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**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

The Board of Directors (the “Board”) of CMBC Capital Holdings Limited (formerly known as Skyway Securities Group Limited) (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred as the “Group”) for the year ended 31 March 2017 together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK\$'000	2016 <i>HK\$'000</i> (Restated)
Continuing operations			
Revenue	4	87,537	57,052
Cost of services		(24,133)	(9,786)
Gross profit		63,404	47,266
Net loss on investments at fair value through profit or loss		(67,852)	(1,509,211)
Other income		17,650	56,539
Other gains and losses	4	(311,731)	(378,675)
Administrative expenses		(73,901)	(40,857)
Other expenses		–	(80,234)
Finance costs	5	(24,337)	(23,422)
Impairment loss in respect of goodwill	11	(535,054)	–
Impairment loss in respect of intangible assets	13	(104,596)	–
Loss before taxation	6	(1,036,417)	(1,928,594)
Taxation	7	(5,342)	55,813
Loss for the year from continuing operations		(1,041,759)	(1,872,781)
Discontinued operation	8		
Loss for the year from discontinued operation		(339)	(2,243)
		(1,042,098)	(1,875,024)

	Notes	2017 HK\$'000	2016 HK\$'000 (Restated)
Loss and total comprehensive expense for the year attributable to:			
Owner of the Company		(1,042,098)	(1,874,835)
Non-controlling interests		<u>–</u>	<u>(189)</u>
		<u>(1,042,098)</u>	<u>(1,875,024)</u>
Loss per share (HK cents per share)	10		
From continuing and discontinued operations			
– Basic		(6.73)	(18.53)
– Diluted		<u>(6.73)</u>	<u>(18.53)</u>
From continuing operations			
– Basic		(6.73)	(18.51)
– Diluted		<u>(6.73)</u>	<u>(18.51)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Notes</i>	2017 HK\$'000	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		4,210	594
Investment property		410,000	–
Goodwill	11	16,391	551,445
Contingent consideration	12	–	67,934
Intangible assets	13	7,244	135,973
Available-for-sale investments		–	358,218
Other assets		10,046	8,956
		447,891	1,123,120
Current assets			
Accounts receivable	14	698,057	425,684
Prepayments, deposits and other receivables		2,242	4,654
Loans receivable		–	7,000
Tax recoverable		–	5,187
Investments at fair value through profit or loss	15	379,107	406,355
Cash and bank balances			
– Segregated accounts		75,655	158,729
– House accounts		132,324	81,128
		1,287,385	1,088,737
Current liabilities			
Accounts payable	16	106,103	192,302
Other payables and accruals		47,884	16,474
Bank borrowings	17	8,455	80,000
Bank overdrafts	17	44,908	66,286
Tax payables		34,042	2,500
		241,392	357,562
Net current assets		1,045,993	731,175
Total assets less current liabilities		1,493,884	1,854,295

	Notes	2017 HK\$'000	2016 HK\$'000
Non-current liabilities			
Bank borrowings	17	169,807	–
Notes payable	18	147,811	147,073
Promissory notes	19	27,056	260,010
Deferred tax liabilities		361	30,026
		<u>345,035</u>	<u>437,109</u>
Net assets		<u>1,148,849</u>	<u>1,417,186</u>
Capital and reserves			
Share capital		180,198	126,641
Reserves		968,651	1,288,284
Equity attributable to owners of the Company		1,148,849	1,414,925
Non-controlling interests		–	2,261
Total equity		<u>1,148,849</u>	<u>1,417,186</u>

NOTES:

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment property and certain financial instruments that are measured at fair values at the end of each reporting period.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

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

3. SEGMENT INFORMATION

The financial information reported to executive directors of the Company, being the chief operating decision makers, for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

- the brokerage and other related activities segment represents new business line of provision of brokerage services, proprietary trading, securities margin financing services and futures and options contracts dealing services to clients commencing in November 2015;
- the securities investment segment represents investment and trading activities in listed equity securities, warrants, convertible bonds and interest bearing notes;
- the provision of finance segment represents provision of short-term loan financing activities, of which the management has been proactively looking for the potential borrowers during the year; and
- the real estate segment represents trading properties, property investment and letting of properties.

The supply and procurement segment was discontinued in the current year. The segment information reported does not include any amounts for the discontinued operation, which are described with more details in note 8. Accordingly, the segment information for the year ended 31 March 2016 has been restated.

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

For the year ended 31 March 2017

	Brokerage and other related activities HK\$'000	Securities investment HK\$'000	Provision of finance HK\$'000	Real estate HK\$'000	Total HK\$'000
Continuing operations					
Segment revenue	<u>83,705</u>	<u>–</u>	<u>–</u>	<u>3,832</u>	<u>87,537</u>
Segment results	<u>(460,403)</u>	<u>(160,612)</u>	<u>–</u>	<u>9,720</u>	<u>(611,295)</u>
Unallocated other income					12,584
Unallocated other gains and losses					(370,263)
Unallocated expenses					(43,106)
Finance costs					<u>(24,337)</u>
Loss before taxation					<u>(1,036,417)</u>

For the year ended 31 March 2016 (Restated)

	Brokerage and other related activities <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Real estate <i>HK\$'000</i>	Total <i>HK\$'000</i>
Continuing operations					
Segment revenue	<u>36,040</u>	<u>3,220</u>	<u>17,492</u>	<u>300</u>	<u>57,052</u>
Segment results	<u>(22,793)</u>	<u>(1,499,931)</u>	<u>17,607</u>	<u>5,300</u>	<u>(1,499,817)</u>
Unallocated other income					50,140
Unallocated other gains and losses					(355,816)
Unallocated expenses					(99,679)
Finance costs					<u>(23,422)</u>
Loss before taxation					<u>(1,928,594)</u>

Geographical information

The Group's continuing operations are carried out in Hong Kong.

The Group's revenue from continuing operation from external customers and its non-current assets are located in Hong Kong.

Information about major customers

During the year ended 31 March 2017 and 2016, there was no customer that contributed over 10% of the total revenue of the Group.

4. REVENUE, OTHER GAINS AND LOSSES

Revenue represents interest income from provision of finance and securities margin financing, dividend and interest income from securities investments, commission income from brokerage and related services and rental income during the year.

