK$138,008,000). At 31 March 2016, the Group's interest bearing borrowings (including unsecured short term loans, bank loans and convertible bonds) amounted to approximately HK$1,149,117,000 (2015: HK$1,412,590,000). Shareholders' funds amounted to approximately HK$1,517,152,000 (2015: HK$951,331,000). Accordingly, the gearing ratio (as calculated in note 38 to the consolidated financial statements) was 56.3% (2015: 134.0%).

At 31 March 2016, the Group had net current assets of approximately HK$1,062,918,000 (2015: HKD582,976,000) and current ratio (being current assets over current liabilities) of 12 (2015: 15).

CAPITAL STRUCTURE

(1) On 12 September 2014, the Company issued convertible bonds (the "HK$700,000,000 Convertible Bonds") to an independent third party, Shanghai Electric Hongkong Co. Limited, in the principal amount of HK$700,000,000 which are convertible into 206,489,675 new shares at the initial conversion price of HK$3.39 per share (adjusted to HK$0.8475 per share with effect from 19 December 2014), raising net proceeds of approximately HK$697 million. The HK$700,000,000 Convertible Bonds bear interest at 3 months HIBOR plus 5.5% per annum payable quarterly with maturity date on the 716th day after the date of first issue. The effective interest rate of the liability component is 9.97% per annum. The HK$700,000,000 Convertible Bonds was fully converted into 825,958,700 shares on 10 December 2015.

At 31 March 2015, the net proceeds have been utilized: (i) as to HK$322 million for the settlement of the cash consideration for the acquisition of Rander International Limited, which indirectly held two solar plant projects in the PRC; (ii) HK$100 million for cash deposit for the proposed acquisition of Incentive Power Limited (which has been refunded to the Group after the lapse of acquisition on 31 October 2015); (iii) approximately HK$22 million for the payment of HK$700,000,000 Convertible Bonds interest; (iv) approximately HK$70 million for deposit in connection with acquisition of solar plants; (v) approximately HK$45 million as general working capital of the Group in the solar energy business and (vi) approximately HK$138 million have not been utilized. The HK$138 million that was not utilised as at 31 March 2015 and the HK$100 million refunded deposit mentioned in (ii) above, has since been fully utilised as to HK$100 million as deposit for the possible acquisition of Jinchang Zhong Xin Negn Photovoltaic Company Limited, as to HK$29 million for the payment of HK$700,000,000 Convertible Bonds interest, as to HK$66 million for acquisitions or investment in solar energy business, and as to the balance of HK$43 million towards general working capital of the Group for the solar energy business.

(2) On 30 July 2015, the Company issued guaranteed secured convertible bonds with an aggregated principal amount of US$80,000,000 (the "US$80,000,000 Convertible Bonds") pursuant to the four conditional subscription agreements each dated 14 July 2015 entered between the Company and four subscribers, which are independent third parties to the Company, raising net proceeds of approximately US$79.8 million (approximately HK$622 million). The US$80,000,000 Convertible Bonds bear interest at 6% per annum payable semi-annually in arrears, with maturity date before the third anniversary after the date of first issue of US$80,000,000 Convertible Bonds (that is, 30 July 2018) and the bondholders have the right to convert them into shares credited as fully paid at any time from the issue date up to the date which is 7 days prior to the maturity date and convertible into 571,481,039 new shares at the initial conversion price of HK$1.0891 (subject to adjustments). The proceeds were mainly used in acquisitions or investments in the solar energy businesses. The Company has the right at any time on or after the first anniversary of the date of issue of the US$80,000,000 Convertible Bonds and until the last day immediately preceding the maturity date to redeem all or part of outstanding convertible bonds. The effective interest rate of the liability component is 24.04% per annum. The net proceeds have been utilised: (i) as to HK$200 million as cash deposit for the proposed acquisition of Jinchang Zhong Xin Negn Photovoltaic

Company Limited; (ii) as to approximately HK$19 million for the payment of US$80 million Convertible Bonds interest; (iii) as to approximately HK$90 million for the acquisitions or investments in the solar energy business; (iv) as to approximately HK$43 million as general working capital of the Group in solar energy business and (v) approximately HK$270 million has not been utilized and is intended to be used to fund future acquisitions or investments in the solar energy business as and when the opportunity arises and/or funding the cash requirements of the Group's solar energy business.

The convertible bonds as stated in (1) and (2) above were split into liability, derivative and equity components upon initial recognition by recognising the liability component and derivative component at their fair value and attributing to the equity component the residual amount. The liability component is subsequently carried at amortised cost while the derivative component is carried at fair value to be remeasured at the end of each reporting period. The equity component is recognised in the convertible bonds equity reserve. The fair value of the liability component upon the issuance was calculated at the present value of the estimated interest payments and principal amount. The fair value of the convertible bonds were determined as of the date of issue and at the end of the reporting period by reference to the valuations performed by an independent firm of professionally qualified valuers, Eidea Professional Service Company Limited.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings and convertible bonds, less time deposit and cash and bank balances and excludes discontinued operations. Capital includes equity attributable to owners of the Company. The gearing ratio at the end of the reporting period was as follows:

	2016	2015
	HK$'000	*HK$'000*
Borrowings		
Unsecured short term loans	**5,000**	7,497
Bank loans	**706,053**	741,847
Convertible bonds	**438,064**	663,246
Total borrowings	**1,149,117**	1,412,590
Less: time deposit and cash and bank balances	**(294,674)**	(138,008)
Net debt	**854,443**	1,274,582
Total equity	**1,517,152**	951,331
Gearing ratio	**56.3%**	134.0%

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

Details in the changes of the capital structure of the Group held as at 31 March 2016 are set out in note 29, 30, 31, 33 and 37 to the consolidated financial statements.

CHARGES ON ASSETS

Details of unsecured short term loans, bank loans, and convertible bonds are set out in note 29, 30 and 31 respectively to the consolidated financial statements.

At 31 March 2016, the Group's convertible bonds of US$80 million were secured by the shares charges over the share capital of the Group's wholly owned subsidiaries and the first floating charges on property, assets, goodwill, rights and revenue of the Company. No assets of the Group and the Company had been pledged to secure the other loans and bank loans at 31 March 2016.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in Hong Kong dollars, United States dollars and Renminbi.

The Group is exposed to foreign exchange risk arising from its investments which are located in the PRC.

SIGNIFICANT INVESTMENTS

The Board provides the information of the Group's significant investments (i.e. investment with carrying amount exceeding 10% of the total assets of the Group) held at 31 March 2016 stated in the Report as follows:–

		% of shareholding in the listed securities held by the Group at 31 March 2016	**Unrealized gain for the year ended 31 March 2016**	**Fair value of the investment in listed securities at 31 March 2016**
			HK$'000	*HK$'000*
Financial assets at fair value through profit or loss				
Stock Code	**Name of Securities**			
412	China Innovative Finance Group Limited (formerly known as Heritage International Holdings Limited)	1.89%	131,509	347,039

Information published by China Innovative Finance Group Limited ("CIF") regarding its performance and prospects can be found at the HKEXnews website. According to CIF's announcement of annual results for the year ended 31 March 2016, the CIF group has expanded into financial leasing business in the PRC and Hong Kong and will continue to expand to a variety of financial services serving the China and Hong Kong markets. It is also noted that CIF has been officially adopted by MSCI and included in its MSCI Hong Kong Small Cap Index as one of its constituent stocks from 31 March 2016.

The Hong Kong stock market has been volatile during the year due to poor sentiment and worse-than-expected macro data in China.

The Company expects that the performance of the Group's investment portfolio (including the significant investments described above) to be affected by the following external factors:

1) Market risk arising from fluctuations in global stock markets and changes in the global economy.

2) Policy risks in China that may materially and adversely affect the outlook for companies in its portfolio.

3) The market price of each stock will be affected by the financial performance and development plans of the relevant company, as well as the outlook of the industry in which such company operates.

Controlling downside risk for investment portfolios is of prime importance given the huge volatility in today's financial markets. In order to reduce the possible financial risks related to the equities, the Board will continue to review the Group's investment portfolio and closely monitor the performance of its investments in the listed securities from time to time.

Details of significant investments in subsidiaries held by the Group at 31 March 2016 are set out in notes 18 and 36 to the consolidated financial statements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Major Transaction in relation to the Acquisition of Jinchang Zhong Xin Neng Photovoltaic Company Limited

On 11 December 2015, the Company entered into the Letter of Intent with an independent third party ("the Potential Vendor") for the purpose to acquire the entire equity interest in Jinchang Zhong Xin Neng Photovoltaic Company Limited* 金昌中新能電力有限公司. Pursuant to the terms of the Letter of Intent, the Company had paid an earnest money of HK$200 million to the Potential Vendor, which is refundable if this acquisition cannot be completed.

On 4 March 2016, the Company had also executed a Supplementary Letter of Intent and an additional earnest money of HK$100 million was paid to the Potential vendor pursuant to the terms of the Supplementary Letter of Intent.

Details of this acquisition are disclosed in the announcement issued by the Company on 11 December 2015.

Discloseable Transaction in relation to the Acquisition of Shanghai Xin Lan Electric Company Limited

On 17 June 2015, the Group acquired 100% equity interest in Shanghai Xin Lan Electric Company Limited* 上海昕嵐電力有限公司 ("Shanghai Xin Lan") for a cash consideration of RMB10,000,000 from an independent third party. Shanghai Xin Lan and its subsidiary hold (i) two distributed solar power stations (of 3MW and 5MW respectively) in Shanghai and; (ii) one distributed solar power station in Dezhou, Shandong (of up to 11 MW).

Following completion, the Shanghai Xin Lan has become an indirect wholly-owned subsidiary of the Company and the financial results of the Shanghai Xin Lan and its subsidiaries will be consolidated into the Group.

Details of material acquisition and disposal of subsidiaries are set out in note 36 to the consolidated financial statements.

EMPLOYEES

At 31 March 2016, the Group employed around 79 employees in Hong Kong, Macau and Mainland China (31 March 2015: 66). The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CONTINGENT LIABILITIES

At 31 March 2016 and 2015, the Group did not have any significant contingent liabilities.

At 31 March 2016, the Company has issued a single guarantee of RMB598,000,000 (HK$715,626,600) to a bank in respect of the loans granted by the bank to a wholly-owned subsidiary of the Company (note 30).

The Company has not recognised any deferred income in respect of the single guarantee as its fair value cannot be reliably measured using observable market data and its transaction price was HK$Nil.

The Board of the Company believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence. The Board sets appropriate policies and implements corporate governance practices which are considered appropriate to the conduct and growth of the Group's business.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the "Code on CGP") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code on corporate governance practices. During the year ended 31 March 2016, the Company was in compliance with all code provisions set out in the Code on CGP except for the deviations from code provisions A.2.1, A.4.1 and A.4.2 of the Code on CGP, which are explained below.

1. Code provision A.2.1 of the Code on CGP requires the roles of the Chairman of the Board and Chief Executive Officer should be separate and should not be performed by the same individual.

   On 11 March 2015, Mr. Wang Hao was appointed as an Executive Director and was elected Chairman of the Board. Upon his appointment as the Chairman of the Board, he takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as the execution of long-term business strategies. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the management of the Company.

2. Code provision A.4.1 of the Code on CGP requires the non-executive directors should be appointed for a specific term and subject to re-election. During the year ended 31 March 2016, the terms of appointment of the three independent non-executive Directors expired and thereafter they are not appointed for a specific term, but they are subject to the retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Company's bye-laws (the "Bye-Laws").

3. Code provision A.4.2 of the Code on CGP requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-Laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2 of the Code on CGP, the aforementioned provision in the Bye-Laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is significant for stability and growth of the Group.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code on CGP during the year ended 31 March 2016.

DIRECTORS' SECURITIES TRANSACTIONS

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 the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2016.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

The Board currently consists of nine Directors including six executive Directors and three independent non-executive Directors:

Executive Directors

Mr. Wang Hao *(Chairman & Chief Executive Officer)*
Mr. Lai Leong
Mr. Lam Kwan Sing
Mr. Wong Nga Leung
Mr. Hon Ming Sang
Mr. Zhou Chengrong

Independent Non-Executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 5 to 6 under the section headed "Biographies of Directors".

In addition, the Directors have followed the guidelines set out in the guidelines set out in "A Guide on Directors' Duties" and "Guide for Independent Non-Executive Directors" (if applicable) issued by the Companies Registry and "Guidelines for Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors actively comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company.

Directors' Training

According to the code provision A.6.5 of the Code on CGP, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 March 2016 to the Company.

The individual training record of each Director received for the year ended 31 March 2016 is set out below:

Name of Director	Attending or participating in seminars/in-house briefing or reading materials relevant to the Company's business/director's duties
Executive Directors	
Mr. Wang Hao *(Chairman & Chief Executive Officer)*	✓
Mr. Lai Leong	✓
Mr. Lam Kwan Sing	✓
Mr. Wong Nga Leung	✓
Mr. Hon Ming Sang	✓
Mr. Zhou Chengrong	✓
Independent Non-executive Directors	
Mr. Fok Ho Yin, Thomas	✓
Mr. Tsui Ching Hung	✓
Ms. Cheung Oi Man, Amelia	✓

Chairman and Chief Executive Officer

Mr. Wang Hao was appointed as the Chairman of the Board of the Company on 11 March 2015. Upon his appointment as the Chairman of the Board, he takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as the execution of long-term business strategies. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the management of the Company.

Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting, finance and law. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his/her independence to the Company, and the Company considered each of them is independent under Rule 3.13 of the Listing Rules. During the year ended 31 March 2016, all the independent non-executive Directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Bye-Laws.

Board Diversity Policy

The Board has adopted a Board Diversity Policy on 22 November 2013 (the "Policy") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board delegated certain duties under the Policy to the Nomination Committee. The Nomination Committee will discuss and review the measurable objectives for implementing the Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

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

Board Meetings

The Board has four scheduled meetings a year at approximately quarterly interval and additional meetings will be held as and when required. The four scheduled Board meetings for a year are planned in advance. During the regular meetings of the Board, the Board reviewed the operation and financial performance and reviewed and approved the annual and interim results. During the year ended 31 March 2016, the Board held 14 meetings. All Directors were given an opportunity to include any matters in the agenda for regular Board meetings, and were given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Directors	Number of attendance
Executive Directors	
– Mr. Wang Hao *(Chairman & Chief Executive Officer)*	10/14
– Mr. Lai Leong	12/14
– Mr. Lam Kwan Sing	14/14
– Mr. Wong Nga Leung	14/14
– Mr. Hon Ming Sang	14/14
– Mr. Zhou Chengrong	9/14
Independent Non-executive Directors	
– Mr. Fok Ho Yin, Thomas	12/14
– Mr. Tsui Ching Hung	10/14
– Ms. Cheung Oi Man, Amelia	10/14

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

Appropriate insurance cover has been arranged by the Company in respect of relevant actions against its Directors.

General Meetings

During the year ended 31 March 2016, 2 general meetings of the Company, being 2015 annual general meeting ("2015 AGM") was held on 10 August 2015, and 1 special general meeting were held on 22 May 2015.

Name of Directors	Number of attendance
Executive Directors	
– Mr. Wang Hao *(Chairman & Chief Executive Officer)*	1/2
– Mr. Lai Leong	0/2
– Mr. Lam Kwan Sing	2/2
– Mr. Wong Nga Leung	2/2
– Mr. Hon Ming Sang	2/2
– Mr. Zhou Chengrong	1/2
Independent Non-executive Directors	
– Mr. Fok Ho Yin, Thomas	1/2
– Mr. Tsui Ching Hung	2/2
– Ms. Cheung Oi Man, Amelia	2/2

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation.

NOMINATION COMMITTEE

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

The Company established the Nomination Committee with written terms of reference on 14 March 2012 and currently consists of three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia, and one executive Director, namely Mr. Wang Hao (as chairman).

The terms of reference of the Nomination Committee are currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Nomination Committee are aligned with the code provisions set out in the Code on CGP.

The function of the Nomination Committee is to review and monitor the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; to review the Policy, and review the measurable objectives that the Board has set for implementing the Policy, the progress on achieving the objective; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

During the year ended 31 March 2016, the Nomination Committee held 1 meeting to assess the independence of the independent non-executive Directors; to consider the re-election of Directors; to review the composition of the Board; and to consider and make recommendation to the board on the appointment of Director(s).

