金榜集團控股有限公司

GOLDBOND GROUP HOLDINGS LIMITED

(A company incorporated in Hong Kong with limited liability)

Stock Code: 00172

Annual Report 2015/16

This annual report is printed on environmentally friendly paper

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This annual report is printed on soy ink.

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jun *(Chairman)*
Mr. Wong Yu Lung, Charles *(Deputy Chairman)*
Mr. Ding Chung Keung, Vincent *(Chief Executive Officer)*
Ms. Wong, Michelle Yatyee

Independent non-executive Directors

Mr. Ma Ho Fai SBS JP
Mr. Cheng Yuk Wo
Mr. Ng Chi Keung MH

AUDIT COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai SBS JP
Mr. Ng Chi Keung MH

REMUNERATION COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai SBS JP
Mr. Ding Chung Keung, Vincent

NOMINATION COMMITTEE

Mr. Ng Chi Keung MH *(Chairman)*
Mr. Cheng Yuk Wo
Mr. Ding Chung Keung, Vincent

SECRETARY

Ms. Li Yu Lian, Kelly

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

STOCK CODE

00172

REGISTERED OFFICE

Unit 3901, 39/F
Tower One, Lippo Centre
89 Queensway
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER

Iu, Lai & Li

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
China CITIC Bank International Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITES

http://www.goldbondgroup.com
http://www.irasia.com/listco/hk/goldbondgroup/

"A Non-Bank Financial Services Group in China"

"A First Mover"

2016
The shares of Associate – "China Rongzhong" were listed on the Main Board of the Stock Exchange (Stock code 03963)

2014
Factoring service

2012
First launch of Goldbond Brand; Provision of small loans

2011
Introduced Hony Capital as the strategic investor with a total capital investment of US$155 million

2008
Financial leasing service

2006
Bridge financing service

2005
Loan guarantee service

2004
Launch of non-bank financing service in China under Rongzhong Brand

2003
Existing management took control

RESULTS

	Year ended 31 March				
	2016 HK$ Million	2015 HK$ Million	2014 HK$ Million	2013 HK$ Million	2012 HK$ Million
Revenue	**48.4**	67.3	115.4	237.5	265.2
Profit before taxation	**124.6**	117.2	150.5	175.6	555.7*
Taxation	**(0.1)**	1.0	(5.6)	(22.2)	(33.3)
Profit for the year	**124.5**	118.2	144.9	153.4	522.4
Other comprehensive (expense) income	**(103.5)**	–	43.6	–	55.3
Total comprehensive income for the year	**21.0**	118.2	188.5	153.4	577.7
Profit for the year attributable to:					
Owners of the Company	**124.5**	118.2	135.7	119.9	500.8
Non-controlling interests	**–**	–	9.2	33.5	21.6
	124.5	118.2	144.9	153.4	522.4
Total comprehensive income for the year attributable to:					
Owners of the Company	**21.0**	118.2	173.6	119.9	550.0
Non-controlling interests	**–**	–	14.9	33.5	27.7
	21.0	118.2	188.5	153.4	577.7
Dividend per Share (HK cents)	**1.5**	1.5	1.5	1.5	–

* Included a gain on disposal of subsidiaries, net of tax, of HK$501.6 million.

ASSETS AND LIABILITIES

	As at 31 March				
	2016 HK$ Million	2015 HK$ Million	2014 HK$ Million	2013 HK$ Million	2012 HK$ Million
Total assets	**2,668.9**	2,742.1	2,610.5	4,107.2	3,593.1
Total liabilities	**(344.3)**	(408.8)	(358.2)	(1,770.4)	(1,414.9)
Non-controlling interest	**–**	–	–	(220.7)	(187.2)
Equity attributable to owners of the Company	**2,324.6**	2,333.3	2,252.3	2,116.1	1,991.0
Net asset value per Share (HK cents)	**84.2**	85.0	82.1	77.1	72.5

On behalf of the board of Directors (the "Board") of Goldbond Group Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2016 (the "Year").

During the Year, the economy of the People's Republic of China ("China") recorded a slower growth rate and the real economy sector was still under restructuring. The operating environment faced by certain small and medium-sized enterprises ("SMEs") did not turn around. SMEs suffered constant pressure in terms of liquidity as a result of the tightening of credit policies by suppliers and difficulties in collecting receivables. In addition, the changes in bank lending policies made the SMEs hard to obtain necessary funding. Facing higher operational risk, the Company made proactive responding adjustments that, while keeping the assets under ongoing supervision, we promoted the business among high quality customers for stable return.

China Rongzhong Financial Holdings Company Limited ("China Rongzhong") was our principal platform for providing financial leasing services in China. On 28 January 2016, the shares of China Rongzhong were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 03963). In light of the relatively low penetration rate of leasing service in China, we will be benefited from the potential growth of the financial leasing services of China Rongzhong in the coming years.

The profit for the Year was HK$124.5 million, representing a year-on-year increase of 5.3%. As at 31 March 2016, the equity attributable to the owners of the Company was HK$2,324.6 million, decreased by 0.4% from the beginning of the year. The consolidated financial statements of the Group and its joint venture and associate are presented in Hong Kong dollar while the functional currency is Renminbi. Such decrease was mainly contributed by unfavorable movement in the exchange rate of the Renminbi against the Hong Kong dollar which resulted in exchange loss arising on translation recognised by the Group and its joint ventures of HK$103.4 million and dividend distribution of HK$41.4 million, which offset the Profit for the Year attributable to the owners of the Company of HK$124.5 million.

China's economy is still under the structural adjustment phase. Apart from slow overall growth, there may be in-depth adjustment in some of the sectors with low production efficiency and excess capacity. In view of the possible deterioration of economic environment in the short term, we, together with our joint venture and associate, are facing various challenges ahead, such as rapid exposure of risky assets, increased difficulties in identifying risk profile of new business opportunities, and intensified competition in financing market for quality customers. While putting effective risk management and control as the top priority of our business operation, we will continue to enhance financial service capability in order to grasp business development opportunities. Also, we will strive to securitise part of our loan assets, which would effectively accelerate our assets turnover and lay down a concrete foundation for our further business growth.

As disclosed in the circular of the Company dated 23 June 2015, we are building new growth driver by participating in a real estate fund and holding a significant interest in the manager of such fund so as to capture and benefit from the opportunities in the real estate markets in the developed countries. The manager of the real estate fund is currently exploring real estate projects in the North America with good investment value.

Finally, on behalf of the Board and our management team, I would like to thank all shareholders, business partners and customers for their continued support.

Wong Yu Lung, Charles
Deputy Chairman

Hong Kong, 24 June 2016

Mr. Wang Jun, aged 75, is the Chairman and executive Director of the Company since April 2007. He was the former Chairman of CITIC Group in Beijing. Mr. Wang graduated from Harbin Engineering Institute in China.

Mr. Wang is currently an independent non-executive director of China Communications Services Corporation Limited, a Company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Wong Yu Lung, Charles, aged 66, is the Deputy Chairman of the Company. He joined the Company in January 2003 and is responsible for corporate strategic planning of the Group. Mr. Wong has over thirty-three years of worldwide experience in the procurement and logistics of consumer products. He is an international entrepreneur of repute and was the president of Pacific Resources Export Limited ("Pacific Resources"). Pacific Resources had been the worldwide exclusive procurement agent for Wal-mart for twelve years until 2002, with annual turnover reaching approximately US$6.5 billion. Throughout his years in operating Pacific Resources and twenty-nine branch offices spreading over the world including the United States of America ("U.S.A."), South America, Central America, Indian Subcontinent, Middle East, Asia and Europe, Mr. Wong has accumulated valuable experience and profound knowledge, in particular, market mechanism and demand, manufacturing industry, financial market, capital investment and asset management.

Mr. Wong is the father of Ms. Wong, Michelle Yatyee, an executive Director of the Company.

As at the date of this report, Mr. Wong is also a director of Ace Solomon Investments Limited, Aceyork Investment Limited, Allied Golden Investment Limited and Allied Luck Trading Limited, all being companies which had interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of the Securities and Futures Ordinance ("substantial shareholders' discloseable interests").

Mr. Ding Chung Keung, Vincent, aged 46, is the Chief Executive Officer of the Company. He joined the Company in January 2004 and oversees all business operations of the Group. He is also a member of the Company's nomination committee. Mr. Ding is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. He has been in the investment, audit and finance industries for more than twenty years. Mr. Ding holds a bachelor degree in business administration from The Chinese University of Hong Kong.

Prior to joining the Company, Mr. Ding was the managing director of Cheung Tai Hong Holdings Limited (now known as ITC Properties Group Limited) and Capital Estate Limited. He is currently a non-executive director of China Rongzhong Financial Holdings Company Limited. The issued shares of all the aforesaid companies are listed on the Main Board of the Stock Exchange.