An analysis of revenue, other gains and losses is as follows:

	2017	2016
	HK\$'000	HK\$'000
Revenue		
Commission income from brokerage and related services	20,106	5,821
Commission income from underwriting, sub-underwriting, placing and sub-placing	6,737	4,255
Rental income	3,832	300
Interest income from provision of finance and securities margin financing	56,862	43,456
Dividend income on investment in listed equity securities	–	2,604
Interest income on investment in convertible bonds	–	616
	<u>87,537</u>	<u>57,052</u>
Continuing operations		
Other gains and losses		
Impairment loss reserved (recognised) in respect of accounts receivable and gain on recovery of bad debts	39,072	(22,642)
Impairment loss recognised in respect of other receivables	–	(233)
Impairment loss recognised in respect of AFS investments	(12,468)	(327,782)
Change in fair value of contingent consideration (<i>note 12</i>)	(67,934)	–
Change in fair value of investment property	7,000	–
Loss on early settlement of promissory notes (<i>note 19</i>)	(41,428)	–
(Loss) gain on disposal of property, plant and equipment	(25)	366
Loss on disposal of AFS investments	(235,750)	(28,400)
Net exchange (loss) gain	(198)	16
	<u>(311,731)</u>	<u>(378,675)</u>

5. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Continuing operations		
Interests on:		
Notes payable (<i>note 18</i>)	8,238	8,219
Promissory notes (<i>note 19</i>)	4,067	7,185
Borrowings and bank overdrafts	<u>12,032</u>	<u>8,018</u>
Total borrowing costs	<u>24,337</u>	<u>23,422</u>

6. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss before taxation from continuing operations is arrived at after charging:		
Staff costs (including directors' remuneration):		
Wages and salaries	18,798	13,067
Retirement benefits contributions	678	528
Equity-settled share option expense	<u>–</u>	<u>1,988</u>
Total staff costs	<u>19,476</u>	<u>15,583</u>
Auditor's remuneration	2,813	2,835
Depreciation of property, plant and equipment	1,111	188
Amortisation of intangible assets (included in cost of services)	24,133	9,786
Minimum lease payments in respect of land and buildings	12,051	3,957
Equity-settled share option expense for consultants (included in other expenses)	<u>–</u>	<u>80,234</u>

7. TAXATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Continuing operations		
Current tax:		
Hong Kong Profits Tax	(34,564)	(3,053)
Over provision in prior years	(443)	–
	<u>(35,007)</u>	<u>(3,053)</u>
Deferred tax		
Current year	29,665	58,866
	<u>(5,342)</u>	<u>55,813</u>

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

8. DISCONTINUED OPERATION

During the year ended 31 March 2017, the Group entered into sale agreements to dispose of its 100% equity interest in Poly Resources (Asia) Limited and Poly Forestry International Limited (collectively the “Disposing Subsidiaries”) that carried out all of the Group’s supply and procurement operation at a consideration of HK\$863,000. The disposal was completed on 29 September 2016, on which date the Group lost control of the Disposing Subsidiaries. There was no gain or loss resulted from the disposal since the net assets of the Disposing Subsidiaries are mainly bank balance and cash, of which amount is same as the consideration.

The loss for the year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income has been restated to re-present the supply and procurement operation as a discontinued operation.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss for the year	<u>(339)</u>	<u>(2,243)</u>

The results of the discontinued operation for the current and preceding years were as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Other income and losses	–	662
Administrative expenses	(339)	(2,905)
Loss before taxation	(339)	(2,243)
Taxation	–	–
Loss for the year	<u>(339)</u>	<u>(2,243)</u>

During the current and preceding years, the net operating cash flows contributed by supply and procurement operation to the Group are insignificant.

9. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 March 2017 and 2016.

Subsequent to the end of the reporting period, a special dividend of HK\$0.03255 per ordinary share, in aggregate amount of approximately HK\$612,867,000, has been proposed by the directors of the Company and approved in the special general meeting ("SGM") on 28 April 2017. Details are set out in note 20(d).

10. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2017 HK\$'000	2016 HK\$'000
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<u>(1,042,098)</u>	<u>(1,874,835)</u>
	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>15,476,230</u>	<u>10,115,275</u>

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following information:

	2017 HK\$'000	2016 HK\$'000
Loss figures are calculated as follow:		
Loss for the year attributable to the owners of the Company	<u>(1,042,098)</u>	(1,874,835)
Add: Loss for the year from discontinued operation	<u>339</u>	<u>2,243</u>
Loss for the purpose of basic and diluted loss per share from continuing operations	<u>(1,041,759)</u>	<u>(1,872,592)</u>

The denominators used are the same as those detailed above for the basic and diluted loss per share.

From discontinued operation

Basic and diluted loss per share from the discontinued operation is HK0.002 (2016: HK0.022) cents per share, based on the loss for the year from discontinued operation of HK\$339,000 (2015: HK\$2,243,000) and the denominators detailed above for the basic and diluted loss per share.

The computation of diluted loss per share for the year ended 31 March 2016 and 2017 does not assume the exercise of the Company's outstanding share options and warrants since their exercise would result in a decrease in loss per share.

11. GOODWILL

	<i>HK\$'000</i>
COST	
At 1 April 2015	–
Arising on acquisition of subsidiaries	<u>551,445</u>
At 31 March 2016 and 2017	<u>551,445</u>
IMPAIRMENT	
At 1 April 2015 and 2016	–
Impairment loss recognised in the year	<u>535,054</u>
At 31 March 2017	<u>535,054</u>
CARRYING VALUES	
At 31 March 2017	<u>16,391</u>
At 31 March 2016	<u>551,445</u>

For the purposes of impairment testing, goodwill has been allocated to a group of cash generating units (CGU), comprising Skyway Securities Investment Limited ("Skyway Securities") and its subsidiaries, Skyway Credit Service Limited ("Skyway Credit Service") and Skyway Asset Management Limited and Skyway Futures Limited ("Skyway Futures"), representing "the brokerage and other related activities segment", which is the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amount of the CGU comprises goodwill of HK\$551,445,000 (2016: HK\$551,445,000), trading rights of HK\$960,000 (2016: HK\$960,000) and customers' relationship of HK\$6,284,000 (2016: HK\$135,013,000) of which the impairment for the customers' relationship has been assessed individually as set out in note 13. The basis of the recoverable amount of the CGU and its major underlying assumptions are summarised below:

The recoverable amount of the CGU has been determined by the fair value less cost of disposal in respect of the above entities comprising the CGU. The fair value less cost of disposal was assessed by the management based on a business valuation performed by an independent professional qualified valuer using the income approach which uses cash flow projections covering a 5-year period and discount rate of 13.6% (2016: 13.5%), which is within level 3 fair value hierarchy. The cash flow projections has taken into account the deteriorating financial performance of the brokerage and other related activities due to the unfavourable changes in recent months and the actual net cash flows generating thereon worse than those estimated in the previous impairment assessment. Accordingly, the cash flow projections have been revised downwards. The cash flows beyond the 5-year period are extrapolated assuming 3% growth rate (2016: using a steady 3.5% growth rate). This growth rate is based on the expectation of long-term inflation in Hong Kong. The cash flows and discount rate reflect assumptions that market participants would use when pricing the CGU. Other key assumptions for the cash flow projections relate to the estimation of cash inflows/outflows which include estimated income generated from the CGU, such estimation is based on the past performance of the CGU and the expectation on the market development. The subsequent events relating to the change of shareholders and other corporate exercises have not been considered as those are not related to the CGU. As disclosed in note 20, these subsequent events have not been completed at the end of the reporting period.