Name of Members	Number of attendance
– Mr. Wang Hao *(Chairman)*	1/1
– Mr. Fok Ho Yin, Thomas	1/1
– Mr. Tsui Ching Hung	1/1
– Ms. Cheung Oi Man, Amelia	1/1

REMUNERATION COMMITTEE

The Remuneration Committee comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (as chairman), Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia.

The terms of reference of the Remuneration Committee are currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Remuneration Committee are aligned with the code provisions set out in the Code on CGP.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

During the year ended 31 March 2016, the Remuneration Committee held 1 meeting to review the remuneration of Directors and senior management; and to consider and make recommendation to the Board on the remuneration of new Director(s).

Name of Members	Number of attendance
– Mr. Fok Ho Yin, Thomas *(Chairman)*	1/1
– Mr. Tsui Ching Hung	1/1
– Ms. Cheung Oi Man, Amelia	1/1

The emoluments payable to Directors and senior management depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management are set out in note 14 to the consolidated financial statements.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (as chairman), Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia.

The terms of reference of the Audit Committee are currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the Code on CGP.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and consolidated financial statements of the Group; and overseeing the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and internal control procedures.

The Audit Committee meets the external auditor regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

During the year ended 31 March 2016, the Audit Committee held 3 meetings.

Name of Members	**Number of attendance**
– Mr. Fok Ho Yin, Thomas *(Chairman)*	3/3
– Mr. Tsui Ching Hung	3/3
– Ms. Cheung Oi Man, Amelia	3/3

During the year ended 31 March 2016, the Audit Committee reviewed the annual and interim results of the Group, which were in the opinion of the Audit Committee that the preparation of such results complied with the applicable accounting standards and the Listing Rules.

The Audit Committee noted the existing internal control system of the Group and also noted that review of the same will be carried out annually.

EXTERNAL AUDITORS

The statement of the external auditor of the Company about its reporting responsibilities on the Company's financial statements for the year ended 31 March 2016 is set out in the section headed "Independent Auditor's Report" in this annual report.

There has been no other change of auditors in the past three years.

The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguard independence of the auditors, and it has:

- determined the framework for the type and authorisation of non-audit services for which the external auditors may provide; and

- agreed with the Board on the policy relating to the hiring of employees or former employees of the external auditors and monitored the applications of such policy.

The Group has not employed any staff who was formerly involved in the Group's statutory audit.

REMUNERATION OF AUDITOR

For the year ended 31 March 2016, the fees payable by the Group to Li, Tang, Chen & Co. for their statutory audit services amounted to approximately HK$800,000 (2015: HK$660,000). The non-audit service fees included the fees for the following services:

	2016	2015
	HK$'000	*HK$'000*
Tax services	**58**	50
Services in connection with acquisition of Rander International Limited	**–**	700
	58	750

COMPANY SECRETARY

Mr. Hon Ming Sang was appointed as the company secretary of the Company on 31 December 2012.

Mr. Hon Ming Sang, plays the role in supporting the Board by ensuring good information flow within the Board, as well as communications with Shareholders and management and fulfill the qualification requirements laid down in the Listing Rules. Biographical details of Mr. Hon Ming Sang are set out in the section headed "Biographies of Directors" of this annual report.

Mr. Lam Kwan Sing, an executive Director of the Company, is the primary point of contact at the Company for the company secretary.

According to the requirements of Rule 3.29 of the Listing Rules, Mr. Hon Ming Sang had taken no less than 15 hours of relevant professional training for the financial year ended 31 March 2016.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called special general meeting.

SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

Shareholders may convene a special general meeting of the Company according to the provisions as set out in the Bye-Laws and the Companies Act 1981 of Bermuda. The procedures shareholders can use to convene a special general meeting are set out in the document entitled "Procedures for Shareholder to Propose a Person for Election as a Director" of the Company, which is currently available on the Company's website.

PUTTING ENQUIRIES BY SHAREHOLDERS TO THE BOARD

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of the forthcoming annual general meeting of the Company ("2016 AGM") will be vote by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders.

Information of the Company is disseminated to the shareholders in the following manner:

- Delivery of annual and interim results and reports to all shareholders;

- Publication of announcements on the annual and interim results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and

- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

The chairmen of each of the Audit Committee, the Remuneration Committee and the Nomination Committee attended the 2015 AGM to answer questions of the meeting and collect views of shareholders.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 31 March 2016, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

INTERNAL CONTROL

Management had implemented a system of internal control to provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are maintained, appropriate legislation and regulations are complied with, reliable financial information are provided for management and publication purpose and investment and business risks affecting the Group are identified and managed.

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 March 2016. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year ended 31 March 2016.

Directors' Report

The Board of Directors has pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 18 to the consolidated financial statements.

BUSINESS REVIEW

"Management Discussion and Analysis" on pages 7 to 16 and "Five Year Financial Summary" on pages 119 to 120 form part of this directors' report.

Principal Risks and Uncertainties Facing the Company

The Group's business in the year under review is affected by the volatility and uncertainty of macro-economic conditions in the PRC and Hong Kong.

The Group's business is also exposure to credit, liquidity, interest rate, foreign currency and equity price risks. An analysis of the Group's financial risk management is provided in note 37 to the consolidated financial statements.

Environmental Policies and Performance

The Group recognizes its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable from our operational activities in order to minimize these impacts if possible.

Compliance with the Relevant Laws and Regulations

During the year ended 31 March 2016 and up to the date of this report, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on our business and operation.

Key relationships with Employees, Customers and Suppliers

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2016, there were no material and significant disputes between the Group and its employees, customers and suppliers.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 March 2016 and the Company's and the Group's financial position at that date are set out in the consolidated financial statements on pages 37 to 118.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 March 2016 (2015: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the annual general meeting of the Company to be held on Monday, 15 August 2016 ("2016 AGM"), the register of members of the Company will be closed from Friday, 12 August 2016 to Monday, 15 August 2016, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 August 2016.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to Shareholders at the end of the reporting period were as follows:

	2016	2015
	HK$'000	*HK$'000*
Contributed surplus	**154,440**	154,440
Accumulated losses	**(1,194,713)**	(670,234)
	(1,040,273)	(515,794)

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

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

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

In addition, under the laws of Bermuda, the Company's share premium, with a balance of approximately HK$2,020,370,000 at 31 March 2016, may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on pages 119 to 120 of this report.

CHARITABLE DONATIONS

Charitable donations made by the Company during the year amounted to HK$400,000 (2015: HK$100,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital during the year are set out in note 33 to the consolidated financial statements.

DIRECTORS

The list of Directors of the Company during the year and up to the date of this annual report is set out below:

Executive Directors

Mr. Wang Hao *(Chairman & Chief Executive Officer)*
Mr. Lai Leong
Mr. Lam Kwan Sing
Mr. Wong Nga Leung
Mr. Hon Ming Sang
Mr. Zhou Chengrong

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

In accordance with clause 111 of the Company's Bye-Laws, Mr. Lam Kwan Sing, Mr. Hon Ming Sang and Mr. Fok Ho Yin, Thomas shall retire from office as Directors by rotation and, being eligible, offer themselves for re-election at the 2016 AGM.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2016 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors, a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the directors for the year ended 31 March 2016 are set out in note 14 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Details of the movements in convertible bonds during the year are set out in note 31 to the consolidated financial statements.

A share option scheme (the "Share Option Scheme") was adopted at the Special General Meeting held on 18 December 2014, the date of the Stock Exchange's granting of the listing of and permission to deal in the shares to be issued pursuant to the exercise of options under the Share Option Scheme. There were no outstanding share options granted pursuant to the Share Option Scheme.

Details of the Share Option Scheme of the Company are set out in note 33 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and in the share option scheme disclosures in note 33 to the consolidated financial statements, at no time during the year or up to the date of this report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a 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' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2016, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules, are set out below:

(a) Long positions in the ordinary shares of HK$0.0025 each of the Company

Name of Director	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Lai Leong *(Note 1)*	Interest of controlled corporation *(Note 2)*	1,411,446,400	18.06%

Notes:

1. Mr. Lai Leong ("Mr. Lai") resigned as a Chairman of the Board, Chief Executive Officer of the Company and ceased to be a member and chairman of Nomination Committee of the Company on 11 March 2015. Mr. Lai remains as an Executive Director of the Company.

   The Company has been informed by Mr. Lai that after trading hours on 28 April 2016, Oriental Day International Limited, which was 100% beneficially owned by Mr. Lai (as vendor) and Creaton Holdings Limited, which was 99% beneficially owned by Mr. Ko Tin Kwok (as purchaser) entered into a conditional sale and purchase agreement in respect of the sale and purchase of 1,411,446,400 shares of the Company (representing approximately 18.06% of the shares in issue)("Share Disposal"). The Share Disposal was completed on 13 June 2016.

2. These shares owned by Oriental Day International Limited, which was 100% beneficially owned by Mr. Lai Leong.

(b) Long positions in the underlying shares of the Company – physically settled unlisted equity derivatives

Details of the Company's share option scheme are set out in note 33 to the consolidated financial statements.

No share options were granted to, or exercised by, the Directors and chief executive during the year. There was no outstanding option granted to the Directors and chief executive at the beginning and at the end of the year.

Save as disclosed above, at 31 March 2016 none of the Directors, chief executives of the Company or their associates had interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept 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 Companies.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2016, so far as is known to any Director or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) Aggregate long position in the shares and underlying shares of the Company

Name	Nature of interest	*Note*	Number of ordinary shares of the Company held	Percentage of the Company's issued share capital
Mr. Lai Leong	Interest of controlled corporation	*1*	1,411,446,400	18.06%
Oriental Day International Limited	Beneficial owner	*2*	1,411,446,400	18.06%
Ms. Cao Zhiying	Beneficial owner		960,000,000	12.28%
Linkage Group Limited	Beneficial owner	*3*	1,043,478,260	13.35%
Mr. Xu Hua David	Interest of controlled corporation	*3*	1,043,478,260	13.35%
Shanghai Electric (Group) Corporation	Interest of controlled corporation	*4*	825,958,700	10.57%
Shanghai Electric Group Company Limited	Interest of controlled corporation	*4*	825,958,700	10.57%
Shanghai Electric Hongkong Co. Limited	Beneficial owner	*4*	825,958,700	10.57%
China Innovative Finance Group Limited	Interest of controlled corporation	*5*	777,736,000	9.95%
Coupeville Limited	Interest of controlled corporation	*5*	777,736,000	9.95%
Safe Castle Limited	Beneficial owner	*5*	777,736,000	9.95%

Notes:

1. Mr. Lai Leong ("Mr. Lai") resigned as a Chairman of the Board, Chief Executive Officer of the Company and ceased to be a member and chairman of Nomination Committee of the Company on 11 March 2015. Mr. Lai remains as an Executive Director of the Company.

   The Company has been informed by Mr. Lai that after trading hours on 28 April 2016, Oriental Day International Limited, which was 100% beneficially owned by Mr. Lai (as vendor) and Creaton Holdings Limited, which was 99% beneficially owned by Mr. Ko Tin Kwok (as purchaser) entered into a conditional sale and purchase agreement in respect of the sale and purchase of 1,411,446,400 shares of the Company (representing approximately 18.06% of the shares in issue) ('Share Disposal'). The Shares Disposal was completed on 13 June 2016.

2. These shares owned by Oriental Day International Limited, which was 100% beneficially owned by Mr. Lai Leong.

3. These shares owned by Linkage Group Limited, which was 100% beneficially owned by Mr. Xu Hua David.

4. On 12 September 2014, the Company issued to Shanghai Electric Hongkong Co. Limited ("Shanghai Electric"), an independent third party, Convertible bonds ("Convertible Bonds") in the principal amount of HK$700,000,000 which are convertible into 825,958,700 conversion shares at the adjusted conversion price of HK$0.8475 (subject to further adjustments, if any) as adjusted following the share subdivision effective on 19 December 2014. As disclosed in the Company's announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the Convertible Bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at the face value all or part of the outstanding Convertible Bonds during the 90 days period from the first anniversary of the date of the initial issue date of the Convertible Bonds. On 10 December 2015, all of the Convertible Bonds have been converted. Shanghai Electric is a wholly-owned subsidiary of Shanghai Electric Group Co. Limited (Stock Code: 2727), which is in turn 55.05% owned by Shanghai Electric (Group) Corporation.

5. These 777,736,000 shares were held by Safe Castle Limited, a wholly-owned subsidiary of Coupeville Limited, which in turn was a wholly-owned subsidiary of China Innovative Finance Group Limited. China Innovative Finance Group Limited (stock code:412) is a listed company in the Hong Kong Stock Exchange. Accordingly, Coupeville Limited and China Innovative Finance Group Limited were deemed to be interested in these shares pursuant to Part XV of the SFO.

(b) Aggregate short position in the shares and underlying shares of the Company

At 31 March 2016, the Company had not been notified of any short positions being held by any substantial shareholders in the shares or underlying shares of the Company.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company at 31 March 2016.

DIRECTORS' SECURITIES TRANSACTIONS

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 the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2016.

CONNECTED TRANSACTION

For the year ended 31 March 2016, the Group had no connected transaction as defined in the Listing Rules.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 31 March 2016 are set out in note 18 to the consolidated financial statements.

BORROWINGS

Particulars of borrowings of the Group at 31 March 2016 are set out in note 40 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Contracts with the Group's five largest suppliers combined by value, accounted for 70.81% in value of total purchases during the year ended 31 March 2016, while contracts with the Group's largest supplier by value, accounted for 30.34% in value of total purchases during the year ended 31 March 2016. Contracts with the Group's five largest customers combined by value, accounted for 45.93% in value of total revenue during the year ended 31 March 2016, while contracts with the Group's largest customer by value, accounted for 44.17% in value of total revenue during the year ended 31 March 2016.

Save as disclosed above, none of the Directors, their associates or any other shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

HUMAN RESOURCES AND STAFF REMUNERATION

The Group has a dedicated management team with extensive experience and extensive service, and has a technological talent team with high technological standard and abundant practicable experience. They are the force for the rapid growth and expansion of the Group since its establishment.

For the year ended 31 March 2016, total staff cost for the year was approximately HK$15,394,000, of which contributions to defined contribution retirement schemes were approximately HK$920,000. The Group has been able to retain and motivate outstanding technological and management talents through remuneration at a competitive level, as well as training and development plans.

The Company's subsidiaries in the PRC provide retirement, medical, employment injury, unemployment and maternity benefits to its employees in accordance with a state-managed social welfare scheme operated by the local government of the PRC, and the relevant PRC rules and regulations. At the same time, the employees of the Company's subsidiaries in the PRC are members of a long-term dormitory provident fund scheme operated by the local government of the PRC. According to the scheme, the Group provides dormitory provident fund to the employees in the PRC in accordance with the relevant PRC rules and regulations.

Certain executive Directors and members of the senior management of the Group, being non-PRC citizens, may elect not to participate in the state-managed social welfare scheme operated by the local government of the PRC. If there is any change in the PRC rules and regulations with respect to the retirement scheme upon which the Group is required to contribute to the social welfare scheme for non-PRC citizens, the Group shall comply with such new rules and regulations within the time limit prescribed by the relevant authorities.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws of the Company, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company against all losses and liabilities & etc which they may incur or sustain by reason about the execution of their duties, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the directors. The Company has also arranged appropriate directors' and liability insurance coverage for the Directors and officers of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year and up to the date of this report.

SUBSEQUENT EVENT

Details of the non-adjusting event after the reporting period are set out in note 45 to the consolidated financial statements.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee, comprising the three independent non-executive Directors of the Company with written terms of reference in compliance with the Code on CGP. The principal duties of the Audit Committee include the review and supervision of the Group's consolidated financial statements and review of the relationship with the auditors of the Company.

The Audit Committee has reviewed with the Group's senior management and external auditors, the accounting principles and practices adopted by the Group and reviewed the Company's consolidated financial statements for the year ended 31 March 2016.

AUDITORS

Messrs. Li, Tang, Chen & Co. retire and, being eligible, offer themselves for re-appointment. Save as disclosed above, there was no change in auditor during the past three years.

A resolution will be submitted to the 2016 AGM to re-appoint Messrs. Li, Tang, Chen & Co. as auditor of the Company.

ANNUAL REPORT

This Annual Report is printed in English and Chinese and is available on the Stock Exchange's website at "www.hkexnews.hk" under the "Listed Company Information" and our Company's website at "www.cse1004.com". Printed copies in both languages are posted to shareholders.

ANNUAL GENERAL MEETING

The 2016 AGM will be held on 15 August 2016. Details of the annual general meeting are set out in the notice of the annual general meeting which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of the annual general meeting and the proxy form are also available on the Stock Exchange's website and the Company's website.