Ms. Wong, Michelle Yatyee, aged 35, an executive Director since February 2007. She graduated from University of Southern California, California, the United States of America with a bachelor degree of arts in political science and holds a juris doctorate in law from Whittier Law School, California, the U.S.A.

Ms. Wong is the daughter of Mr. Wong, the Deputy Chairman of the Company.

As at the date of this report, Ms. Wong is also a director of Ace Solomon Investment Limited, Aceyork Investment Limited, Allied Golden Investment Limited and Allied Luck Trading Limited, all being companies which had substantial shareholders' discloseable interests.

Mr. Ma Ho Fai SBS JP, aged 64, joined the Company as an independent non-executive Director in February 2003. He is a member of both the Company's audit committee and the remuneration committee. Mr. Ma is a partner of Woo, Kwan, Lee & Lo and was admitted as a solicitor in Hong Kong, England and Wales, Australian Capital Territory and Singapore. He is also a China-Appointed Attesting Officer in Hong Kong. In addition, he is a Deputy to the 11th National People's Congress of China and a member of the 10th Yunnan Provincial Committee of the Chinese People Political Consultative Conference.

Mr. Cheng Yuk Wo, aged 55, joined the Company as an independent non-executive Director in November 2007. He is also the Chairman of both the Company's audit committee and the remuneration committee and a member of the Company's nomination committee. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Professional Accountants of Canada. Mr. Cheng holds a Master of Science (Economics) degree in Accounting and Finance and a Bachelor of Arts (Honour) degree in Accounting.

Mr. Cheng is currently an independent non-executive director of Chia Tai Enterprises International Limited, Chong Hing Bank Limited, C.P. Lotus Corporation, CPMC Holdings Limited, CSI Properties Limited, HKC (Holdings) Limited, Liu Chong Hing Investment Limited, Top Spring International Holdings Limited and DTXS Silk Road Investment Holdings Company Limited (formerly known as UDL Holdings Limited 太元集團有限公司), all being companies listed on the Stock Exchange.

Mr. Ng Chi Keung MH, aged 53, was appointed as an independent non-executive Director on 2 December 2011. He is the Chairman of the Company's nomination committee and a member of the Company's audit committee. Mr. Ng holds a Bachelor Degree in Social Sciences from The University of Hong Kong and an Executive Master Degree in Business Administration from The Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Institute of Chartered Secretaries and Administrators.

Prior to joining the Company, Mr. Ng had been working in an international accounting firm for 26 years, during which he was admitted as a partner and was in the position of acting as the deputy managing partner for the National Audit function of their practice in China prior to his retirement. Mr. Ng was a past president of the Association of Chartered Certified Accountants and is currently serving as the Deputy Chairman of the Hong Kong Productivity Council, the vice president of Diabetes Hongkong and a director of Nano and Advanced Materials Institute Limited.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. Save as disclosed below, the Company has applied the principles and complied with all code provisions of the Corporate Governance Code ("CG Code") during the Year as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). In respect of code provision E.1.2 of the CG Code, the Company's Chairman was unable to attend the annual general meeting of the Company held on 26 August 2015 (the "2015 AGM") due to health reason.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

– **Composition of the Board**

Executive Directors	:	Mr. Wang Jun *(Chairman)* Mr. Wong Yu Lung, Charles *(Deputy Chairman)* Mr. Ding Chung Keung, Vincent *(Chief Executive Officer)* Ms. Wong, Michelle Yatyee
Independent Non-executive Directors	:	Mr. Ma Ho Fai SBS JP Mr. Cheng Yuk Wo Mr. Ng Chi Keung MH

Mr. Wong Yu Lung, Charles ("Mr. Wong") is the father of Ms. Wong, Michelle Yatyee ("Ms. Michelle Wong"). Save as disclosed, there is no relationship (including financial, business, family or other material relationship) among members of the Board.

Each independent non-executive Director has given an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

– **Responsibilities of the Board**

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

BOARD OF DIRECTORS (continued)

– Attendance at Board and General Meeting

During the Year, a total of four Board meetings and one annual general meeting (i.e. the 2015 AGM) were held and the attendance of each director is set out as follows:

Name of Director during the Year	Number of meetings attended/ held during the Year: Regular Board meetings	2015 AGM
Mr. Wang Jun *(Chairman)*	0/4	0/1
Mr. Wong *(Deputy Chairman)*	4/4	1/1
Mr. Ding Chung Keung, Vincent *(Chief Executive Officer)*	4/4	1/1
Ms. Michelle Wong	4/4	1/1
Mr. Ma Ho Fai SBS JP	4/4	1/1
Mr. Cheng Yuk Wo	4/4	1/1
Mr. Ng Chi Keung MH	4/4	1/1

Though the Chairman was unable to attend the 2015 AGM due to health reason, the Deputy Chairman, the Chief Executive Officer and the auditor had attended the meeting to answer questions at the meeting.

– Continuing Professional Development

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has continuously provided relevant materials to the Directors. Directors participated in courses or seminars or read relevant materials relating to roles, functions and duties of a listed company director or further enhancement of their professional development. All Directors had provided the Company their records/confirmations of training for the year under review.

The individual training record of each director received for the Year is summarized below:

Name of Director during the Year	Attending seminar(s)/ programme(s)/conference(s)/ reading materials relevant to the business or directors' duties
Mr. Wang Jun *(Chairman)*	✓
Mr. Wong *(Deputy Chairman)*	✓
Mr. Ding Chung Keung, Vincent *(Chief Executive Officer)*	✓
Ms. Michelle Wong	✓
Mr. Ma Ho Fai SBS JP	✓
Mr. Cheng Yuk Wo	✓
Mr. Ng Chi Keung MH	✓

BOARD OF DIRECTORS (continued)

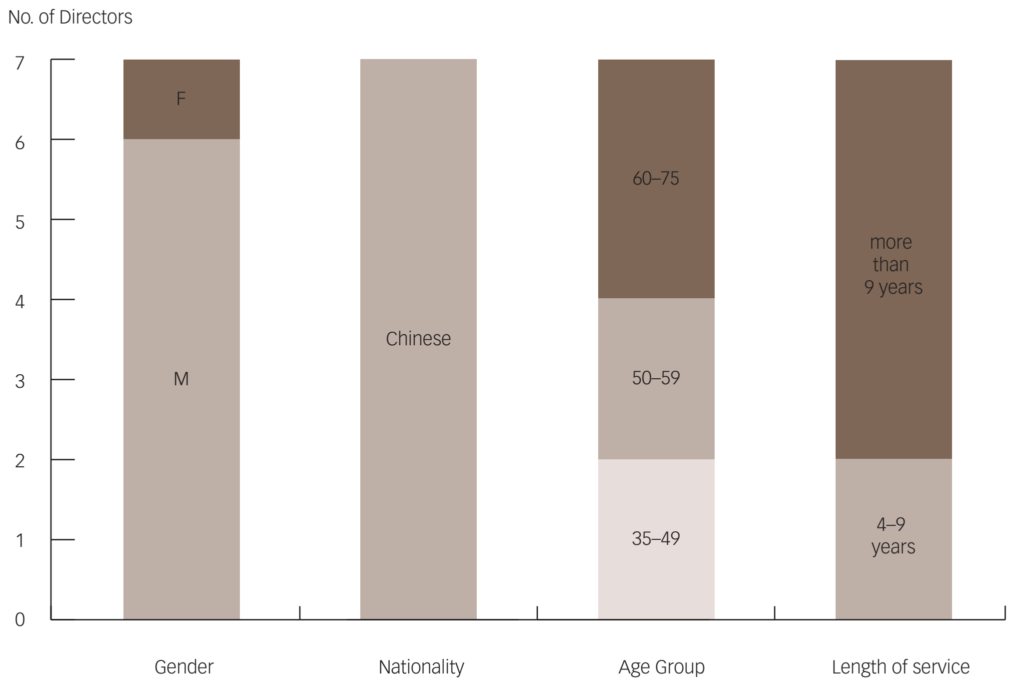
All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

The directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the directors and officers of the Company. The directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy on 1 September 2013 which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

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. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.



CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Wang Jun ("Mr. Wang") is the Chairman of the Company and Mr. Ding Chung Keung, Vincent is the Chief Executive Officer of the Company. There is segregation of duties between Chairman and Chief Executive Officer. The segregation of duties ensures balance of power between the Board and the Group's management as well as their independence and accountability.

The Chairman is the leader of the Board and he oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account, where appropriate, matters proposed by other directors for inclusion in the agenda. The Chairman has overall responsibility for providing leadership, vision and direction in the development of the business of the Company. During the Year, Mr. Wang was ill and hospitalized. In the absence of the Chairman, the Deputy Chairman, Mr. Wong Yu Lung, Charles, performed his role and presided at the meetings of the Directors.