For the purpose of impairment assessment, the fair value less cost of disposal of the CUG amounting to HK\$23,635,000 has been determined by excluding the financial instruments held by the relevant entities within the CGU. By comparing the aforesaid aggregate carrying amount of the CGU with the fair value less cost of disposal of the CGU, the management determined that the recoverable amount of the CGU is estimated to be less than the aggregate carrying amounts of goodwill, trading rights and customers' relationship and impairment losses of HK\$535,054,000 (2016: nil) in respect of goodwill are recognised in profit or loss during the year ended 31 March 2017.

12. CONTINGENT CONSIDERATION

	2017 HK\$'000	2016 HK\$'000
Profit guarantee	<u>-</u>	<u>67,934</u>

Profit guarantee represents the guarantee jointly and severally from Mr Lam Hoi Sze, Mr Ng Siu Fan, Ms. Lee Chau Man Ada, Mr. Lin Haimiao and Ms. Yiu Ka Fung Susan (collectively "Vendors") to the Group that the average of two years' aggregate audited net profits before tax of Skyway Securities and Skyway Futures for the two financial years ended 31 December 2015 and 31 December 2016 respectively shall not be less than HK\$120,000,000 per financial year (the "Profit Guarantee"). In the event of breach of non-fulfilment of the Profit Guarantee, the Vendors shall pay the Group 10 times the shortfall between HK\$120,000,000 and the average of the two years' aggregate audited net profit before tax of Skyway Securities and Skyway Futures for the two financial years ended 31 December 2015 and 31 December 2016. The fair value of Profit Guarantee as at 31 March 2016 was estimated based on the valuation carried out by an independent professional valuer, Roma Appraisals Limited.

During the year ended 31 March 2017, the Profit Guarantee was fulfilled and no payment in respect of the Profit Guarantee was entitled to the Group. Accordingly, the Profit Guarantee has been derecognised and the decrease in the fair value is recognised in the profit or loss during the year ended 31 March 2017.

13. INTANGIBLE ASSETS

	Trading rights <i>HK\$'000</i>	Customers relationship <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST			
At 1 April 2015	–	–	–
Acquired on acquisition of subsidiaries	960	144,799	145,759
	<u>960</u>	<u>144,799</u>	<u>145,759</u>
At 31 March 2016 and 2017	960	144,799	145,759
	<u>960</u>	<u>144,799</u>	<u>145,759</u>
AMORTISATION AND IMPAIRMENT			
At 1 April 2015	–	–	–
Charge for the year	–	9,786	9,786
	<u>–</u>	<u>9,786</u>	<u>9,786</u>
At 31 March 2016	–	9,786	9,786
Charge for the year	–	24,133	24,133
Impairment loss recognised in the year	–	104,596	104,596
	<u>–</u>	<u>104,596</u>	<u>104,596</u>
At 31 March 2017	–	138,515	138,515
	<u>–</u>	<u>138,515</u>	<u>138,515</u>
CARRYING VALUES			
At 31 March 2017	960	6,284	7,244
	<u>960</u>	<u>6,284</u>	<u>7,244</u>
At 31 March 2016	960	135,013	135,973
	<u>960</u>	<u>135,013</u>	<u>135,973</u>

Trading rights represents rights that confer eligibility of the Group to trade on the Stock Exchange and The Hong Kong Futures Exchange Limited (“HKFE”). The trading rights have no foreseeable limit to period that the Group can use to generate net cash flows, accordingly, the trading rights are considered as having indefinite useful lives.

Customers relationship represents the customers’ networks of brokerage and related business. Amortisation for customers’ relationship with finite useful lives is recognised on a straight-line basis over its estimated useful lives of 6 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

In view that the cash flows generated from brokerage and other related activities are less than expected, the directors of the Company has carried out an impairment assessments of the customers' relationship at 31 March 2017. The recoverable amount of the customers' relationship is determined based on the fair value less cost of disposal. The fair value less cost of disposal was assessed by the management with reference to the valuation of the customers' relationship performed by an independent professional qualified valuer using the income approach which is based on the cash flows generated by the customers' relationship at a discount rate of 13.6% (2016: nil). The fair value measurement is classified as Level 3. As the carrying amount of customers' relationship exceeded its recoverable amount, the Group has recognised an impairment of HK\$104,596,000 (2016: nil) in profit or loss.

The trading rights and customers' relationship also formed part of the assets included in the CGU for which goodwill impairment is assessed and details are set out in note 11.

14. ACCOUNTS RECEIVABLE

	2017 HK\$'000	2016 HK\$'000
Accounts receivable arising from the ordinary course of business of securities brokerage services dealing in securities transactions:		
– Clearing house	13,572	10,037
– Cash clients	23,313	31,383
– Margin clients	647,879	373,098
– A broker	2,007	–
	686,771	414,518
Accounts receivable arising from the ordinary course of business of dealing in futures and options contracts:		
– HKFE Clearing Corporation Limited ("HKCC")	5,206	678
– A broker	6,080	10,488
	698,057	425,684

Accounts receivable arising from the business of dealing in securities

The Group seeks to maintain tight control over its outstanding accounts receivable and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limit are approved by designated approvers according to the clients' credit worthiness.

The normal settlement terms of accounts receivable from clients and clearing house, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Accounts receivable due from cash clients are secured by clients' securities, which are publicly traded equity securities listed in Hong Kong. The fair values of the securities as at 31 March 2017 approximate HK\$812,078,000 (2016: HK\$277,436,000). As at 31 March 2017, 88% (2016: 86%) of the balance were secured by sufficient collateral on an individual basis. Included in the accounts receivable from cash clients are debtors with a carrying amount of approximately HK\$16,587,000 (2016: HK\$23,133,000) as at 31 March 2017, which are past due at the end of reporting period but which the directors of the Company consider not to be impaired as there has not been a significant change in credit quality and a substantial portion of the carrying amount is subsequently settled. The accounts receivable from cash clients with a carrying amount of approximately HK\$6,726,000 (2016: HK\$8,250,000) are neither past due nor impaired and the directors of the Company are of the opinion that the amount are recoverable. Cash client receivables which were past due but not impaired bear interest at interest rates by reference to Hong Kong prime rate plus certain basis points based on management's discretion.

Accounts receivable due from margin clients are repayable on demand and carry interest at Hong Kong Prime Rate plus 4% to 8% (2016: 4% to 8%) per annum during the year ended 31 March 2017. They are generally included in "Neither past due nor impaired" category. The fair values of the pledged securities as at 31 March 2017 approximate HK\$3,366,705,000 (2016: HK\$2,000,772,000). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited. As at 31 March 2017, 92% (2016: 85%) of the balance were secured by sufficient collateral on an individual basis. Management has assessed the market value of the pledged securities of each individual customer that has margin shortfall as at the year end, and considered that an impairment of Nil (2016: HK\$22,523,000) is necessary. The collateral held can be replighted by the Group up to 140% of the margin receivable amounts in the search of short-term financing, if necessary. The amount of collateral being replighted by the Group as at 31 March 2017 could be referred to note 17. The corresponding collateral held can be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients.