On behalf of the Board

China Smarter Energy Group Holdings Limited
Wang Hao
Chairman

Hong Kong, 30 June 2016

李湯陳會計師事務所
LI, TANG, CHEN & CO.
Certified Public Accountants (Practising)

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA SMARTER ENERGY GROUP HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Smarter Energy Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 37 to 118, which comprise the consolidated statements of financial position as at 31 March 2016, 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 a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

30 June 2016

Consolidated Statement of Profit or Loss

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	*8*	**253,157**	202,410
Cost of sales		**(4,056)**	(6,135)
GROSS PROFIT		**249,101**	196,275
Other income	*8*	**7,435**	3,529
Other losses, net	*8*	**(13,441)**	(8,039)
Gain on bargain purchase of subsidiaries	*36*	**1,685**	292,080
Selling and distribution expenses		**(3,110)**	(4,585)
Administrative and operating expenses		**(184,776)**	(57,830)
PROFIT FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS		**56,894**	421,430
Finance costs	*9*	**(154,478)**	(43,186)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*10*	**(97,584)**	378,244
INCOME TAX CREDIT/(EXPENSE)	*11(a)*	**1,122**	(4,825)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(96,462)**	373,419
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	*12(a)*	**(223,618)**	(502,342)
LOSS FOR THE YEAR		**(320,080)**	(128,923)

Consolidated Statement of Profit or Loss

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)
(LOSS)/PROFIT ATTRIBUTABLE TO:			
Owners of the Company			
Continuing operations		**(96,405)**	373,376
Discontinued operation		**(179,132)**	(402,154)
		(275,537)	(28,778)
Non-controlling interests			
Continuing operations		**(57)**	43
Discontinued operation		**(44,486)**	(100,188)
		(44,543)	(100,145)
LOSS FOR THE YEAR		**(320,080)**	(128,923)
(LOSS)/EARNINGS PER SHARE	*16*		
Basic			
For loss for the year		**HK(3.80) cents**	HK(0.47) cents
For (loss)/profit for the year from continuing operations		**HK(1.33) cents**	HK6.15 cents
Diluted			
For loss for the year		**HK(3.80) cents**	HK(0.47) cents
For (loss)/profit for the year from continuing operations		**HK(1.33) cents**	HK6.15 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
LOSS FOR THE YEAR	**(320,080)**	(128,923)
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(50,977)**	1,832
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(371,057)**	(127,091)
ATTRIBUTABLE TO:		
Owners of the Company	**(325,366)**	(26,782)
Non-controlling interests	**(45,691)**	(100,309)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(371,057)**	(127,091)

Consolidated Statement of Financial Position

As at 31 March 2016

	Note	**2016** **HK$'000**	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**959,621**	856,102
Available-for-sale financial assets	19	**7,800**	7,800
Exploration and evaluation assets	20	**–**	300,985
Intangible assets	21	**804,293**	876,272
		1,771,714	2,041,159
CURRENT ASSETS			
Inventories	22	**2,112**	3,241
Trade receivables	23	**18,343**	25,096
Prepayments, deposits and other receivables	24	**463,940**	241,419
Financial assets at fair value through profit or loss	25	**367,573**	217,671
Derivative financial assets			
– Derivative component of the convertible bonds	31	**13,068**	–
Time deposit and cash and bank balances	26	**294,674**	138,008
		1,159,710	625,435
Assets of disposal group classified as held for sale	12(b)	**1,132**	–
		1,160,842	625,435
CURRENT LIABILITIES			
Trade payables	27	**2**	2
Other payables and accruals	28	**76,827**	29,162
Customers' deposits		**406**	802
Unsecured short term loans	29	**5,000**	7,497
Current portion of long term bank loans	30	**15,557**	4,996
		97,792	42,459
Liabilities of disposal group classified as held for sale	12(b)	**132**	–
		97,924	42,459
NET CURRENT ASSETS		**1,062,918**	582,976
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,834,632**	2,624,135
NON-CURRENT LIABILITIES			
Long term bank loans	30	**690,496**	736,851
Convertible bonds	31	**438,064**	663,246
Deferred tax liabilities	32(a)	**188,920**	272,707
		1,317,480	1,672,804
NET ASSETS		**1,517,152**	951,331

Consolidated Statement of Financial Position

As at 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
CAPITAL AND RESERVES			
Share capital	*33*	**19,536**	17,471
Reserves	*34(a)*	**1,498,583**	889,136
Total equity attributable to owners of the Company		**1,518,119**	906,607
Non-controlling interests		**(967)**	44,724
TOTAL EQUITY		**1,517,152**	951,331

Wang Hao
Director

Lam Kwan Sing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Convertible bonds equity reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Statutory reserve fund *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2015	17,471	1,283,770	77,102	57,815	113,733	12	(643,296)	906,607	44,724	951,331
Comprehensive income:										
Loss for the year	–	–	–	–	–	–	(275,537)	(275,537)	(44,543)	(320,080)
Other comprehensive expense for the year:										
Exchange differences arising on translation of foreign operations	–	–	–	–	(49,829)	–	–	(49,829)	(1,148)	(50,977)
Total comprehensive expense for the year	–	–	–	–	(49,829)	–	(275,537)	(325,366)	(45,691)	(371,057)
Transactions with owners:										
Conversion of HK$700,000,000 convertible bonds *(note 31)*	2,065	736,600	–	(57,815)	–	–	–	680,850	–	680,850
Issue of US$80,000,000 guaranteed secured convertible bonds *(note 31)*	–	–	–	256,028	–	–	–	256,028	–	256,028
Total transactions with owners	2,065	736,600	–	198,213	–	–	–	936,878	–	936,878
Balance at 31 March 2016	19,536	2,020,370	77,102	256,028	63,904	12	(918,833)	1,518,119	(967)	1,517,152

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Convertible bonds equity reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Statutory reserve fund *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2014	14,862	1,046,379	77,102	–	111,737	12	(614,518)	635,574	145,033	780,607
Comprehensive income:										
Loss for the year	–	–	–	–	–	–	(28,778)	(28,778)	(100,145)	(128,923)
Other comprehensive income/(expense) for the year:										
Exchange differences arising on translation of foreign operations	–	–	–	–	1,996	–	–	1,996	(164)	1,832
Total comprehensive income/(expense) for the year	–	–	–	–	1,996	–	(28,778)	(26,782)	(100,309)	(127,091)
Transactions with owners:										
Issue of shares for acquisition of Rander International Limited *(note 36)*	2,609	237,391	–	–	–	–	–	240,000	–	240,000
Issue of HK$700,000,000 convertible bonds *(note 31)*	–	–	–	57,815	–	–	–	57,815	–	57,815
Total transactions with owners	2,609	237,391	–	57,815	–	–	–	297,815	–	297,815
Balance at 31 March 2015	17,471	1,283,770	77,102	57,815	113,733	12	(643,296)	906,607	44,724	951,331

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)
OPERATING ACTIVITIES			
(Loss)/profit before tax			
From continuing operations		**(97,584)**	378,244
From a discontinued operation		**(296,806)**	(668,676)
Adjustments for:			
Dividend income from unlisted available-for-sale financial assets		**(1,560)**	(1,560)
Dividend income from listed financial assets at fair value through profit or loss		**(16)**	(118)
Bank interest income		**(446)**	(2,230)
Other interest income		**–**	(4)
Unrealised gain on investments in financial assets at fair value through profit or loss		**(130,072)**	(179,382)
Gain on bargain purchase	*36*	**(1,685)**	(292,080)
Gain on disposal of property, plant and equipment		**(65)**	–
Fixed assets written off		**16**	–
Depreciation		**46,141**	5,500
Amortisation of intangible assets		**35,909**	4,613
Impairment loss on exploration and evaluation assets	*20*	**294,237**	665,334
Fair value changes in derivative component of convertible bonds		**13,441**	9,817
Interest expenses		**154,590**	43,336
Tax penalties settled by the tax reserve certificate		**–**	1,374
Operating profit/(loss) before working capital changes		**16,100**	(35,832)
Decrease in inventories		**1,122**	492
Increase in financial assets at fair value through profit or loss		**(19,830)**	–
Decrease/(increase) in trade receivables		**5,555**	(14,433)
Increase in prepayments, deposits and other receivables		**(218,165)**	(160,625)
Decrease in trade payables		**–**	(528)
Increase in other payables and accruals		**52,677**	13,116
Decrease in customers' deposits		**(396)**	(880)
Net cash used in operating activities		**(162,937)**	(198,690)

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)
INVESTING ACTIVITIES			
Dividend received from unlisted available-for-sale financial assets		**1,560**	1,560
Dividend received from listed financial assets at fair value through profit or loss		**16**	118
Bank interest received		**446**	2,230
Other interest received		**–**	4
Purchases of property, plant and equipment		**(188,511)**	(114)
Proceeds from disposal of property, plant and equipment		**65**	–
Acquisition of subsidiaries	*36*	**(11,252)**	(316,730)
Net cash used in investing activities		**(197,676)**	(312,932)
FINANCING ACTIVITIES			
Interest paid		**(93,051)**	(29,202)
Other loans obtained		**–**	5,000
Repayment of margin loan		**–**	(10,326)
Repayment of bank loans		**(4,862)**	(2,498)
Repayment of other loans		**(2,431)**	(25,004)
Net proceeds from issue of convertible bonds		**622,219**	698,229
Net cash generated from financing activities		**521,875**	636,199
NET INCREASE IN CASH AND CASH EQUIVALENTS		**161,262**	124,577
Effect of foreign exchange rate changes		**(4,351)**	(7,034)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**138,008**	20,465
CASH AND CASH EQUIVALENTS AT END OF YEAR		**294,919**	138,008
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposit and cash and bank balances attributable to continuing operations		**294,674**	136,122
Cash and bank balances attributable to a discontinued operation		**245**	1,886
		294,919	138,008

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

China Smarter Energy Group Holdings Limited (the "Company") was incorporated in Bermuda on 8 August 1997 as an exempted company with limited liability under the Companies Act (as amended) of Bermuda. The principal office of the Company is located at Rooms 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.

The Company is engaged in investment holding and trading of listed equity securities. The principal activities of the subsidiaries are clean energy operation, share investment and trading of fur garment. The Group was also engaged in the business of mining natural resources, which was discontinued during the year (see note 12).

The consolidated financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all 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. They have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair value as specified in the significant accounting policies as set out in note 5.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2016. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealized gains and losses resulting from intra-company transactions and intra-company balances within the Group are eliminated in full on consolidation.

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 6.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19, Defined benefit plans: Employee contributions

Annual Improvements to HKFRSs 2010-2012 Cycle

Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these consolidated financial statements.

In addition, the Company has adopted the amendments to the listing rules issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the consolidated financial statements is on the presentation and disclosure of certain information in the consolidated financial statements.

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016

Certain new and revised HKFRSs and amendments to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2016 or later periods, which the Group has not early adopted, are as follows:

HKAS 1 (amendment)	Presentation of financial statements – disclosure initiative[1]
HKAS 16 (amendment) and HKAS 38 (amendment)	Clarification of acceptable methods of depreciation and amortisation[1]
HKAS 16 (amendment) and HKAS 41 (amendment)	Agriculture: bearer plants[1]
HKAS 27 (amendment)	Equity method in separate financial statements[1]
HKFRS 9	Financial instruments[2]
HKFRS 10 (amendment) and HKAS 28 (amendment)	Sale or contribution of assets between an investor and its associate or joint venture[1]
HKFRS 10 (amendment), HKFRS 12 (amendment) and HKAS 28 (amendment)	Investment entities: applying the consolidation exception[1]
HKFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations[1]
HKFRS 14	Regulatory deferral accounts[1]
HKFRS 15	Revenue from contracts with customers[2]
Annual improvement to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[1]

1 Effective for financial periods beginning on or after 1 January 2016

2 Effective for financial periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the impact of these amendments and new and revised standards in the period of initial application. The directors anticipate that the application of these amendments and new and revised HKFRSs are not likely to have a significant impact on the Group's consolidated financial statements and are not analysed in detail.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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-company balances and transactions and any unrealized profits and losses arising from intra-company transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-company transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets and liabilities measured initially at their fair values at the acquisition date and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at the end of the reporting period. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in profit or loss as a gain on bargain purchase.

Non-current assets held for sale and discontinued operations

i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-current assets held for sale and discontinued operations (cont'd)

i) Non-current assets held for sale (cont'd)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the group and the company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 5.

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

ii) Discontinued operations

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

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

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowings costs.

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

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

Buildings	The shorter of the lease terms and 50 years
Leasehold improvements	The shorter of the lease terms and 5 years
Solar power generation plant/station	10 to 20 years
Plant and machinery	3 to 5 years
Furniture, fixtures, office equipment and motor vehicles	3 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

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

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.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowing funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

When the technical feasibility and commercial viability for extracting a mineral resource becomes demonstrable, any previously recognised exploration and evaluation assets are reclassified as property, plant and equipment, mining rights or other intangible assets. These assets are assessed for impairment and any impairment loss is recognised before reclassification.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets

Intangible assets with finite useful lives that are acquired in business combinations are stated in the consolidated statement of financial position at fair value at the acquisition date less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives of 24 years.

Inventories

Inventories are stated at the lower of cost and net realisable value after allowances for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads based on a normal level of operating activity. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of the reporting period.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationship as defined by HKAS 39. Derivatives, including separated embedded derivative, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39. Gains or losses on investments held for trading are recognised in profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated or not classified as any of the other categories. At the end of each reporting period subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated separately in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse to profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairments losses at the end of each reporting period subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Impairment on assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment on available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost 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.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Convertible bonds contains liability component, equity component and derivative component

Convertible bonds issued by the Company that contain liability component, equity component and derivative component are classified separately into respective item on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. On initial recognition, both the liability and derivative components are measured at fair value. The fair value of the liability component on initial recognition is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair values assigned to the liability and derivative components respectively, representing the conversion option for the holder to convert the convertible bonds into equity, is included in equity.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in the equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the expiry date. the balance recognised in equity will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

When the convertible bonds are converted, the carrying amounts of the liability component and the derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the convertible bonds are redeemed, the difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, equity and derivative components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss for the year.

Impairment of assets other than exploration and evaluation assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, deferred tax assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows, that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimate 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. An impairment loss is charged to profit or loss in the year in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which it arises.

Impairment of exploration and evaluation assets

In the following cases, or similar cases, the Group shall test exploration and evaluation assets for impairment.

(a) The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of exploration and evaluation assets (cont'd)

For the purpose of impairment testing exploration and evaluation assets are allocated to the relevant cash-generating units expected to benefit from the assets. Cash-generating units to which exploration and evaluation assets have been allocated are tested for impairment when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of exploration and evaluation assets allocated to the unit.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

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, 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 those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income tax (cont'd)

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Trade and other payables

Liabilities for trade and other payables which are normally settled on 30 to 60 days terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions and contingent liabilities

i) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination 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 (ii) below. Contingent liabilities that cannot be reliably fair valued are disclosed in accordance with note (ii) below.

ii) Other provisions and contingent liabilities

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

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following basis:

(a) Revenue arising from the sale of electricity is recognised in the accounting period when electricity has been delivered on grid and is measured based on the tariff rates determined by the relevant local authority.

(b) Sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(c) Net gains/(losses) from equity securities trading arise from the disposal and remeasurement of financial instruments at fair value through profit or loss and is included in "Revenue". All transactions related to equity securities trading are record in the consolidated financial statements based on trade dates. Accordingly, only those trade dates falling within the accounting year have been taken into account.

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

(e) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee benefits

i) The Group joins a defined contribution Mandatory Provident Fund ("MPF") retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance. Contributions to the MPF scheme are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF scheme. The Group's employer contributions are fully and immediately vested in favour of the employees.

ii) The Company's subsidiaries which operate in the PRC are required to make contributions to defined contribution retirement plans managed by the local government authorities for their employees. The contributions are calculated at fixed rate of the relevant employees' salary cost. The Group's contributions to these plans are charged to profit or loss when incurred. The Group has no obligation for the payment of retirement and other post-employment benefits of staff other than contributions described above.

iii) Equity share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (employee share-based compensation reserve).

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained profits.

iv) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Leases

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency at the exchange rates ruling at the end of the reporting period. All differences are taken to profit or loss. Non-monetary items that are measured in the terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than Hong Kong dollars. At the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period and, their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the exchange fluctuation reserve (attributable to minority interests as appropriate). On disposal of a foreign entity, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

Dividends

Interim dividend is simultaneously proposed and declared, because the Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividend is recognised immediately as a liability when it is proposed and declared.