The Chief Executive Officer is responsible for the day-to-day management of the business of the Group, attends to formulation and successful implementation of policies, and assumes full accountability to the Board for all operations of the Group. Working with the Chairman and the executive management team of each core business division, he ensures smooth operations and development of the Group. He maintains continuing dialogue with the Chairman and all directors to keep them fully informed of all major business developments and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

NON-EXECUTIVE DIRECTORS

All independent non-executive Directors are appointed for a specific term which may be extended as each and the Company may agree.

The current articles of association of the Company (the "Articles") provide that at each annual general meeting, one-third of the directors for the time being, or if their number is not a multiple of three then the nearest number to but not less than one-third of the directors, shall retire from office. A retiring director shall be eligible for re-election.

BOARD COMMITTEES

– **Audit Committee**

The audit committee comprises three independent non-executive Directors, namely Mr. Cheng Yuk Wo, Mr. Ma Ho Fai SBS JP and Mr. Ng Chi Keung MH.

The primary duties of the audit committee are to review the interim and annual financial information of the Company and to provide supervision over the financial reporting system and internal control procedure of the Company.

The audit committee convened two meetings during the Year and reviewed the financial results and statements, financial reporting and compliance procedures, review and processes of risk management. The following table sets out the attendance of each member of the audit committee at the audit committee meetings held during the Year:

Name of Director	Attendance/No. of times of audit committee meetings held
Mr. Cheng Yuk Wo *(Chairman)*	2/2
Mr. Ma Ho Fai SBS JP	2/2
Mr. Ng Chi Keung MH	2/2

The audit committee has reviewed the audited results of the Group of the Year and proposed adoption of the same by the Directors.

BOARD COMMITTEES (continued)

– **Remuneration Committee**

The remuneration committee comprises two independent non-executive Directors, namely Mr. Cheng Yuk Wo and Mr. Ma Ho Fai SBS JP and one executive Director, namely Mr. Ding Chung Keung, Vincent.

The primary objectives of the remuneration committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the directors. The remuneration committee is also responsible for establishing formal and transparent procedures for developing such remuneration policy and structure.

The remuneration committee convened one meeting during the Year and reviewed the remuneration package of the Board. The following table sets out the attendance of each member of the remuneration committee at the remuneration committee meetings held during the Year:

Name of Director	Attendance/No. of times of remuneration committee meeting held
Mr. Cheng Yuk Wo *(Chairman)*	1/1
Mr. Ma Ho Fai SBS JP	1/1
Mr. Ding Chung Keung, Vincent	1/1

The remuneration committee made recommendations to the Board on the remuneration packages of individual executive Directors.

– **Nomination Committee**

The nomination committee comprises two independent non-executive Directors, namely Mr. Ng Chi Keung MH and Mr. Cheng Yuk Wo and one executive Director, namely Mr. Ding Chung Keung, Vincent.

The primary objectives of the nomination committee are to review the size, structure and composition of the Board, identify suitably qualified individual for appointment to the Board, assess the independence of independent non-executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The nomination committee convened one meeting during the Year and reviewed structure, size and composition of the Board. The following table sets out the attendance of each member of the nomination committee at the nomination committee meeting held during the Year:

Name of Director	Attendance/No. of times of nomination committee meeting held
Mr. Ng Chi Keung MH *(Chairman)*	1/1
Mr. Cheng Yuk Wo	1/1
Mr. Ding Chung Keung, Vincent	1/1

BOARD COMMITTEES (continued)

– **Corporate Governance Functions**

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of directors, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

The Board held meetings from time to time whenever necessary. At least 14 days notice of regular Board meetings is given to all directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents.

Minutes of every Board meeting are circulated to all directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary of the Company (the "Company Secretary") with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

AUDITOR'S REMUNERATION

During the Year, the Company has appointed Deloitte Touche Tohmatsu ("DTT") as the Company's external auditor. During the Year, the remuneration paid to DTT in relation to the audit and non-audit services are as follows:

	Fee paid HK$'000
Audit services	475
Non-audit services	500

– **Director's Responsibilities in Respect of Financial Statements**

The directors are responsible for overseeing the preparation of financial statements for each financial period with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that the judgment and estimates made are prudent and reasonable.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of this annual report.

AUDITOR'S REMUNERATION (continued)

– **Internal Controls**

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and the Company's assets. The system of internal controls aims to help achieving the Group's business objectives, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. The design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought.

The management reviews the internal control system and evaluates its adequacy, effectiveness and compliance. It has reported to the audit committee from time to time during the Year, in conjunction with key findings identified by the external auditor, findings and actions or measures taken in addressing those internal controls. The audit committee in turn reports any material issues to the Board. The Board, also reviews plan and progress on continuous improvement work of the Company's internal control system on a periodic basis.

COMPANY SECRETARY

The Company Secretary, Ms. Li Yu Lian, Kelly has taken no less than 15 hours of relevant professional training during the Year.

COMMUNICATION WITH SHAREHOLDERS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars.

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Articles and the Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s). At the 2015 AGM, separate resolution was proposed by the chairman of the meeting in respect of each separate issue, including re-election of directors.

SHAREHOLDER'S RIGHTS

– **Procedures for shareholders to convene a general meeting**

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company can make a request to call a general meeting.

The request:

(i) must state the general nature of the business to be dealt with at the general meeting;

(ii) may include the text of a resolution that may properly be moved and is intended to be moved at the general meeting;

SHAREHOLDER'S RIGHTS (continued)

(iii) may consist of several documents in like form;

(iv) may be sent in hard copy form (to the Company's registered office, which is situated at Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong for the attention of the Company Secretary) or in electronic form (via email at contact@goldbondgroup.com); and

(v) must be authenticated by the person or persons making it.

Pursuant to Section 567 of the Companies Ordinance, Directors must call a general meeting within 21 days after the date on which they become subject to the requirement and the general meeting so called must be held on a date not more than 28 days after the date of the notice convening the general meeting.

Pursuant to Section 568 of the Companies Ordinance, if the Directors do not do so, the shareholders who requested the general meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting. The general meeting must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call a general meeting. The Company must reimburse any reasonable expenses incurred by the shareholders requesting the general meeting by reason of the failure of the Directors duly to call the general meeting.

– **Procedures for shareholders to request circulation of resolution for annual general meeting ("AGM")**

Pursuant to Section 615 of the Companies Ordinance, shareholder(s) can make a request to circulate a notice of a resolution that may properly be moved and is intended to be moved at an AGM. The request must be made by:

(i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders who have a right to vote on the resolution at the AGM to which the request relates; or

(ii) at least 50 shareholders who have a right to vote on the resolution at the AGM to which the request relates.

The request:

(i) may be sent in hard copy form (to the Company's registered office, which is situated at Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong for the attention of the Company Secretary) or in electronic form (via email at contact@goldbondgroup.com);

(ii) must identify the resolution of which notice is to be given;

(iii) must be authenticated by the person or persons making it; and

(iv) must be received by the Company not later than 6 weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM.

SHAREHOLDER'S RIGHTS (continued)

– **Procedures to Propose a Person for Election as a Director of the Company**

Pursuant to Article 119 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the registered office of the Company. The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgement of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

– **Procedures for Sending Enquiries to the Board**

Shareholders may send written enquiries to the Company, for the attention of the Company Secretary, by email: contact@goldbondgroup.com, fax: (852) 2826 9289, or mail to the registered office of the Company.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

INVESTOR RELATIONS

The Company maintains a website at http://www.irasia.com/listco/hk/goldbondgroup/ where information and updates on the list of directors and their roles and functions, constitutional documents, terms of reference of the Board committees, procedures for nomination of directors for election, announcements, circulars and reports released to the Stock Exchange and other information are posted. Information on the Company's designated website will be updated from time to time.

During the year ended 31 March 2016, there are no change in the Company's constitutional documents.

The Directors submit their report together with the audited consolidated financial statements of the Group for the Year.

PLACE OF INCORPORATION OF THE COMPANY AND PRINCIPAL ACTIVITIES OF THE GROUP

The Company is an investment holding company incorporated in Hong Kong. The principal activities and other particulars of its subsidiaries are set out in Note 33 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group for the Year and the state of the Group's and the Company's affairs as at 31 March 2016 are set out in the consolidated financial statements on pages 35 to 98.

The Directors recommend the payment of a final dividend in respect of the Year of HK1.5 cents (2015: HK1.5 cents) per share to the shareholders on the register of members of the Company on 2 September 2016, estimated to be approximately HK$41.43 million (2015: HK$41.18 million). The recommended final dividend will be voted by the shareholders of the Company at the 2016 AGM and expected payable on or around 20 September 2016.