In addition, the Group has a policy for determining the allowance for impairment of accounts receivable without sufficient collateral based on the evaluation of collectability and aging analysis of accounts and on management's judgement including the creditworthiness, collateral and the past collection history of each client.

In determining the recoverability of the accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date the credit was initially granted up to the reporting date and the fair values of the collateral held.

Movement in the allowances for impairment loss on accounts receivable are as follows:

	Cash clients <i>HK\$'000</i>	Margin clients <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2015	–	–	–
Impairment loss recognised during the year	119	22,523	22,642
Balance at 31 March 2016	119	22,523	22,642
Impairment loss reversed during the year	(119)	(22,523)	(22,642)
Balance at 31 March 2017	–	–	–

Subsequent to the end of the reporting period, the Group received settlements of all previously impaired account receivables of HK\$39,072,000, of which HK\$16,430,000 were impaired before the acquisition of Skyway Securities and Skyway Futures. Accordingly, a reversal of allowance for impairment loss on account receivables amounting to HK\$22,642,000 was recognised in the profit or loss while a gain on recovery of bad debts amounting to HK\$16,430,000 was recognised in profit or loss.

In respect of accounts receivable from cash clients which are past due but not impaired at the end of reporting period, the ageing analysis is summarised as follows:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Less than one month	1,763	2,376
More than one month and within three months	1,619	7,031
More than three months	13,205	13,726
Total	16,587	23,133

The Group offset certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis, or to realise the balances simultaneously.

Accounts receivable arising from the business of dealing in futures and options contracts

Under the settlement arrangement with HKCC, all open positions held at HKCC are treated as if they were closed out and re-opened at the relevant closing quotation as determined by HKCC. Profits or losses arising from this “mark-to-market” settlement arrangement are included in accounts receivables with HKCC.

In accordance with the agreement with the broker, mark-to-market profits or losses are treated as if they were settled and are included in accounts receivables with a broker.

The accounts receivable are neither past due nor impaired.

Accounts receivable from HKCC and brokers represent transactions arising from the business of dealing.

15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK\$'000	2016 HK\$'000
Held for trading:		
Equity securities listed in Hong Kong	379,107	406,355
Designated as at FVTPL:		
Convertible bonds	<u>—</u>	<u>—</u>
	<u>379,107</u>	<u>406,355</u>

The fair values of the listed equity securities investments were determined based on the quoted market closing prices available on the Stock Exchange. Details of the Group's investments at FVTPL are as follows:

Stock code	Company name	% of shareholding in the respective investee as at 31 March 2017	Net (loss) gain on investments at FVTPL HK\$'000	Fair value as at 31 March 2017 HK\$'000	Fair value as at 31 March 2016 HK\$'000
139	China Soft Power Technology Holdings Limited ("CSPT")	11.8%	(163,653)	189,692	369,056
572	Future World Financial Holdings Limited ("FW")	4.9%	104,830	189,415	36,173
1004	China Smarter Energy Group Holdings Limited	—	574	—	—
1282	China Goldjoy Group Limited	—	(429)	—	1,126
1370	Hengshi Mining Investments Limited	—	4,210	—	—
263	GT Holdings Limited	—	(916)	—	—
			<u>(55,384)</u>	<u>379,107</u>	<u>406,355</u>

In addition, during the year ended 31 March 2017, one of the investees of the Group declared distribution in specie of the convertible notes issued by Up Energy Development Group Limited ("Up Energy"), a company listed in the Stock Exchange (the "Distribution") to all the shareholders of such investee. Prior to the Distribution, the investee held principal amount of HK\$230 million of the convertible notes. Prior to the Distribution, the investee held principal amount of HK\$230 million of convertible notes. The Distribution was completed on 25 April 2016. The Group designated the entire convertible notes received from the Distribution as financial assets designated at fair value through profit and loss at initial recognition. The fair value of the convertible notes of HK\$12,468,000, with principal amount of approximately HK\$33 million held by the Group, was determined by reference to a valuation carried out on the distribution date by an independent qualified valuer, Peak Vision Appraisals Limited, which is not connected with the Group. Subsequent to the Distribution, Up Energy received winding up petitions filed by its creditor and currently under liquidation and second delisting stage under Practice Note 17 to the Listing Rules. Accordingly, the fair value of convertible notes issued by Up Energy is negligible at 31 March 2017.

16. ACCOUNTS PAYABLE

	2017 HK\$'000	2016 HK\$'000
Trade payables arising from supply and procurement business	–	857
Accounts payable arising from the ordinary course of business of securities brokerage services and dealing in futures and options contracts:		
– Cash clients	65,045	74,508
– Margin clients	41,058	113,614
– Clearing house	–	3,323
	<u>106,103</u>	<u>192,302</u>

Trade payables arising from supply and procurement business

Trade payables are non-interest bearing and are normally settled on 60 days term.

An aged analysis of trade payables presented based on invoice date, is as follows:

	2017 HK\$'000	2016 HK\$'000
Over 180 days	<u>–</u>	<u>857</u>

Accounts payable arising from the business of dealing in securities

The accounts payable balances arising from the ordinary course of business of securities brokerage services are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No aging analysis is disclosed as, in the opinion of directors of the Company, an aging analysis does not give additional value in view of the nature of this business.

Accounts payable arising from the business of dealing in futures and options contracts

Settlement arrangements with clients follow the same settlement mechanism with HKCC or a broker as disclosed in note 14 and profits or losses arising from mark-to-market settlement arrangement were included in accounts payables with clients.

Accounts payable to clients are non-interest bearing. The settlement terms of accounts payable are one day after trade day. No aging analysis is disclosed as, in the opinion of directors of the Company, an aging analysis does not give addition value in view of the nature of this business.

17. BANK BORROWINGS AND BANK OVERDRAFTS

	2017 HK\$'000	2016 HK\$'000
Secured bank loans	638	80,000
Mortgaged bank loans	177,624	—
	<u>178,262</u>	<u>80,000</u>
The carrying amounts of the above borrowings are repayable:		
Within one year	8,455	80,000
Within a period of more than one year but not exceeding two years	8,143	—
Within a period of more than two years but not exceeding five years	25,800	—
With a period of more than five years	135,864	—
	<u>178,262</u>	<u>80,000</u>
Less: Amount due within one year shown under current liabilities	<u>(8,455)</u>	<u>(80,000)</u>
Amount shown under non-current liabilities	<u>169,807</u>	<u>—</u>

Bank borrowings and overdrafts are secured by marketable securities and investment property. The mortgaged bank loans are also guaranteed by a substantial shareholder. Bank borrowings and overdrafts carry variable interest rates ranging from 2.3% to 5% (2016: 2.3% to 4%) per annum.