Final dividend proposed by the directors is classified as a separate allocation of retained profits within capital and reserves in the consolidated statement of financial position, until it has been approved by the shareholders in a general meeting. When the dividend has been approved by the shareholders and declared, it is recognised as a liability.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Related parties

A party is considered to be related the Group if:

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

i) has control or joint control over the Group;

ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

Segement reporting

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

6. SUMMARY ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Purchase accounting

Accounting for acquisitions requires the Group to allocate the costs of acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The Group has undertaken process to identify all assets and liabilities acquired, including acquired intangible assets. Judgements made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset's useful lives, could materially impact the calculation of gain on bargain purchase and depreciation and amortization charges in subsequent periods. Estimated fair values are based on information available near the acquisition date and on expectations and assumptions that have been deemed reasonable by management. Determining the estimated useful lives of tangible and intangible assets acquired also requires judgement.

Useful lives of property, plant and equipment

Depreciation of property, plant and equipment is calculated to write off the cost of property, plant and equipment over their estimated useful lives on a straight-line basis. Management reviews the estimated useful lives and residual values of property, plant and equipment to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated changes.

Income taxes

(1) The Group recognises liabilities for anticipated tax issues for which the ultimate tax determination may be uncertain based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current and deferred tax provisions in the financial period in which such determination is made.

(2) At 31 March 2016, the Group had estimated unused tax losses of approximately HK$404,506,000 (2015: HK$311,460,000) available for offset against future profits. No deferred tax asset has been recognised on the tax losses of approximately HK$404,506,000 (2015: HK$311,460,000) due to unpredictability of future profits streams. The reliability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more or less than expected, a material reversal or recognition of deferred tax asset may arise.

6. SUMMARY ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

Allowances for inventories

The management makes allowance for obsolete and slow-moving inventories that are identified as no longer salable. The management estimates the net realisable value of inventories based primarily on the latest invoice prices and current market conditions. The Group carries out review of inventories on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow-moving items.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of trading and selling products of similar nature. Management reassesses those estimates at the end of each reporting period.

Impairment assessment for receivables

The policy for impairment assessment for receivables of the Group is based on the evaluation of collectability and an ageing analysis of receivables and on the judgement of the management. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group deteriorate, resulting in an impairment of their ability to make payments, a material impairment loss may be required.

Impairment of exploration and evaluation assets

In determining whether the Group's exploration and evaluation assets are impaired, the directors have to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether the Group is able to obtain the right to exploit in the specific mining site; (2) whether carrying amount of exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale. In any such case, the Group shall perform an impairment test in accordance with the accounting policy as disclosed in the note 5. During the year ended 31 March 2016, an additional impairment loss of HK$294,237,000 (2015: HK$665,334,000) was recognised for exploration right. The aggregate carrying value of exploration and evaluation assets was HK$ Nil (2015: HK$300,985,000) at 31 March 2016.

7. SEGMENT INFORMATION

The chief executive office (the "CEO") organizes the business units based on their products delivered and services provided, and has reportable operating segments as follows:

a) Clean energy.

b) Trading in securities comprise net gains/(losses) from trading of listed securities and dividend income from listed equity investments.

c) Investments comprise dividend income from unlisted equity investments.

d) Trading of fur garment.

e) Trading of fur skins.

f) Others comprise the provision of management services to the companies of the Group.

g) Mine (classified as discontinued operation during the year – see note 12).

The CEO monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs as well as corporate expenses are excluded from such measurement.

Segment assets consist of property, plant and equipment, available-for-sale financial assets, exploration and evaluation assets, inventories, trade and other receivables, deposits and financial assets at fair value through profit or loss. Unallocated assets comprise derivative financial assets and time deposit and cash and bank balances.

Segment liabilities consist of trade and other payables and accruals, customers' deposits and bank and other borrowings. Unallocated liabilities comprise convertible bonds.

Inter-segment transactions are on arm's length basis in a manner similar to transactions with third parties.

7. SEGMENT INFORMATION (cont'd)

a) Operating segment information

For the year ended 31 March 2016

	Continuing operations							Discontinued operation	
	Clean energy *HK$'000*	Trading in securities *HK$'000*	Investments *HK$'000*	Trading of fur garment *HK$'000*	Trading of fur skins *HK'000*	Others *HK$'000*	Total *HK$'000*	Mine *HK$'000*	Consolidated *HK$'000*
Segment revenue									
Revenue from external customers	115,095	–	–	6,414	–	–	121,509	–	121,509
Investment income and net gains	–	130,088	1,560	–	–	–	131,648	–	131,648
Inter-segment sales	–	–	–	718	–	–	718	–	718
Reportable segment revenue	115,095	130,088	1,560	7,132	–	–	253,875	–	253,875
Elimination of inter-segment sales									(718)
Consolidated revenue									253,157
Segment results	(195)	126,560	1,554	(10,356)	(190)	(14,137)	103,236	(223,618)	(120,382)
Reconciliation:									
Interest income									443
Change in fair value of derivative component of convertible bonds									(13,441)
Unallocated corporate expenses									(33,344)
Loss from operating activities									(166,724)
Finance costs									(154,478)
Loss before tax									(321,202)
Income tax credit									1,122
Loss for the year									(320,080)
Other segment information									
Depreciation	(45,685)	–	–	(61)	–	(311)	(46,057)	(84)	(46,141)
Amortisation of intangible assets	(35,909)	–	–	–	–	–	(35,909)	–	(35,909)
Impairment loss on exploration and evaluation assets	–	–	–	–	–	–	–	(294,237)	(294,237)

7. SEGMENT INFORMATION (cont'd)

a) Operating segment information (cont'd)

For the year ended 31 March 2015 (Restated)

	Continuing operations							Discontinued operation	
	Clean energy HK$'000	Trading in securities HK$'000	Investments HK$'000	Trading of fur garment HK$'000	Trading of fur skins HK'000	Others HK$'000	Total HK$'000	Mine HK$'000	Consolidated HK$'000
Segment revenue									
Revenue from external customers	14,356	(1,131)	–	8,125	–	–	21,350	–	21,350
Investment income and net gains	–	179,500	1,560	–	–	–	181,060	–	181,060
Inter-segment sales	–	–	–	3,303	–	–	3,303	–	3,303
Reportable segment revenue	14,356	178,369	1,560	11,428	–	–	205,713	–	205,713
Elimination of inter-segment sales									(3,303)
Consolidated revenue									202,410
Segment results	283,451	175,837	(3,468)	(7,944)	746	(3,848)	444,774	(502,342)	(57,568)
Reconciliation:									
Interest income									2,227
Change in fair value of derivative component of convertible bonds									(9,817)
Unallocated corporate expenses									(15,754)
Loss from operating activities									(80,912)
Finance costs									(43,186)
Loss before tax									(124,098)
Income tax expense									(4,825)
Loss for the year									(128,923)
Other segment information									
Depreciation	(5,157)	–	–	(151)	(67)	(4)	(5,379)	(121)	(5,500)
Amortisation of intangible assets	(4,613)	–	–	–	–	–	(4,613)	–	(4,613)
Impairment loss on exploration and evaluation assets	–	–	–	–	–	–	–	(665,334)	(665,334)

7. SEGMENT INFORMATION (cont'd)

b) The segment assets and liabilities based on the reportable segments at the end of the reporting period are as follows:

At 31 March 2016

	Continuing operations							Discontinued operation	
	Clean energy HK$'000	Trading in securities HK$'000	Investments HK$'000	Trading of fur garment HK$'000	Trading of fur skins HK'000	Others HK$'000	Total HK$'000	Mine HK$'000	Consolidated HK$'000
Reportable segment assets	1,939,810	367,574	308,112	10,317	15,782	1,909,129	4,550,724	1,132	4,551,856
Elimination of inter-segment receivables									(1,927,042)
									2,624,814
Unallocated assets:									
Time deposit and cash and bank balances									294,674
Derivative financial assets									13,068
Total assets per consolidated statement of financial position									2,932,556
Reportable segment liabilities	(1,722,726)	–	(2,827)	(66,321)	(25,456)	(20,567)	(1,837,897)	(1,066,485)	(2,904,382)
Elimination of inter-segment payables							860,689	1,066,353	1,927,042
							(977,208)	(132)	(977,340)
Unallocated liabilities:									
Convertible bonds									(438,064)
Total liabilities per consolidated statement of financial position									(1,415,404)
Other segment information									
Additions to property, plant and equipment during the year	184,771	–	–	–	–	–	184,771	684	185,455

7. SEGMENT INFORMATION (cont'd)

b) The segment assets and liabilities based on the reportable segments at the end of the reporting period are as follows: (cont'd)

At 31 March 2015

	Clean energy *HK$'000*	Mine *HK$'000*	Trading in securities *HK$'000*	Investments *HK$'000*	Trading of fur garment *HK$'000*	Trading of fur skins *HK'000*	Others *HK$'000*	Consolidated *HK$'000*
Reportable segment assets	1,889,521	301,680	217,671	10,417	12,626	15,732	196,885	2,644,532
Elimination of inter-segment receivables								(115,946)
								2,528,586
Unallocated assets:								
Time deposit and cash and bank balances								138,008
Total assets per consolidated statement of financial position								2,666,594
Reportable segment liabilities	(967,101)	(87,698)	–	(2,990)	(58,440)	(25,235)	(26,499)	(1,167,963)
Elimination of inter-segment payables								115,946
								(1,052,017)
Unallocated liabilities:								
Convertible bonds								(663,246)
Total liabilities per consolidated statement of financial position								(1,715,263)
Other segment information								
Additions to property, plant and equipment during the year	81	8	–	–	4	–	21	114
Property, plant and equipment and intangible assets arising from acquisition of Rander International Limited *(note 36)*	1,727,187	–	–	–	–	–	–	1,727,187

7. SEGMENT INFORMATION (cont'd)

c) Geographical information

i) *Revenue from external customers*

The Group's activities are conducted predominantly in Hong Kong and Mainland China. Revenue by geographical location is determined on the basis of the locations of operations.

The following table provides an analysis of the Group's revenue by geographical location:

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**138,062**	188,054
Mainland China	**115,095**	14,356
Total revenue	**253,157**	202,410

ii) *Non-current assets*

The non-current assets information is based on the location of assets and excludes financial instruments.

The following table provides an analysis of the Group's non-current assets by geographical location:

	2016	2015
	HK$'000	*HK$'000*
Mainland China	**1,763,655**	2,033,128
Hong Kong	**259**	231
	1,763,914	2,033,359

Information about major customers

For the year ended 31 March 2016, revenue from sale of electricity with one customer had exceeded 10% of the Group's total revenue. Revenue from this customer amounted to HK$111,830,000 for the year ended 31 March 2016. No other single customer had transactions which contributed 10% or more of the Group's total revenue for the year ended 31 March 2016.

No individual customer had transactions which contributed 10% or more of the Group's total revenue for the year ended 31 March 2015.

8. REVENUE, OTHER INCOME AND OTHER LOSSES, NET

An analysis of the Group's revenue, other income and other losses, net is as follows:

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Sale of electricity	**115,095**	14,356
Sale of fur garment	**6,414**	8,125
Net realised and unrealised gains on trading securities	**130,072**	178,251
Dividend income from unlisted available-for-sale financial assets	**1,560**	1,560
Dividend income from listed financial assets at fair value through profit or loss	**16**	118
	253,157	202,410
Others income		
Bank interest income	**443**	2,227
Other interest income	**–**	4
Compensation on trading of fur skins	**–**	1,187
Recovery of other receivables	**6,341**	–
Others	**651**	111
	7,435	3,529
Other losses, net		
Fair value change on derivative component of convertible bonds	**(13,441)**	(9,817)
Exchange gain	**–**	1,778
	(13,441)	(8,039)

Sale of electricity included HK$79,311,000 (2015: HK$9,635,000) tariff adjustment received and receivable from the provincial grid companies in the PRC based on the prevailing nationwide government policies on renewable energy for solar farms.

9. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Imputed interest on convertible bonds	**110,270**	35,683
Interest on bank loans not wholly repayable within five years	**43,303**	5,758
Interest on other borrowings wholly repayable within five years:		
Margin loan payable	**415**	122
Other loans	**490**	1,623
	154,478	43,186

10. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The (loss)/profit before tax from continuing operations is arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Auditors' remuneration		
– audit services	**800**	653
– non-audit services	**58**	750
	858	1,403
Depreciation	**46,057**	5,379
Amortisation of intangible assets	**35,909**	4,613
Minimum lease payments under operating leases on land and buildings	**6,535**	4,224
Staff salaries, allowances and benefits in kind (excluding directors' remuneration)	**14,474**	7,258
Pension contributions	**920**	383
Provision for obsolete inventories	**436**	1,510
Exchange loss	**3,063**	–

11. TAXATION

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 March 2016 and 2015. Overseas taxes on assessable profits of the Company or its subsidiaries, if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on the prevailing legislation, interpretations and practices in respect thereof.

The Group's operations in the PRC are subject to the corporate income tax law of the PRC (the "PRC corporate income tax"). The standard PRC corporate income tax rate is 25% (2015: 25%). During the year, one subsidiary of the Group which is engaging in the operation of solar power plant has obtained the relevant preferential tax concession. This subsidiary is fully exempted from the PRC corporate income tax for the first three years, followed by a 50% tax exemption for the next three years.

11. TAXATION (cont'd)

The amount of income tax (credit)/expense in the consolidated statement of profit or loss:

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Underprovision of Hong Kong profits tax in prior years	**–**	4,825
Deferred tax *(note 32)*	**(1,122)**	–
Income tax (credit)/expense	**(1,122)**	4,825

The reconciliation between the loss before tax and the income tax (credit)/expense per consolidated statement of profit or loss is as follows:

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
(Loss)/profit before tax	**(97,584)**	378,244
Tax effect at Hong Kong profits tax rate of 16.5% (2015: 16.5%)	**(16,102)**	62,410
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(3,624)**	(441)
Effect on tax holiday on assessable profit of a subsidiary incorporated in the PRC	**–**	(425)
Income not subject to tax	**(23,609)**	(79,295)
Expenses not deductible for tax purposes	**33,243**	11,101
Unrecognised tax losses	**19,610**	6,641
Unrecognised temporary differences	**(10,638)**	9
Underprovision of Hong Kong profits tax in prior years	**–**	4,825
Utilisation of tax losses previously not recognised	**(2)**	–
Income tax (credit)/expense	**(1,122)**	4,825

12. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

The Group plans to focus its resources on its clean energy business and has decided to cease and sell its mining business during the year ended 31 March 2016. The Group's business in mining segment is mainly undertaken by 陝西久權礦業有限公司 (Shaanxi Jiuquan Mining Company Limited), an indirect-owned subsidiary of Perfect Fair Limited, which is also an indirect-owned subsidiary of the Company.

The Perfect Fair Limited and its subsidiaries ("the Perfect Fair Group") was regarded as a disposal group classified as held for sale and mining segment was classified as a discontinued operation during the year ended 31 March 2016.

12. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

In June 2016, the Group had completed the disposal of its 100% equity interest (with relevant shareholder's loan) in Perfect Fair Group to an independent third party for a cash consideration of HK$1 million. Details of this transaction is also disclosed in note 45 to the consolidated financial statements.

The loss for the year from the discontinued mining business is set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the mining business as discontinued operation.