SEGMENT INFORMATION

The Group's revenue and profit from operating activities for the Year were derived from provision of financial services in China. Segment analysis is set out in Note 6 to the consolidated financial statements.

FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 4 of this annual report.

EQUIPMENT

Details of movements in equipment of the Group are set out in Note 14 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Movement during the Year in the reserves of the Group is set out in the consolidated statement of changes in equity on page 38 of this annual report and movement in the reserves of the Company is set out in Note 23 to the consolidated financial statements.

As at 31 March 2016, the Company had, before dividends, approximately HK$869.963 million (2015: HK$824.770 million) distributable reserves.

BANK BORROWING

Particulars of bank borrowing of the Group as at 31 March 2016 are set out in Note 20 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company during the Year are set out in Note 22 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the five largest customers of the Group, including the Group's joint venture, accounted for approximately 96% (2015: 92%) of the Group's revenue and the largest customer, being the Group's joint venture, accounted for approximately 59% (2015: 70%) of the Group's revenue.

Due to the nature of the activities of the Group, there is no major supplier contributed significantly in the Group's purchases.

RETIREMENT BENEFIT SCHEME

The Group operates a mandatory provident fund scheme. Particulars of which are set out in Note 31 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, the Group had 36 staff located in both Hong Kong and China. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

DIRECTORS OF SUBSIDIARIES

Following is a list of name of every person who was a director of the Company's subsidiaries during the Year and up to the date of this report:

Wong Yu Lung, Charles
Ding Chung Keung, Vincent
Wong, Michelle Yatyee
Li Yu Lian, Kelly
Chiu Lo
Zhao Jiong
Wong, Emilie Hoi Yan
Perfect Honour Limited
Solomon Glory Limited

BUSINESS REVIEW

BUSINESS OVERVIEW

The Group principally engages in the provision of non-bank financial services to SMEs in China. The Group together with its joint venture and associate offer wide spectrum of services including financing, financial leasing and factoring services.

Financing

– ***Small loan financing***

The Group engages in small loan financing business through Yancheng Goldbond Technology Small Loan Company Limited ("Yancheng Goldbond"). Yancheng Goldbond was the first wholly foreign owned small loan company founded in Yancheng, Jiangsu Province. Yancheng Goldbond is able to offer short-term loan financing services, loan guarantee services, direct investment and other services approved by the provincial government, to SMEs and individuals in Yancheng.

In view of slow-down of the economy in third-tier cities, like Yancheng, the Group timely adjusted its operating strategy. Over the past two years, the Group prudently promoted the small loan financing business among high quality customers to maintain stable return and ensure that the newly released loans were effectively safeguarded. As a result, the average interest rate of our loan portfolio and the revenue from the small loan financing business dropped. The income from small loan financing for the Year was HK$3.0 million, representing a decrease of 65% from previous year. The Group has been implementing capital reduction of Yancheng Goldbond so that the financial resources could be diverted to other business with growth potential.

– ***Loan to Rongzhong Group Limited ("Rongzhong Group")***

The Group granted a revolving loan facility to Rongzhong Group for the development of its financing service business in China and details of the loan were disclosed in the circular of the Company dated 23 September 2011. As at 31 March 2016, the loan to Rongzhong Group ("RZG Loan") with carrying value of HK$483.2 million (after taking into account a write down of HK$10.7 million during the year in accordance with applicable accounting standards) (2015: HK$510.6 million) and bearing a fixed interest rate of 5% per annum, was unsecured. The interest income realised from the loans was HK$28.8 million, decreased by HK$18.2 million from previous year.

According to and subject to the terms of the shareholders' agreement of Rongzhong Group dated 26 October 2011 and the respective shareholders' resolutions in relation to the arrangement of subscription of additional shares in Rongzhong Group at subscription price of HK$315.2 million and HK$128.8 million, respectively by Perfect Honour Limited ("Perfect Honour", a wholly-owned subsidiary of the Company) and Yong Hua International Ltd. ("Yong Hua") ("Subscriptions"), part of the RZG Loan in the total sum of HK$444 million would be assigned to Perfect Honour and Yong Hua to make up the Subscriptions. At the request of Yong Hua, the Group agreed to provide a loan facility ("Loan Facility") in the sum of HK$128.8 million to Yong Hua for the settlement of amount payable under the above-mentioned assignment of the RZG Loan to Yong Hua. Details of the Loan Facility were disclosed in the announcement of the Company dated 18 April 2016. In April 2016, the Loan Facility was drawn down by Yong Hua, and the loan assignments and the Subscriptions were completed.

BUSINESS REVIEW (continued)

BUSINESS OVERVIEW (continued)

Financing (continued)

– ***Interest in a joint venture: Rongzhong Group***

Rongzhong Group and its subsidiaries ("Rongzhong Group Companies") principally engaged in provision of non-bank financial services, comprising small loan financing, loan guarantee, bill financing and financial consulting services to SMEs and individuals in various cities in China. With business operation for more than one decade, Rongzhong Group Companies have developed business relationship with numerous SMEs and banks in China. By leveraging the established industry and management expertise, Rongzhong Group Companies is able to provide a customised and integrated range of financing solutions to its customers.

The revenue of Rongzhong Group Companies for the Year was HK$850.4 million (2015: HK$824.1 million). However, profit of Rongzhong Group Companies decreased by HK$38.3 million to HK$199.4 million (2015: HK$237.7 million) as an exchange loss of HK$34.2 million (2015: nil) was recognised with unfavorable movement in the exchange rate of the Renminbi ("RMB") against the Hong Kong dollar. The share of profit of Rongzhong Group Companies by the Group for the Year was HK$77.0 million, representing a decrease of HK$15.3 million or 17% from previous year.

The profit of Rongzhong Group Companies was arrived at after charging, inter alia, impairment allowances of HK$253.0 million (2015: HK$256.0 million) and finance cost of HK$163.5 million (2015: HK$157.8 million). The increase in finance cost was mainly due to the increase in borrowing level of Rongzhong Group Companies amid the general drop in interest rates. With slowdown of economic growth, the SMEs financing market has been entering a period of higher default risk. During the last two years, Rongzhong Group suffered high level of impairment allowances as certain of its customers delinquent their loans and interests payment. The financing business of Rongzhong Group Companies exposes to high concentration risk and credit risk due to significant lending to selected customers. The business and future growth of Rongzhong Group Companies depends largely on its ability to effectively manage the credit risk associated with these customers and maintain the quality of its receivables portfolio. If the quality of its receivables portfolio deteriorates, a high level of impairment provision may be required, and the business, prospects, financial condition and results of operations may be adversely affected.

Financial leasing

– ***Interest in an associate: China Rongzhong***

China Rongzhong and its subsidiaries ("China Rongzhong Group"), primarily engages in finance leasing business through Rongzhong International Financial Leasing Co., Ltd. ("Rongzhong Finance Lease") (Rongzhong Capital Holdings Limited ("Rongzhong Capital") became the direct wholly-owned subsidiary of China Rongzhong pursuant to reorganisation for Listing (as defined below) in December 2015). Rongzhong Finance Lease is a leading finance leasing company in Hubei Province, providing finance lease services to key industries in Hubei Province, including laser processing, plastics, industrial processing, textile and garments and hotel and leisure. On 28 January 2016, the shares of China Rongzhong were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Listing"). Upon Listing, the Group's interest in China Rongzhong has been diluted from 47.94% to 34.86% and China Rongzhong became an associate (previously a joint venture) of the Group.

The revenue and profit of China Rongzhong Group for the Year was HK$205.0 million and HK$51.6 million, respectively (2015: HK$226.9 million and HK$65.6 million, respectively). Profit slightly decreased due to the non-recurring listing expenses of HK$20.0 million incurred in connection with the Listing. The share of profit of China Rongzhong Group by the Group for the Year was HK$23.2 million (2015: HK$31.4 million) of which HK$18.9 million related to the period prior to Listing and HK$4.3 million related to the period after Listing and were included in share of profit of joint ventures and share of profit of associates, respectively.

BUSINESS REVIEW (continued)

BUSINESS OVERVIEW (continued)

Factoring

We established our factoring headquarters in Nanjing, Jiangsu Province in 2014 with the approval from Ministry of Commerce of China. The operating vehicle, Jiangsu Goldbond Factoring Co., Ltd., with registered capital of RMB50 million, is authorised to offer factoring services including collection and management of account receivables and other related advisory services to SMEs across China.

During the Year, the factoring service segment achieved satisfactory growth, and realised revenue of HK$16.6 million (2015: HK$11.8 million), accounting for 34% (2015: 18%) of the total revenue. The revenue source of the Group became more diversified and the Group has stronger capability to resist fluctuation in single product market.