18. NOTES PAYABLE

On 8 November 2012, the Company entered into a placing agreement with a placing agent (the “Placing Agent”), pursuant to which the Company agreed to place, through the Placing Agent, on a best effort basis, the notes up to an aggregate principal amount of HK\$100,000,000 to be issued by the Company in the denomination of HK\$10,000,000 each to independent third parties (the “Placing”). Details of the Placing were set out in the Company’s announcement dated 8 November 2012. The Placing was completed and the Company had issued placing notes in the aggregate principal amount of HK\$100,000,000. The placing notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the placing notes.

In 2013, the Company further issued notes in the aggregate principal amount of HK\$50,000,000 to independent third parties. The notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the notes.

As at 31 March 2017, the aggregate principal amount of the notes payable was HK\$150,000,000 (2016: HK\$150,000,000).

The movement of the notes payable for the years ended 31 March 2017 and 2016 are set out below:

	2017 HK\$'000	2016 HK\$'000
At the beginning of the year	147,073	146,375
Interest charged at effective interest rate from 5% to 5.91% (2016: 5% to 5.91%) per annum (<i>note 5</i>)	8,238	8,219
Interest payable	(7,500)	(7,521)
	<u>147,811</u>	<u>147,073</u>
At the end of the year	147,811	147,073

19. PROMISSORY NOTES

On 7 May 2015 and 11 May 2015, the Company entered the sale and purchase agreement with Vendors in relation to acquisitions of Skyway Securities and Skyway Futures, pursuant to which the Company agreed to issue an unsecured 3 years promissory note with total face value of HK\$550,000,000 on the completion date as part of the consideration for the acquisitions. The promissory notes bear interest rate of 2.5% per annum and will be redeemed on the third anniversary from the issue date. The Company might repay all or part of the principal amount of the promissory notes at any time without penalty provided that the Company shall have given not less than one business day notice to the promissory note holder. The early repayment option was not closely related to the host contract and the fair value determined as negligible at 4 November 2015 and 31 March 2016 by an independent professional valuer. The fair values of promissory notes were in aggregation of HK\$520,204,000 at 4 November 2015 based on the valuation carried out by an independent professional valuer.

On 3 May 2016, the Company entered into the subscription agreement with Capital Union Inc., an existing holder of promissory notes, pursuant to which Capital Union Inc. has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,450,000,000 new shares at the subscription price of HK\$0.18 per subscription share. There was no net proceeds from the subscription as the subscription was settled by way of set off against the outstanding promissory notes. The transaction was completed on 13 May 2016. The early settlement of the promissory notes has resulted in a loss of HK\$41,428,000, being the difference between the carrying amount of the promissory notes amounting to HK\$260,172,000 and the fair value of the shares amounting to HK\$301,600,000 based on the market price of the Company's share on 13 May 2016, recognised in the profit or loss for the year ended 31 March 2017.

In addition, upon the acquisition of subsidiaries during the current year, the Company has issued promissory notes in the principal amount of HK\$29,000,000 as a part of the consideration. The promissory notes bear interest rate of 2% per annum and will be redeemed on the second anniversary from the issue date. The Company may at its option early repay the promissory notes with outstanding interest accrued thereon in whole or in part in integral multiples of principal amount of HK\$1 million by giving a prior ten business day's written notice to the bondholder. The early repayment option is not closely related to the host contract and the fair value is determined as negligible by an independent professional valuer. The fair value of promissory notes is HK\$25,885,000 at 15 July 2016 and the effective interest rate ranges from 7.84% to 8.08% per annum based on the valuation carried out by an independent professional valuer.

As at 31 March 2017, the aggregate principal amount of promissory notes was HK\$29,000,000 (31 March 2016: HK\$285,000,000).

The movement of the promissory notes are set out below:

	<i>HK\$'000</i>
On 4 November 2015	520,204
Early settlement of promissory notes	(265,000)
Interest charged at effective interest rate at 6.3%	7,185
Interest paid	(2,379)
At 31 March 2016	260,010
Early settlement of promissory notes	(260,172)
Issue of promissory note	25,885
Interest charged at effective interest rates	4,067
Interest paid	(2,734)
At 31 March 2017	<u>27,056</u>

20. EVENTS AFTER THE REPORTING PERIOD

(a) Group reorganisation

As disclosed in the Company's announcement dated 7 March 2017 and circular dated 10 April 2017, on 7 March 2017, two of the Company's substantial shareholders, Mr. Lam Hoi Sze and Ms. Ai Qing (the "Selling Shareholders"), entered into the sale and purchase agreements with CMBC International Investment Limited (the "Offeror"), an indirect wholly-owned subsidiary of China Minsheng Banking Corporation Limited whose shares are listed on the Stock Exchange, and Brilliant Decent Limited ("Brilliant Decent"), an indirect owned subsidiary of China Huarong Asset Management Co., Limited whose shares are listed on the Stock Exchange, pursuant to which the Mr. Lam Hoi Sze conditionally agreed to sell 2,527,200,000 shares of the Company to the Offeror and Ms. Ai Qing conditionally agreed to sell 900,000,000 shares of the Company to Brilliant Decent, both at the price of HK\$0.06 per share. The shares sold by the Selling Shareholders represent approximately 19% of the shares in issue at 31 March 2017.

In addition, on 7 March 2017, the Company, the Offeror and Brilliant Decent entered into a subscription agreement that the Company agreed to issue 26,950,000,000 new ordinary shares of the Company, at the price of HK\$0.032 per share for an aggregate consideration of HK\$862,400,000, of which 25,000,000,000 new shares will be subscribed by the Offeror and 1,950,000,000 new shares will be subscribed by Brilliant Decent (the "Subscription"). The Subscription is subject to the fulfillment of the agreed conditions, including but not limited to, the striking off or disposal of the Group companies other than the three licensed corporations comprising Skyway Securities, Skyway Futures and Skyway Asset Management (the "Remaining Group"), archiving certain financial targets by the Group and obtaining approval from the Stock Exchange, SFC and independent shareholders of the Company at the special general meeting. At 31 March 2017, the conditions of the subscription were not fulfilled. Accordingly, the Group does not consider that the operations other than the Remaining Group to be discontinued at 31 March 2017.

Upon the completion of the above transactions, the Offeror will be interested in approximately 61.21% of the enlarged issued shares capital of the Company and will become the controlling shareholder of the Company. The transactions were approved in the SGM on 28 April 2017 and completed on 31 May 2017.

(b) Disposal of Sky Eagle and Metro Victor

On 28 November 2016 and 7 March 2017, Gold Mission, entered into the sale and purchase agreement and a supplemental agreement with Celestial Lodge Limited, a company wholly owned by CSPT who is also a substantial shareholder of the Company, respectively, in relation to the sale of one share in the share capital of the Sky Eagle ("CSPT Disposal"), representing 100% of the entire issued share capital of Sky Eagle and a loan amounting to approximately HK\$181,000,000 at cash consideration of HK\$227,000,000 of which HK\$22,000,000 will be paid as deposit. The only significant asset of Sky Eagle and its subsidiary, Metro Victor is the investment property. The CSPT

Disposal is subject to the fulfillment of the agreed conditions, including but not limited to obtaining approval from the Stock Exchange and independent shareholders of the Company at the SGM. Details are set out in the Company's announcements dated on 28 November 2016 and 7 March 2017 and circular dated 10 April 2017.