(a) The results of a discontinued operation for the years ended 31 March 2016 and 2015 are as follows:

	2016 ***HK$'000***	2015 *HK$'000*
Revenue	**Nil**	Nil
Other income	**73**	3
Administrative and operating expenses	**(296,767)**	(668,529)
Finance cost	**(112)**	(150)
Loss before taxation	**(296,806)**	(668,676)
Tax credit	**73,559**	166,334
Loss after taxation	**(223,247)**	(502,342)
Loss recognised on the measurement to fair value less costs to sell on disposal group	**(371)**	–
Loss for the year from a discontinued operation	**(223,618)**	(502,342)
Loss for the year from a discontinued operation includes the following:		
Staff salaries and allowances	**1,237**	1,223
Retirement benefit scheme contributions	**77**	76
Total staff costs	**1,314**	1,299
Depreciation of property, plant and equipment	**84**	121
Impairment loss on property, plant and equipment	**33**	–
Impairment loss on exploration and evaluation assets	**294,237**	665,334

12. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(b) The major classes of assets and liabilities of a disposal group classified as held for sale at the end of the reporting period are as follows:

	2016	2015
	HK$'000	*HK$'000*
Assets		
Property, plant and machinery	**841**	–
Exploration and evaluation assets *(note 20)*	**–**	–
Prepayments, deposits and other receivables	**46**	–
Cash and bank balances	**245**	–
Assets of disposal group classified as held for sale	**1,132**	–
Liabilities		
Other payables and accruals	**132**	–
Liabilities of disposal group classified as held for sale	**132**	–
Net assets of disposal group classified as held for sale	**1,000**	–

(c) The net cash flow of the discontinued operation dealt with in the consolidated financial statements for the years ended 31 March 2016 and 2015 are as follows:

	2016	2015
	HK$'000	*HK$'000*
Operating activities	**1,572**	(155)
Investing activities	**(616)**	1,814
Financing activities	**(2,543)**	(150)
Net cash (outflow)/inflow attributable to a discontinued operation	**(1,587)**	1,509

(d) Loss per share from a discontinued operation

	2016	2015
Basic and diluted	**HK(2.47) cents**	HK(6.62) cents

The calculation of the basic loss per share from a discontinued operation is based on the loss for the year from discontinued operation attributable to owners of the Company of HK$179,132,000 (2015: HK$402,154,000) and the weighted average number of 7,243,402,000 (2015: 6,067,844,000) ordinary shares in issue during the year.

12. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (cont'd)

(d) Loss per share from a discontinued operation (cont'd)

No adjustment has been made to the basic loss per share from a discontinued operation presented for the years ended 31 March 2016 and 2015 in respect of a dilution as the Company's outstanding convertible bonds during the periods have an anti-dilutive effect on the basic loss per share from a discontinued operation presented.

13. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 March 2016 (2015: Nil).

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

	2016	2015
	HK$'000	*HK$'000*
Fees	**360**	470
Other emoluments		
Basic salaries and allowances	**8,552**	5,748
Retirement scheme contributions	**107**	95
	8,659	5,843
	9,019	6,313

a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2016	2015
	HK$'000	*HK$'000*
Fok Ho Yin, Thomas	**120**	120
Tsui Ching Hung	**120**	120
Cheung Oi Man, Amelia	**120**	120
	360	360

There were no other emoluments payable to the independent non-executive directors during the year (2015: Nil).

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (cont'd)

b) Executive directors

	Fees	Salaries and allowances	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2016				
Wang Hao	**–**	**2,562**	**17**	**2,579**
Lai Leong	**–**	**1,300**	**18**	**1,318**
Zhou Chengrong	**–**	**1,180**	**18**	**1,198**
Lam Kwan Sing	**–**	**1,560**	**18**	**1,578**
Wong Nga Leung	**–**	**1,560**	**18**	**1,578**
Hon Ming Sang	**–**	**390**	**18**	**408**
	–	**8,552**	**107**	**8,659**
2015				
Wang Hao *(Note 1)*	–	135	–	135
Lai Leong *(Note 2)*	–	1,300	17	1,317
Zhou Chengrong *(Note 3)*	–	430	7	437
Kong Shan, David *(Note 4)*	110	373	17	500
Lam Kwan Sing	–	1,560	18	1,578
Wong Nga Leung	–	1,560	18	1,578
Hon Ming Sang	–	390	18	408
	110	5,748	95	5,953

Note 1: Mr. Wang Hao was appointed as an executive director, a chairman of the board and chief executive officer of the Company on 11 March 2015.

Note 2: Mr. Lai Leong was resigned as a chairman of the board and chief executive office of the Company on 11 March 2015. Mr. Lai remains as an Executive Director of the Company.

Note 3: Mr. Zhou Chengrong was appointed as an executive director on 23 September 2014.

Note 4: Mr. Kong Shan, David resigned as an executive director on 11 March 2015.

c) The number of directors whose emoluments fell within the following band is as follows:

	Number of directors	
	2016	2015
Nil – HK$1,000,000	**4**	7
HK$1,000,001 – HK$1,500,000	**2**	1
HK$1,500,001 – HK$2,000,000	**3**	2

No director has waived or agreed to waive any emoluments and no emoluments were paid 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 during the years ended 31 March 2016 and 2015.

15. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the year ended 31 March 2016 included five directors (2015: five directors), details of whose emoluments are disclosed above.

16. (LOSS)/EARNINGS PER SHARE

a) For loss for the year

Basic loss per share for the years ended 31 March 2016 and 2015 is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2016 and 2015 respectively. Calculation is as follows:

	2016	2015
Loss for the year attributable to owners of the Company (HK$'000)	**(275,537)**	(28,778)
Weighted average number of ordinary shares in issue (thousands)	**7,243,402**	6,067,844
Basic loss per share (HK cents per share)	**(3.80) cents**	(0.47) cents

b) For (loss)/profit for the year from continuing operations

Basic (loss)/earnings per share for the years ended 31 March 2016 and 2015 is calculated by dividing the (loss)/profit for the year from continuing operations attributable to owners of the Company by the weighted average numbers of ordinary shares in issue during the years ended 31 March 2016 and 2015 respectively. Calculation is as follows:

	2016	2015
(Loss)/profit for the year from continuing operations attributable to the owners of the Company (HK$'000)	**(96,405)**	373,376
Weighted average number of ordinary shares in issue (thousand)	**7,243,402**	6,067,844
Basic (loss)/earnings per share (HK cents per share)	**(1.33) cents**	6.15 cents

c) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share for the years ended 31 March 2016 and 2015 is the same as the basic (loss)/earnings per share, as the Company's outstanding convertible bonds had an anti-dilutive effect on the basic (loss)/earnings per share for the years ended 31 March 2016 and 2015 respectively.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings *HK$'000*	Leasehold improvements *HK$'000*	Solar power generation plant/station *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures, office equipment and motor vehicles *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
Cost							
At 1.4.2014	363	2,609	–	2,064	7,186	–	12,222
Exchange adjustments	(1)	–	7,021	–	2	–	7,022
Additions	–	–	–	–	114	–	114
Acquisition of subsidiaries *(note 36)*	–	–	852,627	–	870	–	853,497
At 31.3.2015 and 1.4.2015	362	2,609	859,648	2,064	8,172	–	872,855
Exchange adjustments	(15)	–	(35,930)	(3)	(64)	–	(36,012)
Additions	–	–	152,937	–	8,189	24,329	185,455
Disposal/written off	–	–	–	–	(623)	–	(623)
Acquisition of subsidiaries *(note 36)*	–	–	–	–	153	–	153
Transferred to disposal group classified as held for sale	(347)	–	–	(77)	(1,250)	–	(1,674)
At 31.3.2016	–	2,609	976,655	1,984	14,577	24,329	1,020,154
Accumulated depreciation							
At 1.4.2014	107	2,566	–	1,987	6,601	–	11,261
Exchange adjustments	–	–	–	–	(8)	–	(8)
Charge for the year	17	26	5,124	40	293	–	5,500
At 31.3.2015 and 1.4.2015	124	2,592	5,124	2,027	6,886	–	16,753
Exchange adjustments	(5)	–	(902)	(3)	(44)	–	(954)
Charge for the year	8	17	44,544	30	1,542	–	46,141
Amount written back	–	–	–	–	(607)	–	(607)
Transferred to disposal group classified as held for sale	(127)	–	–	(70)	(603)	–	(800)
At 31.3.2016	–	2,609	48,766	1,984	7,174	–	60,533
Net carrying amount							
At 31.3.2016	**–**	**–**	**927,889**	**–**	**7,403**	**24,329**	**959,621**
At 31.3.2015	238	17	854,524	37	1,286	–	856,102

The Group's leasehold buildings at 31 March 2016 and 2015 are held in the People's Republic of China (the "PRC").

18. SUBSIDIARIES

Particulars of the principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation and operation*	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
Directly held				
Max Access Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Rising Group International Limited	British Virgin Islands/ Hong Kong	Ordinary US$4,000	100%	Investment holding
Indirectly held				
China Smarter Energy Investment Limited	Hong Kong	Ordinary HK$10,000	100%	Investment holding
Rising Development Limited	Hong Kong	Ordinary HK$100 Non-voting deferred** HK$5,000,000	100%	Trading of fur garment and investment holding
Rising Manufacturing Limited	Hong Kong	Ordinary HK$10,000	100%	Provision of car rental service to a group company
Wealth Vantage Investments Limited	Hong Kong	Ordinary HK$1	100%	Holding a lease for office
Mega Asset Developments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Oriental Harvest Development Limited	British Virgin Islands/ Hong Kong	Ordinary US$10	100%	Investment holding
Legend Sense Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Securities dealing
Smarty Express Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Trading of fur garment
Dongcheng Enterprise Management Consultant (Shenzhen) Company Limited*** 東晟企業管理顧問(深圳)有限公司	PRC/Mainland China	HK$10,000,000	100%	Investment holding

18. SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation and operation*	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
Shaanxi Jiuquan Mining Company Limited*** 陝西久權礦業有限公司	PRC/Mainland China	RMB10,770,200	80%	Mine exploration
Tianhe Smarter Energy Company Limited*** 天合智慧能源有限公司	PRC/Mainland China	RMB134,000,000	100%	Investment holding
Jilin Hareon Electric Development Company Limited*** 吉林海潤電力技術開發有限公司	PRC/Mainland China	RMB1,000,000	51%	Development of solar power station
Shanghai Hengxian Investment Consultation Company Limited*** 上海恒賢投資諮詢有限公司	PRC/Mainland China	RMB6,266,937	100%	Investment holding
Jinchang Jintai Photovoltaic Company Limited*** 金昌錦泰光伏電力有限公司	PRC/Mainland China	RMB160,000,000	100%	Operation of solar power plant
Baotou Chaoyang Photovoltaic Company Limited*** 包頭超陽光伏電力有限公司	PRC/Mainland China	RMB950,000	95%	Development of solar power plant
Shanghai Xin Lan Electric Company Limited*** 上海昕嵐電力有限公司	PRC/Mainland China	RMB10,000,000	100%	Operation of distributed solar power station
Dezhou Guanyang Solar Energy Technology Company Limited 德州冠陽太陽能科技有限公司***	PRC/Mainland China	RMB2,000,000	100%	Operation of distributed solar power station
Linyi Xinlan Electric Company Limited 臨邑昕嵐電力有 限公司***	PRC/Mainland China	****	100%	Development of distributed of solar power station
Dezhou Miaoli Energy Company Limited 德州妙理新能源 有限公司***	PRC/Mainland China	****	100%	Development of distributed solar power station

* *Where different*

** *The non-voting deferred shares carry no rights to dividends, no rights to vote at general meetings and no rights to receive any surplus in a return of capital in a winding-up or otherwise.*

*** *These subsidiaries are incorporated in PRC and are limited liability companies.*

**** *Registered capital has not yet paid at the end of the reporting period*

18. SUBSIDIARIES (cont'd)

The above table lists all the subsidiaries which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The following table lists out the information relating to Shaanxi Jiuquan Mining Company Limited 陝西久權礦業有限公司, the only subsidiary of the Group which has material non-controlling interests (NCI). The summarised financial information presented below represents the amounts before any intra-company elimination.

	2016	2015
	HK$'000	*HK$'000*
NCI percentage	**20%**	20%
Current assets	**403**	504
Non-current assets	**246**	301,906
Current liabilities	**(8,114)**	(7,436)
Non-current liabilities	**–**	(74,393)
Net (liabilities)/assets	**(7,465)**	220,581
Carrying amount of NCI	**(1,493)**	44,116
Loss for the year	**(222,430)**	(500,942)
Total comprehensive loss	**(222,430)**	(500,942)
Loss allocated to NCI	**(44,486)**	(100,188)
Cash flows used in operating activities	**(56)**	(84)
Cash flows generated from/(used in) investing activities	**1**	(7)

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	**7,800**	7,800

At the end of the reporting period, the above unlisted equity investments are not stated at fair value but at cost less any impairment loss because they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

20. EXPLORATION AND EVALUATION ASSETS

	Evaluation rights HK$'000	Exploration expenditure HK$'000	Total HK$'000
Balance at 1 April 2014	958,980	8,425	967,405
Exchange adjustments	(1,074)	(12)	(1,086)
Impairment loss	(656,921)	(8,413)	(665,334)
Balance at 31 March 2015 and 1 April 2015	300,985	–	300,985
Exchange adjustments	(6,748)	–	(6,748)
Impairment loss	(294,237)	–	(294,237)
Transferred to disposal group classified as held for resale *(note 12)*	–	–	–
Balance at 31 March 2016	**–**	**–**	**–**

The exploration rights represent the carrying amount of the mining rights for mining, exploration and exploitation in a Vanadium mine located in Shaanxi, PRC. The exploitation licence of Vanadium mine has been renewed in 2015 for 3 years till September 2017 and is renewable on an ongoing basis.

a) Impairment testing of mining rights in respect of the Vanadium mine:

At 30 September 2015, the directors had engaged an independent professional valuer, BMI Appraisals Limited (the "Appraiser"), to carry out a valuation on the exploration rights for the purposes of an impairment review on the exploration rights.

Based on the valuation report prepared by the Appraiser, the fair value of exploration and evaluation assets at 30 September 2015 was nominal (HK$0). An additional impairment loss of HK$294,237,000 (2015: HK$665,334,000) was recognised in consolidated statement of profit or loss for the year ended 31 March 2016.

The recoverable amount of the mining rights is determined by the income approach adopted by the Appraiser in its valuation report, which adopted the following key assumptions for the valuation of the mining rights:

1. Under the income approach, the Excess Earnings Method was adopted. The Excess Earnings Method is predicated on the basis that the value of an intangible asset is the present value of the earnings it generates, net of a reasonable return on other assets which also contribute to that stream of earnings.

   For the purpose of the valuation, the after-tax required rates of return on the net fixed assets, the net working capital and the workforce assembled of 8.72%, 3.45% and 13.05% (2015: 9.07%, 4.01% and 13.26%) respectively were adopted.

20. EXPLORATION AND EVALUATION ASSETS (cont'd)

a) (cont'd)

2. The fair value of the mining rights was also determined by reference to the listed companies that are considered to be comparable to the mine business.

3. The discount rate of the mining rights was calculated as 13.05% (2015: 13.26%).

b) In connection with the acquisition of the Vanadium mining assets by the Group in 2008 and in its audited consolidated financial statements for the year ended 31 March 2008, the Company had made reference to a valuation report that adopted "market approach" for the valuation as there was then a PRC Vanadium mine sale that could be used as a market comparable. In preparing the Group's interim consolidated statements of financial position at 30 September 2008 and 30 September 2009 and the Group's consolidated statements of financial position at 31 March 2009 and 31 March 2010, reference was made to valuations of the Vanadium mining asset (classified in the consolidated financial statements as "exploration and evaluation assets" (the "Mining Asset"), by the discounted cash flow method under the income approach ("DCF"). This valuation method was adopted in accordance with Hong Kong Financial Reporting Standard 6 and paragraph 75 of Hong Kong Accounting Standard 38.

In view of the delay of the mining production schedule (originally scheduled to commence production in early 2009), the directors considered that it was more appropriate to disclose the value of the Vanadium mining rights specifically instead of the Mining Asset in the consolidated financial statements. In order to value the mining exploration and exploitation rights specifically, the Appraiser adopted the Excess Earnings Method under the income approach ("ER"), instead of using DCF. The ER method has been adopted for the valuation of the mining exploration and exploitation rights for the purpose of the Group's consolidated financial statements for the six months period ended 30 September 2010 and thereafter. The Appraiser has confirmed to the Company that since the Vanadium mine has not been exploited, the difference in value of the Mining Asset using DCF and the value of the mining exploration and exploitation rights under ER should be immaterial.

The directors consider that the fair value of exploration and evaluation assets at 31 March 2016 was still nominal (HK$0) (2015: HK$300,985,000) mainly due to the market price of Vanadium Pentoxide that is used in refining of steel was about RMB55,000/MT at 31 March 2015 but further substantially dropped to approximately RMB41,000/MT at 30 September 2015 and the market price of Vanadium Pentoxide at 31 March 2016 was almost the same as that at 30 September 2015.

In view of the depressed market price of Vanadium, the directors decided to cease and dispose of the Vanadium mine business and accordingly, the carrying amount of the exploration and evaluation assets of HK$0 was transferred to assets of disposal group classified as held for sale.