FUTURE DEVELOPMENT OF BUSINESS

A discussion on the Group's future business development is set out in "Chairman's Statement" on page 5 of the annual report.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in Notes 12 and 21 of the consolidated financial statements, the Group had no other significant subsequent event after the reporting period.

FINANCIAL REVIEW

Revenue

The Group realised revenue for the Year of HK$48.4 million, representing a decrease of 28% from HK$67.3 million as recorded in the previous year. The income from the financing segment was HK$31.8 million, representing a decrease of 43% from previous year. This was mainly due to the Group prudently promoting lower margin loans among high quality customers for stable return and better safeguard of asset as the China economy slows down. During the Year, the Group proactively promoted factoring business and realised revenue of HK$16.6 million for the Year, representing an increase of 41% from previous year.

Staff costs

Staff costs of the Group amounted to HK$28.5 million, which increased by HK$0.4 million or 2% compared to previous year. Such increase is mainly attributable to the increase in the share option expenses, which was partially offset by the decrease in the performance related bonus.

Other operating expenses

Other operating expenses were HK$26.1 million, which decreased by HK$3.8 million or 13% compared to previous year. The decrease in other operating expenses was mainly due to the decrease in provision for bad debts of HK$4.1 million.

Change in fair value of financial liabilities

The fair values of financial liabilities under shareholders' agreements decreased by HK$31.8 million from the end of last year and brought positive financial impacts to the Group's financial performance (2015: negative financial impact of HK$27.8 million). Such decrease was mainly because two options, including the call option granted to Mr. Xie Xiao Qing for purchase of shares of Rongzhong Group and put options granted to Silver Creation Investments Limited regarding non-completion of proposed IPO of Rongzhong Group and/or Rongzhong Capital, have lapsed.

BUSINESS REVIEW (continued)

FINANCIAL REVIEW (continued)

Direct finance costs

Direct finance costs were HK$1.3 million (2015: HK$2.0 million), which decreased by HK$0.7 million or 34% compared to previous year. Such decrease was mainly due to the decrease in interest expenses for bank loans raised as compared to previous year for the factoring business.

Share of profit of joint ventures/Share of profit of associates

Share of profit of joint ventures composed of share of profit of China Rongzhong Group prior to the Listing and share of profit of Rongzhong Group Companies. Share of profit of joint ventures for the Year amounted to HK$95.9 million, representing a decrease of 23% from HK$123.8 million as recorded in the previous year.

Share of profit of associates mainly composed of share of profit of China Rongzhong Group after the Listing.

Profit for the Year attributable to the owners of the company

Based on the above discussion and analysis, profit for the Year attributable to the owners of the Company was HK$124.5 million, which increased by HK$6.3 million or 5% from the previous year.

Other comprehensive expenses for the Year

Other comprehensive expenses for the Year were HK$103.4 million (2015: nil). The consolidated financial statements of the Group and its joint ventures are presented in Hong Kong dollar while the functional currency is RMB. With unfavorable movement in the exchange rate of the RMB against the Hong Kong dollar during the Year, the Group recognised an exchange loss arising on translation of HK$34.3 million and shared other comprehensive expenses of joint ventures of HK$69.1 million.

Liquidity, financial resources and capital structure

The Group always maintains healthy liquid position and sufficient capital for business development. The Group generally financed its operations through its internal resources and bank facilities provided by banks. As at 31 March 2016, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK$323.6 million (2015: HK$320.9 million). The working capital (current assets less current liabilities) and the total equity of the Group were HK$626.1 million (2015: HK$700.6 million) and HK$2,324.6 million (2015: HK$2,333.3 million) respectively.

As at 31 March 2016, there was no bank borrowing. As at 31 March 2015, the Group's short-term bank borrowing was HK$32.3 million, which was mainly used to support the expansion of the factoring service business in China. It carried fixed interest rate of 6% per annum. The bank borrowing was denominated in RMB which was the functional currency of the relevant operating entity. The Group has not entered into any hedging instruments to reduce interest rate risk exposure.

BUSINESS REVIEW (continued)

FINANCIAL REVIEW (continued)

KEY FINANCIAL RATIO

Net asset value per share

	2016	2015
Net asset value per share (HK cents)	**84.2**	85.0

The consolidated financial statements of the Group and its joint venture and associate are presented in Hong Kong dollar while the functional currency is RMB. Our net asset value per share decreased from 2015 to 2016 was mainly contributed by unfavorable movement in the exchange rate of the RMB against the Hong Kong dollar which resulted in exchange loss arising on translation recognised by the Group and its joint ventures.

Gearing ratio

	2016	2015
Gearing ratio(1)	**N/A**	1.4%

(1) Gearing ratio = total bank borrowings/total equity

During the Year, the Group made use of capital leverage for our factoring operations while at the same time closely managed the Group's gearing ratio to avoid potential liquidity risk. As at 31 March 2016, there was no bank borrowing.

Charges on group assets

As at 31 March 2016, there was no charge on the Group's assets.

Contingent liabilities

As at 31 March 2015, the Company had given a guarantee to 47.94% for the loan facilities granted by a bank to a joint venture of the Group. The joint venture fully repaid the loan during the Year.

Employees and remuneration policy

As at 31 March 2016, the Group had 36 staff located in both Hong Kong and China. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

BUSINESS REVIEW (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Business risk

(i) ***Funding cost and interest income***

The Group, our joint venture and associate principally engage in the provision of non-bank financial services to SMEs in China. The revenue, funding cost and financial condition are linked with the deposit and lending interest rates set by the People's Bank of China ("PBOC Benchmark Rate").

PBOC Benchmark Rate may fluctuate due to changes in the government's monetary policy. If we have to reduce the interest rates to reflect the decrease of the PBOC Benchmark Rate, the revenue of the financing business may decline. In addition, if there is a change in lending interest rate and the Group, our joint venture and associate are unable to timely adjust the interest rate charged to the customers, the earnings and financial conditions of the Group, our joint venture and associate may be negatively affected because of the narrowing interest rate spread.

(ii) ***Credit risk of SMEs in China***

Credit risk refers to the risk that a customer may default on the repayment of any outstanding loan balance. Our SMEs customers generally have fewer financial resources in terms of capital or borrowing capacity than larger entities and may have fewer financial resources to weather a downturn in the economy. Such customers expose the Group, our joint venture and associate to greater credit risks than lenders lending to larger, better-capitalised businesses. If, in a subsequent year, conditions such as inflation, economic downturn, policy change, adjustment of industrial structure and other factors affects the repayment status of the customers and the estimation of future cash flows of the loans, a loss may arise.

For the secured loans, the value of collateral may fluctuate and decline. In addition, the procedures for realising the value of collateral of customers in China may be protracted or ultimately unsuccessful, and the enforcement process in China may be difficult for legal and practical reasons. Management may update the assumptions used in estimating the cash flows of the loans in the regular review and the loss estimates may be revised in subsequent year.

(iii) ***Concentration of customers***

The Group, our joint venture and associate expose to concentration risk as the respective major customers accounted for high proportion of revenues and loan balances. If, in a subsequent year, the business relationships with any of the major customers cease, and less favorable terms are concluded with new customers, the earnings may be negatively affected. Besides, in the event of defaulting payment by any of the major customers, significant amount of receivables may not be recovered and a loss may arise.

(iv) ***Exposure to fluctuations in exchange rates***

The Group reports its operating result in Hong Kong dollar but major operations of the Group are carried out in China, transacted and recorded in RMB with some monetary assets and liabilities denominated in other foreign currencies. The Group is, thus, exposed to the fluctuation in exchange rates between RMB, Hong Kong dollar and other currencies. At present, the Group has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

BUSINESS REVIEW (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk Associated with Financial Instruments of the Group

There are certain risks associated with the financial instruments of the Group. Details of the risks policies on how to mitigate these risks are set out Note 27 to the consolidated financial statements.

Key Sources of Estimation Uncertainty

Details of the key sources of estimation uncertainty as at 31 March 2016 are set out in Note 4 to the consolidated financial statements.

CORPORATE SOCIAL RESPONSIBILITY

Workplace Quality

Staff is the valuable wealth of the Company and the foundation for the development of the Company and we treat our staff with fairness and respect. The Company will employ staff with strict compliance with the laws and will never harm the interests of employees. Meanwhile, the Company also pays close attention to the interests of staff and creates favorable working environment for them to realise their full potential, contribute to the Company and achieve good development.

The Company adheres to the principle to put efficiency as top priority while giving consideration to fairness and equality, and builds a compensation system which links compensation with position, capability and performance.

In accordance with the requirements of the laws in Hong Kong and the PRC, regulations and related policies, the Company provides and maintains statutory benefits for its staff, including but not limited to mandatory provident fund, basic medical insurance, work injury insurance, etc. Staff are entitled to day-off on public holidays, sick leave, wedding leave, compassionate leave, maternity leave and paternity leave.