At 31 March 2017, none of the conditions of the CSPT Disposal were fulfilled nor approved in the SGM. Accordingly, the Group continues to classify the property as investment property in the consolidated statement of financial position as at 31 March 2017. The CSPT Disposal was approved in the SGM on 28 April 2017 and completed on 9 May 2017.

(c) Distribution in Specie in listed securities

As disclosed in the Company's announcement dated 7 March 2017 and 28 April 2017 and circular dated 10 April 2017, the Group proposed and distributed in specie of all the shares of CSPT and FW held by the Group (the "Distribution") to the shareholders whose names are registered on the register of members of the Company on 10 May 2017. As at 31 March 2017, the Group held 1,215,971,647 shares of CSPT and 315,692,000 shares of FW with carrying amounts of approximately HK\$189,692,000 and HK\$189,415,000 respectively. The Distribution was completed on 26 May 2017.

(d) Special Cash Dividend

As disclosed in the Company's announcements dated 7 March 2017 and 28 April 2017 and circular dated 10 April 2017, the Group proposed and distributed a special dividend of HK\$0.03255 per share to be paid in cash to the shareholders whose names are registered on the register of members of the Company on 10 May 2017, subject to the fulfillment of the conditions precedent set out in the circular dated 10 April 2017. The special dividend in aggregate amount of approximately HK\$612,867,000 was paid on 24 May 2017.

(e) Exercise of share options

In April 2017, all of the outstanding share options at 31 March 2017 were exercised by the option holders. Upon the exercise of these share options, 808,943,000 new ordinary shares of the Company were issued and the net proceeds from the exercise of share options was approximately HK\$187,818,000.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: nil).

OPERATIONS REVIEW

For the year ended 31 March 2017, the Group continued to engage in provision of brokerage and related services, the businesses of securities investments, provision of finance and real estate. Supply and procurement of commodities have been ceased in the current year.

REVENUE

The Group's revenue increased by 53.2% to approximately HK\$87.5 million compared to approximately HK\$57.1 million in the prior year. It was mainly due to the contribution from brokerage and related services during the year. The analysis of the Group's revenue by reportable segments is as below.

Brokerage and Related Services

During the year under review, the segment revenue and segment loss contributed by brokerage and related services were approximately HK\$83.7 million and HK\$460.0 million respectively.

Investments

Securities Investment

During the year under review, the segment revenue, which included dividend income from investment in listed equity securities, and interest income from investment in convertible bonds and interest bearing notes decreased by 100% from HK\$3.2 million to zero as compared to the prior year.

During the year under review, the segment loss significantly reduced by approximately 89.3% to approximately HK\$160.6 million in the current year compared to the loss of approximately HK\$1,500.0 million in the prior year.

At 31 March 2017, the Group's securities portfolio mainly constituted of listed equity securities in investment holding companies.

Available-for-sale Investments

During the year, the Group disposed its entire available-for-sale (“AFS”) investments. A loss on disposed of approximately HK\$235.8 million had been recognized in profit or loss.

Real Estate

The segment recorded rental income of approximately HK\$3.8 million (2016: approximately HK\$0.3 million) and segment profit of approximately HK\$9.7 million (2016: approximately HK\$5.3 million) during the year.

Supply and Procurement

The Group’s supply and procurement segment represents sourcing, transporting and supplying of metal minerals and recyclable metal materials. Due to the continuous weak demand for building materials from our customers in the People’s of Republic of China, the management of the Group has ceased such business in the current year accordingly.

RESULTS

For the year ended 31 March 2017, the Group recorded a loss attributable to owners of the Company of approximately HK\$1,042.1 million (2016: approximately HK\$1,874.8 million) and basic loss per share of HK\$6.73 cents (2016: basic loss per share of HK\$18.53 cents).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group primarily financed its operations with internally generated cash flows, borrowing, and by its internal resources and shareholder's equity.

At 31 March 2017, the Group had current assets of approximately HK\$1,287.4 million (2016: approximately HK\$1,088.7 million) and liquid assets comprising cash (excluding segregated bank accounts) and short-term securities investments totaling approximately HK\$511.4 million (2016: approximately HK\$487.5 million). The Group's current ratio, calculated based on current assets of approximately HK\$1,287.4 million (2016: approximately HK\$1,088.7 million) over current liabilities of approximately HK\$241.4 million (2016: approximately HK\$357.6 million), was at a ratio of approximately 5.3 at the period end (2016: approximately 3.04). The Group's accounts receivable increased to approximately HK\$698.1 million (2016: approximately HK\$425.7 million) which was primarily due to the increase of revenue of the Group's business on brokerage and related services.

The Group's finance costs for the current year represented the effective interest on notes payable of approximately HK\$8.2 million (2016: approximately HK\$8.2 million), effective interest on promissory notes of approximately HK\$4.1 million (2016: approximately HK\$7.2 million) and interest on borrowings and bank overdrafts of approximately HK\$12.0 million (2016: approximately HK\$8.0 million). At 31 March 2017, the Company had notes payable in the aggregate principal amount of approximately HK\$150 million (2016: approximately HK\$150 million), promissory notes in the aggregate principal amount of approximately HK\$29.0 million (2016: approximately HK\$260.0 million), mortgage loan of approximately HK\$177.6 million (2016: nil) and borrowings and bank overdrafts of approximately HK\$45.5 million (2016: approximately HK\$146.3 million).

At the year end, equity attributable to owners of the Company amounted to approximately HK\$1,148.8 million (2016: approximately HK\$1,414.9 million).

At 31 March 2017, the Group's indebtedness comprised borrowings and bank overdrafts, mortgage loan, promissory notes and notes payable of approximately HK\$398.0 million (2016: approximately HK\$553.4 million). The notes payable was denominated in HK\$, due on the seventh anniversary from the respective issue dates of the notes, and borne interests at 5% fixed rate per annum. The promissory notes were denominated in HK\$, due on the second anniversary from the issue date of the notes, and borne interests at 2% fixed rate per annum. The mortgage loan was denominated in HK\$, repayable by instalments with its current portion of approximately HK\$7.8 million repayable within one year and long-term portion of approximately HK\$169.8 million repayable in the second of twenty first years, and borne interest at 2.3% per annum. The bank borrowings and bank overdrafts were denominated in HK\$, due within one year, and borne interests at floating rate. The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was at a low ratio of approximately 25.7% (2016: approximately 28.1%).

During the year, no shares have been purchased or granted to the selected persons of the group under the Share Award Scheme.