21. INTANGIBLE ASSETS

	Customer contract *HK$'000*
Cost	
At 1 April 2014	–
Acquisition of Rander International Limited *(note 36)*	873,690
Exchange adjustments	7,195
At 31 March 2015 and 1 April 2015	880,885
Exchange adjustments	(36,819)
At 31 March 2016	**844,066**
Accumulated amortisation	
At 1 April 2014	–
Amortisation for the year	4,613
At 31 March 2015 and 1 April 2015	4,613
Exchange adjustments	(749)
Amortisation for the year	35,909
At 31 March 2016	**39,773**
Net carrying amount	
At 31 March 2016	**804,293**
At 31 March 2015	876,272

22. INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials	**278**	1,560
Finished goods	**1,834**	1,681
	2,112	3,241

The analysis of the amount of inventories recognised as expense is as follows:

	2016 HK$'000	2015 HK$'000
Carrying amount of inventories sold	**3,620**	4,625
Write-down of inventories	**1,325**	2,625
Reversal of write-down of inventories	**(889)**	(1,115)
	4,056	6,135

23. TRADE RECEIVABLES

Credit terms granted to the Group's major customers are as follows:

Sale of electricity

The Group's trade receivables from sale of electricity are mainly receivables from the provincial power grid companies. Generally, trade receivables are wholly settled within one month from the date of billing.

Sale of fur garment

The Group normally granted a credit period ranging from 30 to 60 days to major customers.

No credit to be granted by the Group to small customers.

An ageing analysis of trade receivables at the end of the reporting period based on the invoice date is as follows:

	2016 HK$'000	2015 HK$'000
Current to 30 days	**13,681**	13,702
31 days to 60 days	**3,213**	10,320
Over 60 days	**1,449**	1,074
	18,343	25,096

23. TRADE RECEIVABLES (cont'd)

Sale of fur garment (cont'd)

At 31 March 2016 and 2015, there were no impairment losses in respect of trade receivables.

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**16,799**	13,702
Less than 1 month past due	**215**	7,681
1 to 3 months past due	**1,143**	3,690
Over 3 months past due	**186**	23
	1,544	11,394
	18,343	25,096

Receivables that were neither past due nor impaired relate to certain customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management is of the opinion that no provision for impairment 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 or other credit enhancements over these balances.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Deposits for acquisitions	**300,000**	162,445
Value added tax receivable	**70,557**	70,805
Prepayments, deposits and other receivables	**93,383**	8,169
	463,940	241,419

The amount of the Group's prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is HK$2,489,000 (2015: HK$559,000). All of the other prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (cont'd)

2016

On 11 December 2015, the Company entered into the Letter of Intent with an independent third party ("the Potential Vendor") for the purpose to acquire the entire equity interest in Jinchang Zhong Xin Neng Photovoltaic Company Limited 金昌中新能電力有限公司. Pursuant to the terms of the Letter of Intent, the Company had paid an earnest money of HK$200 million to the Potential Vendor, which is refundable if this acquisition cannot be completed. Details of this acquisition are disclosed in the announcement issued by the Company on 11 December 2015.

On 4 March 2016, the Company had also executed a Supplementary Letter of Intent and an additional earnest money of HK$100 million was paid to the Potential Vendor pursuant to the terms of the said Supplementary Letter of Intent.

2015

a) On 31 October 2014, the Group entered into an agreement with an independent third party ("the Vendor") for the purpose to acquire the entire equity interest in Jinchang Guoyuan Photovoltaic Company Limited 金昌國源電力有限公司 and the relevant shareholder's loans at an aggregate consideration of HK$500,000,000. The consideration will be satisfied as to HK$100,000,000 by the allotment and issue of the Company's shares and as to the balance payable in cash or by issue of loan note to the Vendor. After signing the said agreement, the Company had paid a deposit of HK$100 million to the Vendor, which is refundable if this acquisition cannot be completed. Details of this acquisition are disclosed in the announcement issued by the Company on 4 November 2014, 26 February 2015 and 30 April 2015. This acquisition agreement had lapsed and ceased to have any effect as the conditions precedent to the acquisition agreement had not been fulfilled as disclosed in announcement issued by the Company on 2 November 2015. The vendor had refunded the deposit of HK$100 million to the Group accordingly.

b) On 27 January 2015, Tianhe Smarter Energy Company Limited 天合智慧能源有限公司("Tianhe Smarter Energy") (which is wholly-owned by the Company), Shanghai Hua Xing Electronic Company Limited上海華星電器有限公司 ("Vendor") and Shanghai Xin Lan Electric Company Limited 上海昕嵐電力有限公司 ("Shanghai Xin Lan") (which is wholly-owned by the Vendor) entered into a framework agreement under which they agreed to work together towards developing distributed solar power projects through Shanghai Xin Lan, with a view to a possible acquisition by Tianhe Smarter Energy. In this respect under the framework agreement, earnest moneys of RMB50,000,000 (HK$62,445,000) had been paid which are refundable (upon termination of the cooperation) and guaranteed by the Vendor and its affiliate. This transaction had been completed on 17 June 2015 (see note 36).

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK$'000	2015 HK$'000
Equity securities listed in Hong Kong at fair value	**367,573**	217,671

26. TIME DEPOSIT AND CASH AND BANK BALANCES

	2016 HK$'000	2015 HK$'000
Time deposit with bank	**14,695**	32,141
Cash and bank balances	**279,979**	105,867
	294,674	138,008

Time deposit and cash and bank balances include the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2016 HK$'000	2015 HK$'000
Euro	**46**	46
United States dollars	**15,991**	1,305
Canadian dollars	**37**	37
Danish Krone	**20**	20
Yen	**63**	63

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposit is made one month depending on the immediate cash requirements of the Group, and earns interest at the short-term time deposit rate.

27. TRADE PAYABLES

An ageing analysis of trade payables at the end of the reporting period is as follows:

	2016 HK$'000	2015 HK$'000
Current to 30 days	**–**	–
31 days to 60 days	**–**	–
Over 60 days	**2**	2
	2	2

The trade payables are non-interest bearing and normally settled on 30 to 60 days terms.

28. OTHER PAYABLES AND ACCRUALS

	2016 HK$'000	2015 HK$'000
Amount due to an investee company	**2,491**	2,491
Others	**74,336**	26,671
	76,827	29,162

Amount due to an investee company is unsecured, non-interest bearing and has no fixed terms of repayment.

Other payables and accruals include the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2016 HK$'000	2015 HK$'000
United States dollars	**2,491**	2,491
Euro	**–**	742

29. UNSECURED SHORT TERM LOANS

Unsecured short term loan carries interest at 12% (2015: 6% to 12%) per annum. This loan is wholly repayable within twelve months from the end of the reporting period.

30. BANK LOANS

The bank loans to be repayable as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**15,557**	4,996
After 1 year but within 2 years	**43,081**	16,236
After 2 years but within 5 years	**179,505**	157,361
After 5 years	**467,910**	563,254
	690,496	736,851
	706,053	741,847

All bank loans are unsecured, carry interest at 6.55% (2015: 6.55%) per annum and to be repayable by the semi-annual instalments with the last instalments due in 2027 and 2028.

30. BANK LOANS (cont'd)

The Company has issued a single guarantee of RMB598,000,000 (HK$715,626,600) (2015: RMB598,000,000 (HK$746,842,200)) to the bank to support the aforesaid bank loans granted to the Group.

	2016	2015
	HK$'000	*HK$'000*
Reconciliation to the consolidated statement of financial position		
Current liabilities	**15,557**	4,996
Non-current liabilities	**690,496**	736,851
	706,053	741,847

31. CONVERTIBLE BONDS

a) On 12 September 2014, the Company issued convertible bonds to an independent third party, Shanghai Electric Hongkong Co. Limited, in the principal amount of HK$700,000,000 ("Convertible Bonds I") which are convertible into 206,489,675 new shares at the initial conversion price of HK$3.39 per share (subject to adjustment). The Convertible Bonds I bear interest at 3 months HIBOR plus 5.5% per annum payable quarterly with maturity date on the 716th day after the date of first issue of Convertible Bonds I. Further details of the Convertible Bonds I are set out in the Company's announcement dated 22 August 2014.

The bondholder shall have the right to convert its bonds into the Company's shares credited as fully paid at any time from the issue date up to the maturity date at the conversion price.

As fully mentioned in the Company's announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the Convertible Bonds I, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at face value all or part of the outstanding Convertible Bonds I during the 90 day period from the first anniversary of the date of the initial issue date of the Convertible Bonds I. At the date of the consolidated financial statements for the year ended 31 March 2015, management of the Company had not yet decided whether to exercise the right to redeem all or part of the outstanding Convertible Bonds I by issuing the conversion shares.

The conversion price of the bonds was adjusted to HK$0.8475 per share with effect from 19 December 2014 as a result of the share subdivision. The Company may issue 825,958,700 conversion shares to redeem at fair value all of the outstanding Convertible Bonds I during the 90 day period from the first anniversary of the date of the initial issue date of the Convertible Bonds I.

On 10 December 2015, the Company converted the Convertible Bonds I at the conversion price of HK$0.8475 per share. Accordingly, the Company issued 825,958,700 conversion shares of HK$0.0025 each in respect of the above conversion (see note 33). The corresponding liability component of Convertible Bonds I with carrying amount HK$680,850,182, together with corresponding equity component with carrying amount of HK$57,814,613, were transferred to share capital and share premium for the new ordinary shares issued.

31. CONVERTIBLE BONDS (cont'd)

b) On 30 July 2015, the Company issued guaranteed secured convertible bonds with an aggregated principal amount of US$80,000,000 ("Convertible Bonds II") pursuant to the four conditional subscription agreements each dated 14 July 2015 entered between the Company and four subscribers, which are independent third parties to the Company. The Convertible Bonds II were secured by the shares charges over the share capital of the Group's wholly owned subsidiaries, Rising Group International Limited, China Smarter Energy Investment Limited and Rander International Limited and the first floating charges on property, assets, goodwill, rights and revenue of the Company and is guaranteed under the Deed of Guarantee given by the Company's wholly-owned subsidiaries, Max Accees Limited and Rising Group International Limited. The Convertible Bonds II bear interest at 6% per annum payable semi-annually in arrears, with maturity date before the third anniversary after the date of first issue of the Convertible Bonds II (that is, 30 July 2018) and the bondholders have the right to convert them into shares credited as fully paid at any time from the issue date up to the date which is 7 days prior to the maturity date and convertible into 571,481,039 new shares at the initial conversion price of HK$1.0891 (subject to adjustment). The Company shall have the right at any time on or after the first anniversary of the date of issue of the Convertible Bonds II and until the last day immediately preceding the maturity date to redeem all or part of outstanding principal amount of the Convertible Bonds II. Further details of the Convertible Bonds II are set out in the Company's announcement dated 14 July 2015.

The Convertible Bonds I and II were split into liability, derivative and equity components upon initial recognition by recognising the liability component and derivative component at their fair value and attributing to the equity component the residual amount. The liability component is subsequently carried at amortised cost while the derivative component is carried at fair value to be remeasured at the end of each reporting period. The equity component is recognised in the convertible bonds equity reserve. The fair value of the liability component upon the issuance was calculated at the present value of the estimated interest payments and principal amount. The fair value of the Convertible Bonds II were determined as of the date of issue and at the end of the reporting period by reference to the valuations performed by an independent firm of professionally qualified valuers, Eidea Professional Service Company Limited.

Binominal Tree Model is used for valuation of derivative component of the Convertible Bonds I and II.

The inputs into the model for Convertible Bonds I and II.

Converitable Bonds I

	12.9.2014 (date of initial recognition)	31.3.2015
Share price of the Company	HK$6.53	)
Conversion price	HK$3.39	)
Stock price volatility	97.54%	)
Time to maturity	1.96 years	) *Note (1)*
Risk-free rate	0.43%	)
Credit spread	9.67%	)
Dividend yield	0.00%	)

31. CONVERTIBLE BONDS (cont'd)

Convertitable Bonds II

	30.7.2015 (date of initial recognition)	**31.3.2016**
Share price of the Company	HK$1.09	**HK$0.72**
Conversion price	HK$1.0891	**HK$1.0891**
Stock price volatility	101.03%	**58.99%**
Time to maturity	3 years	**2.33 years**
Risk-free rate	1.05%	**0.77%**
Credit spread	24.64%	**29.63%**
Dividend yield	0.00%	**0.00%**

The movements of the components of the Convertible Bonds I and II are as follows:

	Convertible Bonds I *HK$'000*	**Convertible Bonds II** ***HK$'000***	**Total** *HK$'000*
Liability component			
Balance at 1 April 2014	–	–	–
Issued on 12 September 2014	651,858	–	651,858
Transaction costs	(1,627)	–	(1,627)
Imputed interest expenses	35,683	–	35,683
Interest paid	(22,668)	–	(22,668)
Balance at 31 March 2015 and 1 April 2015	663,246	–	663,246
Issued on 30 July 2015	–	**393,778**	393,778
Transactions costs	–	**(1,078)**	(1,078)
Imputed interest expenses	46,186	**64,084**	110,270
Interest paid	(28,582)	**(18,720)**	(47,302)
Conversion of Convertible Bonds I	(680,850)	–	(680,850)
Balance at 31 March 2016	**–**	**438,064**	**438,064**

31. CONVERTIBLE BONDS (cont'd)

	Convertible Bonds I HK$'000	**Convertible Bonds II HK$'000**	**Total** HK$'000
Equity component			
Balance at 1 April 2014	–	–	–
Issued on 12 September 2014	57,959	–	57,959
Transaction costs	(144)	–	(144)
Balance at 31 March 2015 and 1 April 2015	57,815	–	57,815
Issued on 30 July 2015	–	**256,731**	256,731
Transactions costs	–	**(703)**	(703)
Conversion of Convertible Bonds I	(57,815)	–	(57,815)
Balance at 31 March 2016	**–**	**256,028**	**256,028**
Derivative component			
Balance at 1 April 2014	–	–	–
Issued on 12 September 2014	(9,817)	–	(9,817)
Change in fair value	9,817	–	9,817
Balance at 31 March 2015 and 1 April 2015	– *(Note 1)*	–	–
Issued on 30 July 2015	–	**(26,509)**	(26,509)
Change in fair value	–	**13,441**	13,441
Balance at 31 March 2016	**–**	**(13,068)** *(Note 2)*	**(13,068)**

Interest expenses on the Convertible Bonds I and II are calculated using the effective interest method by applying the effective interest rate of 9.97% and 24.04% per annum respectively to the liability component.

Note (1): As the put event has been occurred the put feature of the Convertible Bonds I will be exercised immediate after the first anniversary of the initial issue date of the Convertible Bonds I. Accordingly, the fair value of derivative component at 31 March 2015 was HK$ Nil.

(2): Pursuant to the subscription agreement in respect of issue of Convertible Bonds II, the Company should have a right at any time on or after the first anniversary of the date of issue of the Convertible Bonds II and until the last day immediate proceeding the maturity date to redeem all or part of outstanding principal amount of the Convertible Bonds II. The derivative component is accounted for as derivative financial assets under current assets.

31. CONVERTIBLE BONDS (cont'd)

Converitable Bonds II

The following tables set out the shareholding structure of the Company (i) at 31 March 2016; and (ii) for illustrative purpose only, immediately after the issue of the 571,481,039 conversion shares to redeem at fair value all of the outstanding Convertible Bonds II, assuming that there will be no other changes to the share capital of the Company from 31 March 2016 up to the date of issue of conversion shares (assuming that all the outstanding Convertible Bonds II to be redeemed by issuing the conversion shares at the end of the reporting period).

	At 31.3.2016		**Immediately after the issue of conversion shares**	
Shareholders	*No. of shares*	*Approximate (%)*	*No. of shares*	*Approximate (%)*
Oriental Day International Limited	**1,411,446,400**	**18.06**	**1,411,446,400**	**16.83**
Linkage Group Limited	**1,043,478,260**	**13.35**	**1,043,478,260**	**12.44**
Ms. Cao Zhiying	**960,000,000**	**12.29**	**960,000,000**	**11.45**
Shanghai Electric Hongkong Co. Limited	**825,958,700**	**10.57**	**825,958,700**	**9.85**
Safe Castle Limited	**777,736,000**	**9.95**	**777,736,000**	**9.27**
Public shareholders	**2,795,732,000**	**35.78**	**2,795,732,000**	**33.35**
Maximum number of conversion shares may be issued to redeem all the outstanding Convertible Bonds II	**–**	**–**	**571,481,039**	**6.81**
	7,814,351,360	**100.00**	**8,385,832,399**	**100.00**

There will be no dilutive impact on the loss per share if the conversion shares of 571,481,039 were issued at 31 March 2016.