For years, the Group supports our staff to continuously enhance their professional development by enrolling training courses/seminars so as to upgrade their technical and practical know-how.

Environmental Protection

The Company aims to minimize the impact of our activities on the environment and will remind our staff to adhere the same policy. Although the quantities of our corporate documents or information in hard copy form to be sent to the members of the Company are not large (around one thousands two hundred copies every time), we have started to use environmentally friendly paper to print some documents (including the annual report and interim report) recently.

Operating Practices

The Company's whistle-blowing policy provides staff with the proper procedures and a safe environment to report existing or perceived violations and wrongdoings. During the Year, we received no reports under the whistle-blowing policy.

Social Philanthropy

During the Year, the Group promotes the practices of being graceful and repaying back to society. Since 2013, the Group set up a caring team consist of our staff in Hong Kong. During the Year, the team participated and/or donated together with the Company to the Rehab Power Day 2015 co-hosted by Redford Charitable Foundation and Hong Kong Rehabilitation Power held on 24 and 25 October 2015. According to Redford Charitable Foundation, funds raised in such event would be used to support Hong Kong Rehabilitation Power's "Vocational Training Programs" especially for the disabilities.

BUSINESS REVIEW (continued)

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Board places great emphasis on the policies and practices in relation to the Group's compliance with laws and regulations.

Laws and regulations that have a material impact on the operations of the Group include the PRC Company Law, Guiding Opinions on the Pilot Operation of Microfinance Companies (關於小額貸款公司試點的指導意見), Implementation Opinions of the General Office of the People's Government of Jiangsu Province on the Pilot Operation of Microfinance Companies (江蘇省人民政府辦公廳關於開展小額貸款公司試點工作的實施意見) and the Listing Rules. For the year ended 31 March 2016, the Group has complied with the laws and regulations that have a significant impact on the operations of the Group in all material aspects.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group believes that the directors and senior management are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain the competitiveness in the market. Therefore, a new share option scheme was adopted for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation.

The Group places effort to build up and maintain good relationships with various commercial banks and financial institutions as the businesses of the Group are capital intensive nature and require on-going funding to maintain continuous growth.

The Group maintains good relationships with existing and potential customers as understanding of the market trends and the diverse needs and requirement of the SMEs would enable the Group to monitor and review the credit quality of the customers, solicit returned customers and timely adjust its operating strategies, which are crucial to the development and success of the Group.

DIRECTORS AND SERVICE CONTRACTS

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

Executive Directors

Mr. Wang Jun
Mr. Wong Yu Lung, Charles
Mr. Ding Chung Keung, Vincent
Ms. Wong, Michelle Yatyee

Independent Non-Executive Directors

Mr. Ma Ho Fai SBS JP
Mr. Cheng Yuk Wo
Mr. Ng Chi Keung MH

Pursuant to Articles 117 and 118 of the Articles, Mr. Wang Jun, Mr. Ding Chung Keung, Vincent and Ms. Wong, Michelle Yatyee shall retire from the Board at the forthcoming annual general meeting (the "2016 AGM"). All retiring Directors, being eligible, offer themselves for re-election at the 2016 AGM. Details of the retiring Directors standing for re-election are set out in the circular to the Company's shareholders sent together with this report.

No Director being proposed for re-election at the 2016 AGM has a service contract with the Company or any of its subsidiaries which are not determinable by the Group within one year without payment of compensation other than normal statutory obligations.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages 6 to 7 of this annual report.

DIRECTORS' REMUNERATION

Particulars of the Directors' remuneration are set out in Note 10 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 31 March 2016, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares ("Shares")/underlying Shares of the Company

		Number of Shares/underlying Shares				
Name of Director	Capacity	Personal Interest	Corporate Interest	Other Interest	Total	Approximate % of Shareholding *(Note 10)*
Mr. Wong Yu Lung, Charles ("Mr. Wong")	Beneficial owner and Trustee of discretionary trusts	103,000,000 *(Note 1)*	–	1,571,655,517 *(Note 2)*	1,674,655,517	60.63%
Ms. Wong, Michelle Yatyee ("Ms. Michelle Wong")	Beneficial owner and beneficiary of discretionary trusts	13,000,000 *(Note 3)*	–	1,571,655,517 *(Note 2)*	1,584,655,517	57.38%
Mr. Wang Jun ("Mr. Wang")	Beneficial owner & interest of controlled corporation	25,000,000 *(Note 4)*	101,251,300 *(Note 5)*	–	126,251,300	4.57%
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	Beneficial owner	124,230,000 *(Note 6)*	–	–	124,230,000	4.50%
Mr. Ma Ho Fai SBS JP ("Mr. Ma")	Beneficial owner	2,700,000 *(Note 7)*	–	–	2,700,000	0.10%
Mr. Cheng Yuk Wo ("Mr. Cheng")	Beneficial owner	4,200,000 *(Note 8)*	–	–	4,200,000	0.15%
Mr. Ng Chi Keung MH ("Mr. Ng")	Beneficial owner	2,600,000 *(Note 9)*	–	–	2,600,000	0.09%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS (continued)

Long positions in shares of US$0.1 each of an associated corporation, namely, Goldbond Capital Investments Limited

Name of Director	Capacity	Number of shares	Approximate % of Shareholding *(Note 11)*
Mr. Wong	Trustee of a trust	124,000	31%
Ms. Michelle Wong	Beneficiary of a trust	124,000	31%

Notes:

1. These interests were underlying Shares derived from share options granted to Mr. Wong under the 2002 Scheme and the 2012 Scheme (as defined under the paragraph "SHARE OPTION SCHEMES" on pages 31 to 32 of this report).

2. These Shares were indirectly held by two discretionary trusts. The assets of these trusts included the entire issued share capital of Allied Luck Trading Limited ("Allied Luck") (directly holding 855,808,725 Shares), Allied Golden Investment Limited ("Allied Golden") and Aceyork Investment Limited ("Aceyork") (indirectly holding 715,846,792 Shares through Ace Solomon Investments Limited ("Ace Solomon"), a company which was equally owned by Allied Golden and Aceyork). The trustees of these trusts were Mr. Wong and Mrs. Wong Fang Pik Chun ("Mrs. Wong") and the beneficiaries of these trusts were Ms. Michelle Wong and Miss Wong, Jacqueline Yue Yee ("Miss Jacqueline Wong") and their children.

   In light of the above, each of Mr. Wong and Ms. Michelle Wong is deemed to be interested in these Shares under the SFO.

3. These interests were underlying Shares derived from share options granted to Ms. Michelle Wong under the 2002 Scheme.

4. These interests were underlying Shares derived from share options granted to Mr. Wang under the 2002 Scheme.

5. These Shares were held by a company of which Mr. Wang is interested in the entire issued share capital.

6. These interests included 21,230,000 Shares and 103,000,000 underlying Shares derived from share options granted to Mr. Ding under the 2002 Scheme and the 2012 Scheme.

7. These interests included 1,200,000 Shares and 1,500,000 underlying Shares derived from share options granted to Mr. Ma under the 2002 Scheme.

8. These interests were underlying Shares derived from share options granted to Mr. Cheng under the 2002 Scheme.

9. These interests were underlying Shares derived from share options granted to Mr. Ng under the 2012 Scheme.

10. As at 31 March 2016, there was a total of 2,761,912,843 Shares in issue.

11. As at 31 March 2016, there was a total of 400,000 shares of Goldbond Capital Investments Limited in issue.

Save as disclosed above, as at 31 March 2016, none of the Directors or chief executive of the Company or any of their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31 March 2016, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares/underlying Shares of the Company

Name of substantial shareholder	Capacity	Number of Shares/ underlying Shares	Total	Approximate % of Shareholding *(Note 5)*
Mrs. Wong	(i) Interest of spouse	103,000,000 *(Note 1)*		
	(ii) Trustees	1,571,655,517 *(Note 2)*		
			1,674,655,517	60.63%
Miss Jacqueline Wong	Beneficiary of the discretionary trusts	1,571,655,517 *(Note 2)*	1,571,655,517	56.90%
Mr. Kwok Wing-Sien ("Mr. Kwok")	Interest of spouse	1,584,655,517 *(Note 3)*	1,584,655,517	57.38%
Allied Luck	Beneficial owner	855,808,725	855,808,725	30.99%
Ace Solomon	Beneficial owner	715,846,792 *(Note 4)*	715,846,792	25.92%
Aceyork	Interest in controlled corporation	715,846,792 *(Note 4)*	715,846,792	25.92%
Allied Golden	Interest in controlled corporation	715,846,792 *(Note 4)*	715,846,792	25.92%

Notes:

1. Mrs. Wong is deemed to be interested in these underlying Shares held by Mr. Wong, her spouse, for the purpose of the SFO.