In February 2016, a total of 2,523,640,250 warrants were issued by the Company to the shareholders of the Company pursuant to the bonus warrants issue which conferred the subscription rights to the holders of warrants to subscribe in cash for 2,523,640,250 shares at an initial subscription price of HK\$0.10 per share, during the period from 12 February 2016 up to 13 February 2017 (the "2017 Warrants"). During the year, a total of 2,408,961,281 warrants were exercised by the holders of the 2017 Warrants to subscribe for 2,408,961,281 shares (equivalent to HK\$240,896,128.10). The Company has utilized approximately 62.8% of the proceed in amount of HK\$240,896,128.10 for (i) approximately 20.8% for brokerage and other related activities; (ii) approximately 10.4% for repayment of bank borrowing; (iii) approximately 8.1% for human resources; and (iv) approximately 23.5% for other general expenses.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

MAJOR ACQUISITION AND DISPOSAL

On 4 March 2016, Gold Mission Limited (“Gold Mission”), an indirect wholly owned subsidiary of the Company, entered into the sale and purchase agreement with Central Wealth Financial Group Limited (“Central Wealth”) pursuant to which Gold Mission agreed to acquire and Central Wealth agreed to sell the sale share comprising one share in the share capital of Sky Eagle Global Limited (“Sky Eagle”), representing 100% of the entire issued share capital of Sky Eagle and a loan amounting to approximately HK\$214,000,000 at a consideration of HK\$218,000,000 of which HK\$7,000,000 will be satisfied in cash as deposit and as to the remaining balance of HK\$211,000,000 shall be satisfied by the allotment and issue of the 1,300,000,000 consideration shares by the Company at the issue price of HK\$0.14 per consideration share to the Central Wealth and by issue of the promissory notes in the principal amount of HK\$29,000,000. Sky Eagle is principally engaged in investment holding and owns 100% of a Hong Kong subsidiary, Metro Victor Limited (“Metro Victor”) which in turn holds a property (the “Property”). The only significant asset under Sky Eagle and Metro Victor is the Property. The acquisition was completed on 15 July 2016.

As disclosed in the announcement of the Company dated 6 March 2017, (1) Mission Investments Holdings Limited (“Mission Investments”), an indirect wholly-owned subsidiary of the Company, as seller entered into an agreement with Joint Global Limited (“Joint Global”) in relation to the repurchase of the 41,000,000 shares in the issued share capital of Joint Global held by Mission Investments (“JG Shares”) for a consideration of HK\$5,000,000 in cash; and (2) Ultron Prime Limited (“Ultron Prime”), an indirect wholly-owned subsidiary of the Company, as seller entered into an agreement with Freewill Holdings Limited (“Freewill”) in relation to the repurchase of the 80,000,000 shares in the issued share capital of Freewill held by Ultron Prime (“FW Shares”) for a consideration of HK\$105,000,000 in cash.

The JG Shares held by Mission Investments and the FW Shares held by Ultron Prime are classified as available-for-sale investment of the Company.

FOREIGN CURRENCY RISK MANAGEMENT

The majority of the Group’s assets are held in HK\$ with no material foreign exchange exposure. During the year under review, the Directors are of the view that the Group’s exposure to exchange rate risk is not material, and will continue to monitor it.

PLEDGE OF ASSETS

At 31 March 2017, the Group had pledged its investment property with a carrying value of HK\$410 million (2016: nil) to a commercial bank for a mortgage loan of approximately HK\$177.6 million.

CONTINGENT LIABILITY

At 31 March 2017, the Group had no significant contingent liability (2016: nil).

CAPITAL COMMITMENT

At 31 March 2017, the Group had no significant capital commitment (2016: nil).

RISKS AND UNCERTAINTIES

The Company has identified principal risks and uncertainties that the Group faces with respect to economic risks, operational risks, regulatory risks, financial risks, and specific risks related to the Group's corporate structure. The Group's business, future results of operations and future prospects could be materially and adversely affected by those risks and uncertainties. The following highlights the principal risks and uncertainties of the Group and it is not meant to be exhaustive. There may be other risks and uncertainties which are not known to the Group or which may not be material now but turn out to be material in the future.

Economic Risks

An economy downturn.

Negative effect on our operational, financing or investing activities due to inflation, fluctuations of interest rates and other measures relating to financial policies.

Operational Risks

Failure to compete in the competitive environment which the Group operates in.

Financial Risk

Details of financial risk are set out in Note 34 to the consolidated financial statements.

Capital Risk

Details of capital risk are set out in Note 33 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

(a) Group reorganisation

As disclosed in the Company's announcement dated 7 March 2017 and circular dated 10 April 2017, on 7 March 2017, two of the Company's substantial shareholders, Mr. Lam Hoi Sze and Ms. Ai Qing (the "Selling Shareholders"), entered into the sale and purchase agreement with CMBC International Investment Limited (the "Offeror"), an indirect wholly-owned subsidiary of China Minsheng Banking Corporation Limited whose shares are listed on the Stock Exchange, and Brilliant Decent Limited ("Brilliant Decent"), an indirect owned subsidiary of China Huarong Asset Management Co., Limited whose shares are listed on the Stock Exchange, pursuant to which the Mr. Lam Hoi Sze conditionally agreed to sell 2,527,200,000 shares of the Company to the Offeror and Ms. Ai Qing conditionally agreed to sell 900,000,000 shares of the Company to Brilliant Decent, both at the price of HK\$0.06 per share. The shares sold by the Selling Shareholders represent approximately 19% of the shares in issue at 31 March 2017.

In addition, on 7 March 2017, the Company, the Offeror and Brilliant Decent entered into a subscription agreement that the Company agreed to issue 26,950,000,000 new ordinary shares of the Company, at the price of HK\$0.032 per share for an aggregate consideration of HK\$862,400,000, of which 25,000,000,000 new shares will be subscribed by the Offeror and 1,950,000,000 new shares will be subscribed by Brilliant Decent (the “Subscription”). The Subscription is subject to the fulfillment of the agreed conditions, including but not limited to, the striking off or disposal of the Group companies other than the three licensed corporations comprising Skyway Securities, Skyway Futures and Skyway Asset Management (the “Remaining Group”), archiving certain financial targets by the Group and obtaining approval from the Stock Exchange, SFC and independent shareholders of the Company at the special general meeting.

Upon the completion of the above transactions, the Offeror will be interested in approximately 61.21% of the enlarged issued shares capital of the Company and will become the controlling shareholder of the Company. The transactions were approved in the SGM on 28 April 2017. Up to the date of approval for issuance of the consolidated financial statements, the transactions are not completed as certain preceding conditions are not met. Accordingly, the Group does not consider that the operations other than the Remaining Group to be discontinued at 31 March 2017.

(b) Disposal of Sky Eagle and Metro Victor

On 28 November 2016 and 7 March 2017, Gold Mission, entered into the sale and purchase agreement and a supplemental agreement with Celestial Lodge Limited, a company wholly owned by CSPT who is also a substantial shareholder of the Company, respectively, in relation to the sale of one share in the share capital of the Sky Eagle (“CSPT Disposal”), representing 100% of the entire issued share capital of Sky Eagle and a loan amounting to approximately HK\$181,000,000 at cash consideration of HK\$227,000,000 of which HK\$22,000,000 will be paid as deposit. The only significant asset of Sky Eagle and its subsidiary, Metro Victor is the investment property. The CSPT Disposal is subject to the fulfillment of the agreed conditions, including but not limited to obtaining approval from the Stock Exchange and independent shareholders of the Company at the SGM. Details are set out in the Company’s announcements dated on 28 November 2016 and 7 March 2017 and circular dated 10 April 2017.