The redemption of the Convertible Bonds II by issuing the conversion shares will not have any impact on the cash flow of the Group.

31. CONVERTIBLE BONDS (cont'd)

The analysis of the Company's share price at which it would be equally financially advantageous for the bondholders to convert the Convertible Bonds II based on their implied rate of return at a range of dates in the future:

Suggested Conversion date	**Company's share price**	**Implied rate of return of bondholders (%)**
30 September 2016	**HK$1.1436**	**10**
31 March 2017	**HK$1.1980**	**10**

Convertible Bonds I

The following tables set out the shareholding structure of the Company (i) at 31 March 2015; and (ii) for illustrative purpose only, immediately after the issue of the 825,958,700 conversion shares to redeem at fair value all of the outstanding Convertible Bonds I due to put event had occurred, assuming that there will be no other changes to the share capital of the Company from 31 March 2015 up to the date of issue of conversion shares (assuming that the Company exercised its right to redeems all the outstanding Convertible Bonds I to be redeemed by issuing the conversion shares at the end of the reporting period).

	At 31.3.2015		Immediately after the issue of conversion shares	
Shareholders	*No. of shares*	*Approximate (%)*	*No. of shares*	*Approximate (%)*
Oriental Day International Limited	1,411,446,400	20.20	1,411,446,400	18.06
Linkage Group Limited	1,043,478,260	14.93	1,043,478,260	13.35
Ms. Cao Zhiying	960,000,000	13.74	960,000,000	12.29
Skytop Technology Limited	460,000,000	6.58	460,000,000	5.89
Freeman Financial Corporation Limited	380,920,960	5.45	380,920,960	4.87
Public shareholders	2,732,547,040	39.10	2,732,547,040	34.97
Maximum number of conversion shares may be issued to redeem all the outstanding Convertible Bonds I	–	–	825,958,700	10.57
	6,988,392,660	100.00	7,814,351,360	100.00

There will be no dilutive impact on the earnings per share if the conversion shares of 825,958,700 were issued at 31 March 2015.

The redemption of the Convertible Bonds I by issuing the conversion shares will not have any impact on the cash flow of the Group.

31. CONVERTIBLE BONDS (cont'd)

The analysis of the Company's share price at which it would be equally financially advantageous for the bondholders to convert the Convertible Bonds based on their implied rate of return at a range of dates in the future:

Suggested Conversion date	Company's share price	Implied rate of return of bondholders (%)
30 September 2015	HK$0.8729	6*
31 March 2016	HK$0.8984	6*

* Assume 3 months HIBOR is 0.5%

32. DEFERRED TAX LIABILITIES

a) The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Fair value gains on customer contract *HK$'000*	**Fair value gains on exploration rights component** *HK$'000*	**Total** *HK$'000*
At 1 April 2014	–	240,995	240,995
Acquisition of Rander International Limited *(note 36)*	196,694	–	196,694
Exchange adjustments	1,620	(268)	1,352
Credited to profit or loss *(note 12)*	–	(166,334)	(166,334)
At 31 March 2015 and 1 April 2015	198,314	74,393	272,707
Exchange adjustments	(8,272)	(834)	(9,106)
Credited to profit or loss *(notes 11 and 12)*	(1,122)	(73,559)	(74,681)
At 31 March 2016	**188,920**	**–**	**188,920**

b) At 31 March 2016, the Group had unused tax losses of HK$404,506,000 (2015: HK$311,460,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The unrecognised tax losses of HK$308,940,000 (2015: HK$272,685,000) can be carried forward infinitively. The remaining HK$95,566,000 (2015: HK$38,775,000) will expire in next one to five years.

No provision for deferred taxation has been made for other temporary differences as the effect is not material.

33. SHARE CAPITAL

	Note	Number of shares *'000*	Amount *HK$'000*
Ordinary shares of HK$0.0025 each			
Authorised share capital:			
At 1 April 2014		30,000,000	300,000
Share subdivision	*(a)*	90,000,000	–
At 31 March 2015, 1 April 2015 and 31 March 2016		**120,000,000**	**300,000**
Issued and fully paid share capital:			
At 1 April 2014		1,486,228	14,862
Share subdivision	*(a)*	4,458,686	–
Issue of shares for acquisition of Rander International Limited	*(b)*	1,043,478	2,609
At 31 March 2015 and 1 April 2015		6,988,392	17,471
Issue of shares upon conversion of convertible bonds	*(c)*	825,959	2,065
At 31 March 2016		**7,814,351**	**19,536**

Except for the above, during the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

Note

a) Pursuant to a special resolution passed on 18 December 2014, each of the Company's authorised and issued shares of par value of HK$0.01 each were subdivided into 4 shares of par value of HK$0.0025 each ("Share Subdivision"). The Share Subdivision is effective on 19 December 2014, the authorised share capital of the Company was divided into 120,000,000,000 shares of HK$0.0025 each and the issued share capital of the Company was divided into 5,944,914,400 of HK$0.0025 each. Details of share subdivision are disclosed in the announcement by the Company on 12 November 2014 and 18 December 2014 and the circular of the Company dated 2 December 2014.

b) On 17 February 2015, the Company issued 1,043,478,260 new ordinary shares of HK$0.0025 each at HK$0.23 per share, as part of the consideration for the acquisition of 100% equity interest in Rander International Limited. Details of this acquisition are set out in note 36.

c) During the year ended 31 March 2016, additional 825,958,700 ordinary shares of HK$0.0025 each were issued at par upon conversion of the convertible bonds at a conversion price of HK$0.8475 per share. The ordinary shares issued have the same rights as other shares in issue.

33. SHARE CAPITAL (cont'd)

Share option scheme

On 30 July 2004, shareholders' resolution of the Company was passed to terminate the share option scheme adopted by the Company on 9 October, 1997 and to adopt another share option scheme (the "2004 Scheme"). The purpose of the 2004 Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group. Eligible participants of the 2004 Scheme include employees (including executive directors), non-executive directors (including independent non-executive directors), suppliers of goods or services, customers, shareholders of the Group and persons or entity that provides research, development or other technological support to the Group. Unless otherwise terminated or amended, the 2004 Scheme will remain in force for 10 years from 11 August 2004, the date of the Stock Exchange's granting of the listing of and permission to deal in the shares to be issued pursuant to the exercise of options under the 2004 Scheme.

Pursuant to the 2004 Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2004 Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares insurable under share options to each eligible participant within any 12-month period is limited to 1% of the Company's shares in issue at any time. The offer of a grant of share options may be accepted within 28 days from the date of the offer with consideration of HK$1.00 being payable by the grantee. The exercise period of the share options granted is determinable by the directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the directors, but may not less than the highest of (1) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option; (2) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the option; and (3) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of the Company.

There were no outstanding options at the beginning of the financial year ended 31 March 2014. No share option has been granted by the Company under the 2004 Scheme during the period from 1 April 2014 to 10 August 2014 (date of expiration of 2004 Scheme).

33. SHARE CAPITAL (cont'd)

Share option scheme (cont'd)

The Company has adopted a new share option scheme (the "New Scheme") on 18 December 2014 upon the expiration of the 2004 Scheme. The purpose of the New Scheme is to reward participants who have contributed or will contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Eligible participants of the New Scheme comprise of (a) any employee(s) (whether full time or part time employee(s), including any executive director but not any non-executive director) of the Company or its subsidiaries; (b) any non-executive director (including independent non-executive directors) of the Company or any of its subsidiaries; (c) any supplier of goods or services to an member of the Group; (d) any customer of the Group; and (e) any person or entity that provides research, development or other technological support to the Group. The New Scheme shall be valid and effective for a period of 10 years commencing on the adoption date after which period no further option shall be offered or granted but the provision of the New Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any option granted or exercised prior thereto or otherwise as may be required the New Scheme.

The principal terms of the New Scheme are:

a) The subscription price for the shares under the share option to be granted will be determined by the directors and will be the highest of:

   i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day;

   ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

   iii) the nominal value of the shares on the date of grant.

b) The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% in the nominal amount of the aggregate of shares in issue on the adoption date.

c) No option may be granted to any person such that the total number of the Company's shares issued and to be issued upon exercise of all options granted and to be granted to each participant in any 12-month period up to the date of the latest grant exceeds 1% of the number of the Company's shares in issue.

d) At any time, the maximum number of the Company's shares which may be issued upon exercise of all options which then have been granted and have yet to be exercised under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the Company's shares in issue from time to time.

33. SHARE CAPITAL (cont'd)

Share option scheme (cont'd)

e) Any grant of share options to a director, chief executive or substantial shareholder of the Company or to any of their associates, is subject to approved in advance by the independent non-executive directors.

f) Any grant of share options to a substantial shareholders or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the prices of the shares of the Company at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to shareholders' approval in advance at a general meeting.

g) The offer of a grant of share options may be accepted within 5 days from the date of offer, to be accompanied by the payment of a consideration of HK$1 in total by the grantee.

The share options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights including those arising on the liquidation of the Company.

No share option was granted under the New Scheme during the period from 18 December 2014 to 31 March 2015 and during the year ended 31 March 2016.

The total number of the Company's shares available for issue under the New Scheme at the date of these consolidated financial statements was 594,491,440 (2015: 594,491,440), representing 7.6% (2015: 8.5%) of the issued share capital of the Company as at the date of these consolidated financial statements.

34. RESERVES

a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 42 and 43 of the consolidated financial statements.

34. RESERVES (cont'd)

b) Company

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Convertible bonds equity reserve *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*
At 1 April 2014	1,046,379	154,440	–	41,079	1,241,898
Issue of HK$700 million convertible bonds	–	–	57,815	–	57,815
Issue of shares at premium for acquisition of Rander International Limited	237,391	–	–	–	237,391
Loss and total comprehensive expense for the year	–	–	–	(711,313)	(711,313)
At 31 March 2015 and 1 April 2015	1,283,770	154,440	57,815	(670,234)	825,791
Conversion of convertible bonds	736,600	–	(57,815)	–	678,785
Issue of US$80 million convertible bonds	–	–	256,028	–	256,028
Loss and total comprehensive expense for the year	–	–	–	(524,479)	(524,479)
At 31 March 2016	**2,020,370**	**154,440**	**256,028**	**(1,194,713)**	**1,236,125**

The contributed surplus arose (i) as a result of the Group reorganisation carried out on 12 September 1997 and represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefore and (ii) as a result of another Group capital reorganisation carried out on 3 April 2009 in respect of capital reduction which became effective on 6 April 2009.

Under the Companies Act 1981 (as amended) of Bermuda, the Company may make distributions to its members out of the contribution surplus under certain circumstances.

35. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

The remuneration of directors and other members of key management of the Group during the year was as follows:

	2016	2015
	HK$'000	*HK$'000*
Short-term employee benefits	**9,822**	6,635
Post-employment benefits	**143**	113
	9,965	6,748

Further details of directors' remuneration are disclosed in note 14 to the consolidated financial statements.

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

36. BUSINESS COMBINATIONS

Year ended 31 March 2016

On 17 June 2015, the Group acquired 100% equity interest in Shanghai Xin Lan Electric Company Limited 上海昕嵐電力有限公司 ("Shanghai Xin Lan") for a cash consideration of RMB10,000,000 from an independent third party. Shanghai Xin Lan and its subsidiary hold (i) two distributed solar power stations (of 3MW and 5MW respectively) in Shanghai and; (ii) one distributed solar power station in Dezhou, Shandong (of up to 11 MW). Further details of this acquisition are set out in the Company's announcement dated 17 June 2015.

On 10 August 2015, the Group had also acquired 100% equity interest in Wealth Vantage Investments Limited ("Wealth Vantage"), which is holding a lease agreement for the Group's office premises.

The following table summarises the purchase consideration paid for the acquisition of each of the above subsidiaries, the fair value of identifiable assets acquired and liabilities assumed at the respective acquisition date:

	Shanghai Xin Lan	**Wealth Vantage**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Purchase consideration			
Cash paid	**12,483**	– *(Note)*	**12,483**

Note: The purchase consideration is HK$1.

36. BUSINESS COMBINATIONS (cont'd)

Year ended 31 March 2016 (cont'd)

	Shanghai Xin Lan HK$'000	Wealth Vantage HK$'000	Total HK$'000
The fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition			
Property, plant and equipment	–	153	153
Prepayments, deposits and other receivables	123,602	1,527	125,129
Cash and bank balances	1,231	–	1,231
Other payables and accruals	(112,345)	–	(112,345)
Total identifiable net assets at fair value	12,488	1,680	14,168
Gain on bargain purchase	5	1,680	1,685
Net cash outflow on the acquisition			
Consideration paid in cash	12,483	–	12,483
Less: cash and cash equivalents acquired	(1,231)	–	(1,231)
Net cash outflow	11,252	–	11,252

Acquisition-related costs of HK$170,500 have been excluded from the above considerations transferred and have been recognised as an expense in the current year's profit or loss.

36. BUSINESS COMBINATIONS (cont'd)

Impact of the acquisitions on the results of the Group

Wealth Vantage

This subsidiary had not carried on any business during the years ended 31 March 2016 and 2015 but only holds a lease agreement for the Group's office premises. Accordingly, Wealth Vantage can not contribute any revenue to the Group. However, the Group's loss for the year ended 31 March 2016 is increased by approximately HK$4,638,000 due to this acquisition.

Shanghai Xin Lan

Shanghai Xin Lan and its subsidiary only started to operate 3 distributed solar power stations after 17 June 2015 (date of acquisition) and contributed revenue of approximately HK$3,265,000 to the Group's revenue for the year ended 31 March 2016. The operation of Shanghai Xin Lan and its subsidiary caused the Group's loss be increased by approximately HK$3,583,000 for the year ended 31 March 2016. Shanghai Xin Lan and its subsidiary had no revenue prior to the date of acquisition.

Year ended 31 March 2015

On 17 February 2015, the Group completed the acquisition of 100% equity interest in Rander International Limited, which indirectly owns 100% equity interest in Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司 ("Jinchang Jintai"). Jinchang Jintai is principally engaged in the operation of two solar power stations which are located in Jinchang, Gansu Province, PRC and have an aggregate annual production capacity of 100MW. Further details of this acquisition are set out in the Company's announcements dated 15 July 2014, 25 September 2014, 31 October 2014, 10 December 2014, 30 December 2014, 16 January 2015 and 17 February 2015 and the circular of the Company dated 31 December 2014.

The following table summarises the purchase consideration paid for the acquisition of Rander International Limited, the fair values of identifiable assets acquired and liabilities assumed at the date of acquisition:

Purchase consideration

	HK$'000
Cash paid	322,000
Allotment of 1,043,478,260 new ordinary shares of the Company at HK$0.23 per share as consideration (see note 33)	240,000
	562,000

36. BUSINESS COMBINATIONS (cont'd)

The fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition

	HK$'000
Property, plant and equipment	853,497
Intangible assets	873,690
Accounts receivable	8,406
Deposits and prepayments	73,316
Cash and bank balances	5,270
Other payables and accruals	(25,139)
Bank loans	(738,266)
Deferred tax liabilities	(196,694)
Total identifiable net assets at fair value	854,080

Gain on bargain purchase

	HK$'000
Consideration transferred	562,000
Less: fair value of net assets acquired – shown as above	854,080
Gain on bargain purchase	(292,080)

Net cash outflow on acquisition of Rander International Limited

	HK$'000
Consideration paid in cash	322,000
Less: cash and cash equivalents acquired	(5,270)
Net cash outflow	316,730

Acquisition-related costs of HK$6,313,139 had been excluded from the above consideration transferred and had been recognised as an expense in the Group's profit or loss.

Impact of acquisition on the results of the Group

Rander International Limited and its subsidiaries contributed revenue of approximately HK$14,356,000 to the Group's revenue for the year ended 31 March 2015. However, the Group's loss for the year ended 31 March 2015 was increased by approximately HK$2,950,000 due to the above acquisition.

Had the above business combinations been taken place at the beginning of the year, the Group's loss for the year would have been approximately HK$148,800,000 and the Group's revenue would have been approximately HK$316,100,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the reporting period, nor is it intended to be a projection of future results.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's interest rate risk relates primarily to interest-bearing bank and other loans. The bank deposit and balances carry interest at prevailing rates. Bank and other loans bearing interest at fixed rates expose the Group to fair value interest rate risk. The US$80,000,000 guaranteed secured convertible bonds also carry interest at fixed rate of 6% (2015: Nil) per annum.

The directors closely monitor interest rate exposure and will consider entering into interest rate swap transactions to hedge significant interest rate risk should the risk arises.