2. These Shares were indirectly held by two discretionary trusts. The assets of these trusts included the entire issued share capital of Allied Luck (directly holding 855,808,725 Shares), Allied Golden and Aceyork (indirectly holding 715,846,792 Shares through Ace Solomon, a company which was equally owned by Allied Golden and Aceyork). The trustees of these trusts were Mr. Wong and Mrs. Wong and the beneficiaries of these trusts were Ms. Michelle Wong and Miss Jacqueline Wong and their children.

   In light of the above, each of Mrs. Wong and Miss Jacqueline Wong is deemed to be interested in these Shares.

3. Mr. Kwok is deemed to be interested in these Shares/underlying Shares held by Ms. Michelle Wong, his spouse, for the purpose of the SFO.

4. These Shares were held by Ace Solomon as described in Note 2. Allied Golden and Aceyork are taken to be interested in these Shares.

5. As at 31 March 2016, there was a total of 2,761,912,843 Shares in issue.

Save as disclosed above, as at 31 March 2016, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTION

During the Year, the Group had no continuing connected transaction ("CCT") which was subject to annual review requirement pursuant to Chapter 14A of the Listing Rules. Up to the date of this annual report, the Group had the following CCT that need to be reviewed for the year ended 31 March 2017:

On 22 April 2016, one of the Company's wholly-owned subsidiary entered into a tenancy agreement with Golden Palms Development Limited ("Golden Palms") whereby the Group agreed to lease certain areas located at Unit 3901, 39/F., Tower One, Lippo Centre, 89 Queensway, Hong Kong for a term of three years commencing from 1 May 2016 at a monthly rental of HK$392,400 (exclusive of management fees, rate, government rent and operating expenses). Golden Palms is beneficially owned by a discretionary trust of which, Ms. Wong, being a Director, is an eligible beneficiary, and therefore a connected person of the Group pursuant to the Listing Rules. The Lease constituted a continuing connected transaction for the Company. For further details of the above transaction, please refer to the announcement of the Company dated 22 April 2016.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in Note 32 to the consolidated financial statements. None of them constitutes a discloseable connected transaction as defined under the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in Note 32 to the consolidated financial statements in connection with the related party transactions, no contracts of significance in relation to the Group's business to which the Company and any of its subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly subsisted at the year-end or at any time during the Year.

PERMITTED INDEMNITY PROVISION

In accordance with Article 162, subject to the Companies Ordinance, but without prejudice to any indemnity to which a Director may otherwise be entitled, the Managing Directors, Directors, auditors, secretary and other officers for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by them or any of them as the holder of any such office or appointment in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted or in connection with any application under the Companies Ordinance in which relief is granted by the Court. The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

CHANGE IN INFORMATION OF DIRECTORS

Save as listed below, up to the date of this annual report, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr. Cheng resigned as an independent non-executive director of Imagi International Holdings Limited on 28 January 2016;

2. Ms. Michelle Wong's monthly remuneration was revised to $100,000 with effect from 1 February 2016; and

3. Mr. Ding was appointed on 23 June 2015 as a non-executive director of China Rongzhong Financial Holdings Company Limited ("China Rongzhong"), a company listed on 28 January 2016 on the Stock Exchange, and also a member of each of its audit committee and remuneration committee.

SHARE OPTION SCHEMES

On 31 August 2012, the Company terminated the old share option scheme (the "2002 Scheme") which was adopted on 18 September 2002, and adopted a new share option scheme (the "2012 Scheme") on the same date with similar terms for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. No further share options will be granted under the 2002 Scheme, but the provisions of the 2002 Scheme remain in full force and effect to the extent necessary to give effect to the exercise of the share options (to the extent not already exercised) granted prior to its termination.

Details of the movements of share options under the 2002 Scheme during the Year were as follows:

Grantee	Date of grant	Exercise price (HK$)	Exercise period *(Note 2)*	Outstanding at 31/3/15	Exercised during the Year *(Note 3)*	Outstanding at 31/3/16
Directors						
Mr. Wang	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	–	25,000,000
Mr. Wong	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	–	25,000,000
	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	26,000,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	26,000,000
Mr. Ding	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	–	25,000,000
	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	26,000,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	26,000,000
Ms. Michelle Wong	1/2/2011	0.410	1/2/2014 – 31/1/2021	13,000,000	–	13,000,000
Mr. Ma	1/2/2011	0.410	1/2/2014 – 31/1/2021	1,500,000	–	1,500,000
Mr. Cheng	23/5/2008	0.692	23/5/2011 – 22/5/2018	1,600,000	–	1,600,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	2,600,000	–	2,600,000
Eligible employees						
(in aggregate)	29/3/2007	0.256	29/3/2010 – 28/3/2017	16,000,000	–	16,000,000
	17/8/2007	1.014	17/8/2010 – 16/8/2017	15,300,000	–	15,300,000
	23/5/2008	0.692	23/5/2011 – 22/5/2018	3,000,000	–	3,000,000
	13/3/2009	0.360	13/9/2011 – 12/3/2019	1,000,000	–	1,000,000
	13/3/2009	0.360	13/3/2012 – 12/3/2019	1,900,000	(1,300,000)	600,000
	13/10/2009	0.500	13/10/2012 – 12/10/2019	250,000	(250,000)	–
	1/2/2011	0.410	1/2/2014 – 31/1/2021	11,250,000	(2,850,000)	8,400,000
				246,400,000	(4,400,000)	242,000,000

SHARE OPTION SCHEMES (continued)

Details of the movements of share options under the 2012 Scheme during the Year were as follows:

Grantee	Date of grant	Exercise price (HK$)	Exercise period *(Note 2)*	Outstanding at 31/3/15	Exercised during the Year *(Note 3)*	Outstanding at 31/3/16
Director						
Mr. Wong	14/10/2014	0.360	14/10/2016 – 13/10/2024	26,000,000	–	26,000,000
Mr. Ding	14/10/2014	0.360	14/10/2016 – 13/10/2024	26,000,000	–	26,000,000
Mr. Ng	28/6/2013	0.295	28/6/2015 – 27/6/2023	2,600,000	–	2,600,000
Eligible employees (in aggregate)	28/6/2013	0.295	28/6/2015 – 27/6/2023	27,300,000	(12,500,000)	14,800,000
	14/10/2014	0.360	14/10/2016 – 13/10/2024	40,000,000	–	40,000,000
				121,900,000	(12,500,000)	109,400,000

Notes:

1. During the Year, no share options were granted, lapsed or cancelled under the 2002 Scheme and the 2012 Scheme;

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

3. The weighted average closing price of the shares immediately before the dates on which the options were exercised during the Year was HK$0.597.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the Year, save for the share options which were outstanding under the 2002 Scheme and the 2012 Scheme disclosed in this annual report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of more than 25% of the Shares in the market as required under the Listing Rules.

CHARITABLE DONATION

Donation made by the Group during the year ended 31 March 2016 amounted to HK$50,000.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with CG Code as set out in Appendix 14 to the Listing Rules during the Year, except for the following deviation:

Pursuant to Code E.1.2 of the CG Code, the Chairman should attend the annual general meetings of the Company. The Company's Chairman, was unable to attend the 2015 AGM due to health reason.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in this annual report.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transaction by the Directors. Having made specific enquiry, all Directors confirmed that they fully complied with the Model Code throughout the Year.

AUDITOR

Messrs. Deloitte Touche Tohmatsu retire and, being eligible, offer themselves for re-appointment at the 2016 AGM. A resolution will be submitted to the 2016 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

FORWARD-LOOKING STATEMENTS

This annual report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

On behalf of the Board

Wong Yu Lung, Charles
Deputy Chairman

Hong Kong
24 June 2016

Deloitte.
德勤

TO THE MEMBERS OF GOLDBOND GROUP HOLDINGS LIMITED
金榜集團控股有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Goldbond Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 98, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 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 405 of the Hong Kong Companies Ordinance, 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 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.