At 31 March 2017, none of the conditions of the CSPT Disposal are fulfilled nor approved in the SGM. Accordingly, the Group continues to classify the property as investment property in the consolidated statement of financial position as at 31 March 2017. The CSPT Disposal was approved in the SGM on 28 April 2017 and completed in 9 May 2017.

(c) Distribution in Specie in listed securities

As disclosed in the Company's announcement dated 7 March 2017 and 28 April 2017 and circular dated 10 April 2017, the Group proposed and distributed in specie of all the shares of CSPT and FW held by the Group (the "Distribution") to the shareholders whose names are registered on the register of members of the Company on 10 May 2017. As at 31 March 2017, the Group held 1,215,971,647 shares of CSPT and 315,692,000 shares of FW with carrying amounts of approximately HK\$189,692,000 and HK\$189,415,000.

The Distribution is conditional in all respects upon fulfilment of the conditions as set out in the Company's circular dated 10 April 2017. The Distribution was completed on 26 May 2017.

(d) Special Cash Dividend

As disclosed in the Company's announcements dated 7 March 2017 and 28 April 2017 and circular dated 10 April 2017, the Group proposed and distributed a special dividend of HK\$ \$0.03255 per share to be paid in cash to the shareholders whose names are registered on the register of members of the Company on 10 May 2017, subject to the fulfillment of the conditions precedent set out in the circular dated 10 April 2017. The special dividend in aggregate amount of approximately HK\$612,876,000 was paid on 24 May 2017.

(e) Exercise of share options

In April 2017, all of the outstanding share options at 31 March 2017 were exercised by the option holders. Upon the exercise of these share options, 808,943,000 new ordinary shares of the Company were issued and the net proceeds from the exercise of share options was approximately HK\$187,818,000.

HUMAN RESOURCES AND REMUNERATION POLICY

At 31 March 2017, the Group's had about 47 (2016: 51) employees including Directors. During the year, total staff costs, including Directors' remuneration, was approximately HK\$19.5 million (2016: approximately HK\$15.6 million). Remuneration packages for employees and Directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include mandatory provident fund scheme, subsidised training programme, share option scheme, share award scheme and discretionary bonuses.

BUSINESS REVIEW

For the year ended 31 March 2017, the Group recorded a loss attributable to owners of the Company of approximately HK\$1,042.1 million (2016: loss of approximately HK\$1,874.8 million) and basic losses per share of HK6.73 cents (2016: basic losses per shares of HK18.53 cents). The results were mainly contributed by the substantial impairment loss in respect of goodwill and intangible assets and loss on disposal of AFS investment recorded by the Group. For the year under review, the Group reported revenue of approximately HK\$87.5 million, increased by 53.2% over last year (2016: approximately HK\$57.1 million), and gross profit of approximately HK\$63.4 million, increased by approximately 34.1% compared to the previous year (2016: approximately HK\$47.2 million). The increase in the Group's revenue and gross profit was mainly due to the full year contribution from brokerage and related services.

Nevertheless, due to the uncertainties arising from the impending change of shareholders, certain experienced personnel previously deployed in the operation of the brokerage and other related activities resigned from the Group towards the end of the financial year, which has affected the Group's operations. In view of the fluctuation of stock market in Hong Kong since the beginning of year 2017 together with the disruption to the Group's brokerage and related activities team, the financial performance in the last few months of the financial year, and thereafter, has deteriorated and the directors expect future operational performance to be similarly adversely impacted. Accordingly, the Company had finetuned its business strategy for being less active in proprietary trading and tighten its credit control in margin financing which resulted in the lowered forecasted financial performance of the brokerage and other related activities and thus substantial impairment in goodwill and intangible assets resulted.

PROSPECTS

As disclosed in the Company's announcement dated 7 March 2017 and circular dated 10 April 2017, on 7 March 2017, two of the Company's substantial shareholder, Mr. Lam Hoi Sze and Ms. Ai Qing (the "Selling Shareholders"), entered into the sale and purchase agreement with CMBC International Investment Limited (the "Offeror"), an indirect wholly-owned subsidiary of China Minsheng Banking Corporation Limited ("China Minsheng") whose shares are listed on the Stock Exchange, and Brilliant Decent Limited ("Brilliant Decent"), an indirect owned subsidiary of China Huarong Asset Management Co., Limited whose shares are listed on the Stock Exchange, pursuant to which the Mr. Lam Hoi Sze conditionally agreed to sell 2,527,200,000 shares of the Company to Offeror and Ms. Ai Qing conditionally agreed to sell 900,000,000 shares of the Company to Brilliant Decent, both at the price of HK\$0.06 per share. The shares selling by the Selling Shareholders represent approximately 19% of the shares in issue at 31 March 2017.

In addition, on 7 March 2017, the Company, the Offeror and Brilliant Decent entered into a subscription agreement that the Company agreed to issue 26,950,000,000 new ordinary shares of the Company, at the price of HK\$0.032 per share for an aggregate consideration of HK\$862,400,000, of which 25,000,000,000 new shares will be subscribed by the Offeror and 1,950,000,000 new shares will be subscribed by Brilliant Decent (the "Subscription").

Upon the completion of the above transactions, Offeror will be interested in approximately 61.21% of the enlarged issued shares capital of the Company and will become the controlling shareholder of the Company. The transactions were approved in the SGM on 28 April 2017 and completed on 31 May 2017.

The subscription is not merely a pure funding activity but will introduce Offeror as new controlling Shareholder, whose ultimate controlling Shareholder of China Minsheng may lead the Company to enjoy more potential strategic benefits especially for the potential of increasing in business exposures and business confidence of The Company to the Shareholders.

Looking ahead, the Group will continually enhance its principal business and will seek good business opportunities to enhance the value of the shareholders of the Company and the Company as a whole.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2017, except for the following deviations with reasons as explained:

The Board

Appointment of New Directors

Code Provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Deviation

There has been a deviation from the code provision since the appointment of three independent non-executive directors of the Company, namely Mr. Siu Siu Ling Robert on 24 July 2015, and Mr. Chan Kwan Pak and Mr. Siu Gee Tai on 30 July 2015. They are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in bye-law 87 of the Company’s Bye-laws which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance is no less exacting than those set out in the CG Code.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 March 2017 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

REVIEW OF FINANCIAL STATEMENTS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2017 have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

By order of the Board
CMBC Capital Holdings Limited
Lin Yuehe
Chairlady

Hong Kong, 1 June 2017

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Ms. Lin Yuehe (*Chairlady*)

Mr. Wang Haixiong (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr. Chan Kwan Pak

Mr. Siu Gee Tai

Mr. Siu Siu Ling Robert