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars, United States dollars and Renminbi ("RMB").

The foreign currency exchange exposure on assets and liabilities denominated in United States dollars is considered to be minimal as Hong Kong dollars is currently pegged to United States dollars.

The Group is exposed to foreign exchange risk arising from its investments which are located in the PRC.

For the translation risk at 31 March 2016, if RMB had strengthened/weakened by 5% (2015: 5%) against Hong Kong dollars, with all other variables held constant, total equity would have been HK$55,980,000 (2015: HK$71,700,000) higher/lower respectively.

Credit risk

The Group's credit risk is primarily attributable to trade receivables. This directors have a credit policy in place and the exposure to this credit risk is monitored on an ongoing basis. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customer operate and therefore significant concentration of credit risk primarily arise when the Group has significant exposure to individual customer. In addition, certain customers in respect of fur garment trading are required to pay deposits upon placing the orders and the receivable balances are monitored on an ongoing basis and therefore the Group's exposure to bad debts is not significant. Normally, the Group does not obtain collateral from customers.

At 31 March 2016, 67.76% (2015: 93.07%) of the total trade receivables was due from the Group's largest customer within the clean energy segment.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 23 to the consolidated financial statements.

The Group's cash balances are placed with reputable financial institutions and the directors consider the Group's exposure to credit risk on bank deposit and balances is limited.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk

For the management of the liquidity risk, the Group monitors and maintains a sufficient level of cash and bank balances deemed adequate by the directors to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The directors review and monitor the Group's working capital requirements regularly.

The following table details 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.

At 31 March 2016

	Contractual undiscounted cash flow							
	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	2	–	–	–	–	–	2	2
Other payables and accruals	76,827	–	–	–	–	–	76,827	76,827
Unsecured short term loans	5,000	–	–	–	–	–	5,000	5,000
Bank loans	–	11,562	50,091	87,714	291,437	584,694	1,025,498	706,053
Convertible bonds	–	–	37,440	37,440	642,720	–	717,600	438,064
	81,829	11,562	87,531	125,154	934,157	584,694	1,824,927	1,225,946

The contractual maturity analysis on the convertible bonds are prepared with the assumption that the Company will redeem all the convertible bonds at the maturity date.

At 31 March 2015

	Contractual undiscounted cash flow							
	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	2	–	–	–	–	–	2	2
Other payables and accruals	29,162	–	–	–	–	–	29,162	29,162
Unsecured short term loans	7,497	–	–	–	–	–	7,497	7,497
Bank loans	–	12,148	41,343	64,343	285,908	717,117	1,120,859	741,847
Convertible bonds	–	10,271	8,239	–	–	–	18,510	663,246
	36,661	22,419	49,582	64,343	285,908	717,117	1,176,030	1,441,754

The contractual maturity analysis on the convertible bonds are prepared with the assumption that the Company will issue conversion shares to redeem all the outstanding convertible bonds at the date of the first anniversary of the date of the initial issue date of the convertible bonds.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Equity price risk

The Group is exposed to equity price changes arising from listed financial assets at fair value through profit or loss. The Group's listed investments are listed on The Stock Exchange of Hong Kong and are included in the Hang Seng Index.

The Group is also exposed to equity price risk arising from changes in the Company's own share to the extent that the Company's own equity instruments underline the fair values of derivatives of the Group. At 31 March 2016, the Group is exposed to the risk through the conversion rights attached to US$80,000,000 convertible bonds issued by the Company as disclosed in note 31.

At 31 March 2016, it is estimated that an increase/(decrease) of 5% (2015: 5%) in the share price of relevant listed financial assets at fair value through profit or loss or the Company's own share price (for the derivative component of U$80,000,000 convertible bonds) as applicable, with all other variables held constant would have increased/decreased the Group's loss for the year as follows:

	2016		2015	
	Effect on loss for the year and accumulated losses		Effect on loss for the year and accumulated losses	
Changes in the relevant equity price risk variable				
Increase	**5%**	**(18,701,000)**	5%	(10,890,000)
Decrease	**5%**	**18,701,000**	5%	10,890,000

The sensitivity analysis indicates the instantaneous change in the Group's loss for the year (and accumulated losses) that would arose assuming that the changes in the share prices had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. The analysis is performed on the same basis for 2015.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Fair value measurement

i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following tables present 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 and is determined with reference to the observablility and significance of the inputs used in the valuation technique as follows:

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

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

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

The Group had engaged an independent firm of professionally qualified valuer performing valuation for the derivative component in respect of convertible bonds which are categorised into Level 3 of the fair value hierarchy. A valuation report with analysis of changes in fair value measurement is prepared by the valuers at each interim and annual reporting date, and was reviewed and approved by the directors.

	Fair value at 31 March 2016	**Fair value measurement at 31 March 2016 categorised into**			**Total carrying amount at 31 March 2016**	**Valuation technique and key input**
		Level 1	**Level 2**	**Level 3**		
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	
Recurring fair value measurements						
Assets						
Financial assets at fair value through profit or loss	**367,573**	**367,573**	**–**	**–**	**367,573**	Quoted bid prices in an active market

	Fair value at 31 March 2015	Fair value measurement at 31 March 2015 categorised into			Total carrying amount at 31 March 2015	Valuation technique and key input
		Level 1	Level 2	Level 3		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Recurring fair value measurements						
Assets						
Financial assets at fair value through profit or loss	217,671	217,671	–	–	217,671	Quoted bid prices in an active market

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Fair value measurement (cont'd)

i) Financial assets and liabilities measured at fair value (cont'd)

Recurring fair value measurements

Derivative financial assets – derivative component of convertible bonds

	HK$'000
At 1 April 2014	–
HK$700 million convertible bonds issued on 12 September 2014	(9,817)
Change in fair value recognised in profit or loss	9,817
At 31 March 2015 and 1 April 2015	–
US$80 million convertible bonds issued on 30 July 2015	(26,509)
Change in fair value recognised in profit or loss	13,441
At 31 March 2016	**(13,068)**

Valuation of the conversion option derivative component of convertible bonds, which were categorized into Level 3 of the fair value hierarchy were prepared by an independent valuer using Binomial Tree Model.

During the years ended 31 March 2016 and 2015, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

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

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 31 March 2016 and 2015.

38. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital risk management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2016 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings and convertible bonds, less time deposit and cash and bank balances, and excludes discontinued operation. Capital includes equity attributable to owners of the Company. The gearing ratio at the end of the reporting periods was as follows:

	2016	2015
	HK$'000	*HK$'000*
Borrowings		
Unsecured short term loans	**5,000**	7,497
Bank loans	**706,053**	741,847
Convertible bonds	**438,064**	663,246
Total borrowings	**1,149,117**	1,412,590
Less: time deposit and cash and bank balances	**(294,674)**	(138,008)
Net debt	**854,443**	1,274,582
Total equity	**1,517,152**	951,331
Gearing ratio	**56.3%**	134.0%

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

39. FINANCIAL INSTRUMENTS BY CATEGORY

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

2016

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	7,800	7,800
Trade receivables	–	18,343	–	18,343
Deposits and other receivables	–	454,900	–	454,900
Financial assets at fair value through profit or loss	367,573	–	–	367,573
Derivative financial assets	13,068	–	–	13,068
Time deposit and cash and bank balances	–	294,674	–	294,674
	380,641	767,917	7,800	1,156,358

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Trade payables	2
Other payables and accruals	76,827
Unsecured short term loan	5,000
Bank loans	706,053
Convertible bonds	438,064
	1,225,946

39. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

2015

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	7,800	7,800
Trade receivables	–	25,096	–	25,096
Deposits and other receivables	–	240,640	–	240,640
Financial assets at fair value through profit or loss	217,671	–	–	217,671
Time deposit and cash and bank balances	–	138,008	–	138,008
	217,671	403,744	7,800	629,215

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Trade payables	2
Other payables and accruals	29,162
Unsecured short term loan	7,497
Bank loans	741,847
Convertible bonds	663,246
	1,441,754

40. BANKING FACILITIES/BORROWINGS

Details of the unsecured short term loans, bank loans and convertible bonds are set out in note 29, 30 and 31 respectively.

41. MAJOR NON-CASH TRANSACTIONS

a) During the year ended 31 March 2016, the Company issued 825,958,700 conversion shares to redeem all of the outstanding Convertible Bonds I due to put event had occurred (see notes 31 and 33).

b) During the year ended 31 March 2015, as part of the consideration for the acquisition of Rander International Limited (note 36), 1,043,478,260 ordinary shares with aggregate fair values amounted to HK$240,000,000 were issued (see note 36).

42. COMMITMENTS

a) The Group leases certain properties under operating lease arrangements. Leases for properties are negotiated for terms of 2 to 25 years.

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

	2016	2015
	HK$'000	*HK$'000*
Within one year	**11,801**	3,395
In the second to fifth years, inclusive	**16,497**	2,123
Over five years	**35,195**	165
	63,493	5,683

b) At 31 March 2016, the Group had the following capital commitments in respect of construction of the distributed solar power stations:

	2016	2015
	HK$'000	*HK$'000*
Contracted but not provided for	**110,000**	–

c) On 23 September 2015, the Group established a wholly owned subsidiary, Linyi Xinlan Electric Company Limited 臨邑昕嵐電力有限公司, which has a registered capital of RMB5,000,000 (HK$5,983,500) and seeks to build and operate a 5MW distributed solar power station in Dezhou, Shandong. At 31 March 2016, the Group had not yet made capital contribution of RMB5,000,000 (HK5,983,500) to this subsidiary (2015: Nil).

d) On 9 March 2016, the Group acquired a wholly owned subsidiary, Dezhou Miaoli Energy Company Limited 德州妙理新能源有限公司 at a consideration of RMB Nil, which has a registered capital of RMB10,000,000 (HK$11,967,000) and seeks to build and operate a 8MW distributed solar power station in Dezhou, Shandong. At 31 March 2016, the Group had not yet made capital contribution of RMB10,000,000 (HK$11,967,000) to this subsidiary (2015: Nil).

42. COMMITMENTS (cont'd)

e) During the year ended 31 March 2014, the Group entered into the agreements through a subsidiary, Tianhe Smarter Energy Company Limited 天合智慧能源有限公司 with an independent third party ("the Vendor") in respect of the acquisition of 51% equity interest in Jilin Hareon Electric Development Company Limited吉林海潤電力技術開發有限公司("JHED").

Pursuant to the agreements, the Group agreed as follows:

i) The Group is to be responsible for assisting JHED in securing financing for 80% of the costs of engineering, procurement and construction to be incurred by JHED (the "Total Project Cost"). The remaining 20% of the Total Project Cost (after deducting the paid-up capital of JHED) will be financed by additional capital or loans contributed by the members of JHED pro rata to their equity interest in JHED. It is estimated that the Total Project Cost to be RMB360 million (approximately HK$431 million) and the Group's estimated committed shares to be RMB36,720,000 (approximately HK$44 million).

ii) After JHED's power plant is connected to the State grid, both parties agreed that, subject to the signing of the definitive contract, the Group will buy, the Vendor will sell its 49% equity interest in JHED at a price based on the pre-agreed formula, being the aggregate of the Vendor's share of (i) JHED's registered capital and shareholders loan provided and (ii) the amount by which the production capacity of the power plant (in terms of megawatt (MW)) multiplied by the unit price per MW to be agreed exceed the Total Project Cost and the related interest costs of JHED up to one month after the grid connection.

Due to the construction of JHED's power plant had not yet commenced during the year ended 31 March 2016 and 2015 and the Group's responsibility and obligation under the terms of the above-mentioned agreements have not yet fulfilled at the end of the reporting period.

f) On 2 February 2015, the Group established a 95% owned subsidiary, Baotou Chaoyang Photovoltaic Company Limited 包頭超陽光伏電力有限公司, which has a registered capital of RMB1,000,000 (HK$1,248,900) and seeks to build and operate a 100MW solar power plant project in Baotou. At 31 March 2015, the Group had not yet made capital contribution of RMB950,000 (HK$1,186,455) to this subsidiary.

During the year ended 31 March 2016, the Group had contributed the capital of RMB950,000 to the above-mentioned subsidiary.

g) On 31 October 2014, the Group entered into an agreement ("the Acquisition Agreement") with an independent third party ("the Vendor") for the purpose to acquire 100% equity interest in Jinchang Guoyuan Photovoltaic Company Limited 金昌國源電力有限公司and the relevant shareholder's loans at an aggregate consideration of HK$300,000,000. The consideration will be satisfied as to HK$100,000,000 by the allotment and issue of the Company's new shares and as to the balance payable in cash or by issue of loan note. This transaction had not completed on 31 March 2015.

Due to the conditions precedent to the Acquisition Agreement (as supplemented by the First Supplemental Agreement and Second Supplemental Agreement) have not been fulfilled on or before 31 October 2015, the Acquisition Agreement has lapsed and ceased to have any effect.

43. CONTINGENT LIABILITIES

At 31 March 2016 and 2015, the Group did not have any significant contingent liabilities.

44. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**–**	–
Interests in subsidiaries		**996,736**	1,259,310
		996,736	1,259,310
CURRENT ASSETS			
Prepayments, deposits and other receivables		**300,312**	2,617
Financial assets at fair value through profit or loss		**367,573**	217,671
Derivative financial assets			
– Derivative component of convertible bonds		**13,068**	–
Time deposit and cash and bank balances		**24,695**	35,277
		705,648	255,565
CURRENT LIABILITIES			
Amount due to a subsidiary		**7,680**	6,720
Other payables and accruals		**979**	1,647
		8,659	8,367
NET CURRENT ASSETS		**696,989**	247,198
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,693,725**	1,506,508
NON-CURRENT LIABILITIES			
Convertible bonds		**438,064**	663,246
NET ASSETS		**1,255,661**	843,262
CAPITAL AND RESERVES			
Share capital	*33*	**19,536**	17,471
Reserves	*34(b)*	**1,236,125**	825,791
TOTAL EQUITY		**1,255,661**	843,262

Wang Hao
Director

Lam Kwan Sing
Director

45. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

In June 2016, the Group had completed the disposal of its 100% equity interest (with relevant shareholder's loan) in Perfect Fair Limited and its subsidiaries to an independent third party for a cash consideration of HK$1 million (see note 12).

46. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2016.

The following is a summary of the consolidated results and the assets, liabilities and non-controlling interests of the Group for the last five financial years.

RESULTS

	Year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)	(Restated)	(Restated)	(Restated)
REVENUE	**253,157**	202,410	12,273	80,721	105,026
Continuing operations	**253,157**	202,410	12,273	80,721	105,026
Discontinued operations	**–**	–	–	–	–
	253,157	202,410	12,273	80,721	105,026
PROFIT/(LOSS) FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	**56,894**	421,430	(21,944)	(49,899)	442
Finance cost	**(154,478)**	(43,186)	(15,651)	(14,311)	(6,372)
	(97,584)	378,244	(37,595)	(64,210)	(5,930)
Income tax credit/(expense)	**1,122**	(4,825)	–	–	–
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**(96,462)**	373,419	(37,595)	(64,210)	(5,930)
LOSS FOR THE YEAR FROM A DISCONTINUED OPERATION	**(223,618)**	(502,342)	(100,405)	(187,621)	(223,034)
LOSS FOR THE YEAR	**(320,080)**	(128,923)	(138,000)	(251,831)	(228,964)
Attributable to:					
Owners of the Company	**(275,537)**	(28,778)	(118,084)	(214,500)	(184,470)
Non-controlling interests	**(44,543)**	(100,145)	(19,916)	(37,331)	(44,494)
	(320,080)	(128,923)	(138,000)	(251,831)	(228,964)

Five Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2016	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS	**1,771,714**	2,041,159	976,166	1,109,908	1,339,204
CURRENT ASSETS	**1,160,842**	625,435	91,002	87,545	108,982
TOTAL ASSETS	**2,932,556**	2,666,594	1,067,168	1,197,453	1,448,186
CURRENT LIABILITIES	**97,924**	42,459	45,566	28,255	8,956
NON-CURRENT LIABILITIES	**1,317,480**	1,672,804	240,995	336,069	367,304
TOTAL LIABILITIES	**1,415,404**	1,715,263	286,561	364,324	376,260
NET ASSETS	**1,517,152**	951,331	780,607	833,129	1,071,926
EQUITY ATTRIBUTABLE TO:					
Owners of the Company	**1,518,119**	906,607	635,574	669,960	873,935
Non-controlling interests	**(967)**	44,724	145,033	163,169	197,991
	1,517,152	951,331	780,607	833,129	1,071,926