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 Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 June 2016

	NOTES	2016 HK$'000	2015 HK$'000
Revenue	5	**48,418**	67,270
Other income		**12,282**	14,519
Staff costs	9	**(28,537)**	(28,115)
Other operating expenses		**(26,051)**	(29,879)
Adjustment to the carrying amount of a loan to a joint venture	15	**(10,746)**	–
Change in fair values of financial liabilities	21, 27	**31,812**	(27,750)
Direct finance costs	7	**(1,311)**	(2,000)
Other finance costs	8	**(629)**	(547)
Share of profit of joint ventures	15	**95,897**	123,753
Share of profit of associates	16	**3,460**	–
Profit before taxation	9	**124,595**	117,251
Taxation	11	**(122)**	958
Profit for the year		**124,473**	118,209
Other comprehensive expenses			
Items that will not be reclassified to profit or loss			
Exchange differences arising on translation		**(34,369)**	–
Share of other comprehensive expenses of joint ventures	15	**(69,072)**	–
Other comprehensive expenses for the year		**(103,441)**	–
Total comprehensive income for the year		**21,032**	118,209
Profit for the year attributable to:			
Owners of the Company		**124,473**	118,209
Total comprehensive income for the year attributable to:			
Owners of the Company		**21,032**	118,209
Earnings per share	13		
– Basic		**HK 4.51 cents**	HK 4.31 cents
– Diluted		**HK 4.49 cents**	HK 4.29 cents

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Equipment	14	**3,669**	4,520
Interests in joint ventures	15	**1,313,433**	1,606,016
Interests in associates	16	**323,458**	–
Loan to a joint venture	15	**34,424**	–
Club debentures	17	**17,529**	18,639
Deferred tax asset	25	**10,851**	7,780
		1,703,364	1,636,955
Current assets			
Loan to a joint venture	15	**448,785**	510,600
Advances provided to customers	18	**189,880**	269,887
Prepayments, deposits and other receivables		**3,285**	3,741
Short term bank deposits	19		
– with original maturity within three months		**276,706**	72,151
– with original maturity more than three months		**36,906**	240,415
Bank balances and cash	19	**9,984**	8,342
		965,546	1,105,136
Current liabilities			
Other payables and accrued charges		**21,269**	22,496
Taxation		**2,987**	2,758
Bank borrowing	20	**–**	32,278
Liabilities under shareholders' agreements	21	**315,240**	347,052
		339,496	404,584
Net current assets		**626,050**	700,552
Total assets less current liabilities		**2,329,414**	2,337,507

	NOTES	2016 HK$'000	2015 HK$'000
Capital and reserves			
Share capital	22	**829,209**	822,433
Reserves		**1,495,379**	1,510,877
Total equity		**2,324,588**	2,333,310
Non-current liability			
Redeemable convertible preference shares	24	**4,826**	4,197
		2,329,414	2,337,507

The consolidated financial statements on pages 35 to 98 were approved and authorised for issue by the Board of Directors on 24 June 2016 and are signed on its behalf by:

Wong Yu Lung, Charles
Director

Ding Chung Keung, Vincent
Director

	Attributable to owners of the Company							
	Share capital HK$'000	Investment revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	General reserve HK$'000	Statutory surplus reserve HK$'000 (Note)	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2014	822,433	3,000	58,109	6,000	466	141,336	1,220,971	2,252,315
Profit and total comprehensive income for the year	–	–	–	–	–	–	118,209	118,209
Dividends recognised as distribution (Note 12)	–	–	–	–	–	–	(41,175)	(41,175)
Lapse of share options	–	–	(413)	–	–	–	413	–
Recognition of equity-settled share-based payments	–	–	3,961	–	–	–	–	3,961
Transferred to statutory surplus reserve	–	–	–	–	356	–	(356)	–
At 31 March 2015	822,433	3,000	61,657	6,000	822	141,336	1,298,062	2,333,310
Profit for the year	–	–	–	–	–	–	124,473	124,473
Exchange differences arising on translation	–	–	–	–	–	(34,369)	–	(34,369)
Share of other comprehensive expenses of joint ventures	–	–	–	–	–	(69,072)	–	(69,072)
Total comprehensive (expense) income for the year	–	–	–	–	–	(103,441)	124,473	21,032
Dividends recognised as distribution (Note 12)	–	–	–	–	–	–	(41,429)	(41,429)
Exercise of share options	6,789	–	(1,340)	–	–	–	–	5,449
Expenses incurred in connection with issue of shares	(13)	–	–	–	–	–	–	(13)
Realisation of reserve upon deemed disposal of a joint venture	–	–	–	–	–	5,627	(5,627)	–
Recognition of equity-settled share-based payments	–	–	6,239	–	–	–	–	6,239
Transferred to statutory surplus reserve	–	–	–	–	783	–	(783)	–
At 31 March 2016	**829,209**	**3,000**	**66,556**	**6,000**	**1,605**	**43,522**	**1,374,696**	**2,324,588**

Note: Pursuant to the articles of association of the group companies established in the People's Republic of China ("China"), the group companies are required to appropriate 10% or an amount to be determined by the directors of their respective profits after taxation in accordance with the relevant accounting rules and financial regulations of China before any distribution of dividends to owners each year to the statutory surplus reserve until their balances reach 50% of their respective registered capital.

	2016 HK$'000	2015 HK$'000
Operating activities		
Profit for the year	**124,473**	118,209
Adjustments for:		
Taxation	**122**	(958)
Depreciation of equipment	**1,802**	1,352
Equity-settled share-based payment expenses	**6,239**	3,961
Adjustment to the carrying amount of a loan to a joint venture	**10,746**	–
Change in fair values of financial liabilities	**(31,812)**	27,750
Finance costs	**1,940**	2,547
Gain on disposal of equipment	**(43)**	(380)
Impairment losses on advances provided to customers	**14,152**	18,271
Loss on deemed disposal of a joint venture	**942**	–
Interest income from financing and factoring services	**(48,418)**	(67,270)
Interest income from bank deposits	**(11,919)**	(13,328)
Share of profit of joint ventures	**(95,897)**	(123,753)
Share of profit of associates	**(3,460)**	–
Effect of foreign exchange rate changes	**2,406**	–
Operating cash flows before movements in working capital	**(28,727)**	(33,599)
Decrease (increase) in advances provided to customers	**47,597**	(172,756)
Decrease in prepayments, deposits and other receivables	**308**	1,260
Increase (decrease) in other payables and accrued charges	**1,557**	(12,073)
Cash generated from (used in) operations	**20,735**	(217,168)
Interest received from financing and factoring services	**66,779**	24,660
Enterprise Income Tax paid in China	**(3,258)**	(1,502)
Net cash from (used in) operating activities	**84,256**	(194,010)
Investing activities		
Release of short term bank deposits with original maturity more than three months	**240,415**	71,100
Placement of short term bank deposits with original maturity more than three months	**(36,906)**	(208,523)
Interest received from bank deposits	**11,919**	13,328
Investments in associates	**(1,532)**	–
Proceeds from disposal of equipment	**44**	400
Purchase of equipment	**(1,089)**	(2,791)
Net cash from (used in) investing activities	**212,851**	(126,486)

	NOTE	2016 HK$'000	2015 HK$'000
Financing activities			
Repayment of bank loans		**(78,359)**	(54,906)
Bank loans raised		**47,685**	87,184
Dividends paid	12	**(41,429)**	(41,175)
Interest paid		**(1,311)**	(2,000)
Proceeds from issue of shares		**5,449**	–
Payment for transaction costs attributable to issue of shares		**(13)**	–
Net cash used in financing activities		**(67,978)**	(10,897)
Net increase (decrease) in cash and cash equivalents		**229,129**	(331,393)
Cash and cash equivalents at the beginning of the year		**80,493**	411,886
Effect of foreign exchange rate changes		**(22,932)**	–
Cash and cash equivalents at the end of the year		**286,690**	80,493
Analysis of balances of cash and cash equivalents			
Bank balances and cash		**9,984**	8,342
Short term bank deposits with original maturity within three months		**276,706**	72,151
		286,690	80,493

1. GENERAL

The Company is a public limited company incorporated in Hong Kong with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The Company is an investment holding company. The principal activity of the Group is provision of financial services.

The consolidated financial statements are presented in Hong Kong dollar while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting Hong Kong dollar as the presentation currency is because the Company is a public company with its shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of new and revised HKFRSs

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

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

The application of the new and revised HKFRSs in 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.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 27	Equity method in separate financial statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[1]

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2018.
[3] Effective for annual periods beginning on or after 1 January 2019.
[4] Effective date to be determined.

Except as described below, the directors of the Company anticipated that the application of the new and revised HKFRSs issued but not yet effective has had no material impact on the Group's financial performance and position and/or the disclosures when they become effective.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 Financial instruments: Recognition and measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 Financial instruments (continued)

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

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

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

The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

HKFRS 15 Revenue from contracts with customers

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

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 Revenue from contracts with customers (continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the proportionate share of net assets attributable to the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates and joint ventures (continued)

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Financing service income and factoring service income mainly consist of interest income from financial assets and are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Equipment

Equipment is stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in term of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group entities are translated into the presentation currency of the Group (i.e. Hong Kong dollar) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Leasing

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

The Group as lessee

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

Taxation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated financial statements when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into two categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including advances provided to customers, loan to a joint venture, other receivables, deposits, short term bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. (See accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or held-to-maturity investments. The Group designated club debentures as available-for-sale financial assets.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

Impairment of financial assets

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

For an available-for-sale investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of advances provided to customers, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When these financial assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in the investment revaluation reserve. For available-for-sale debt investments, impairment loss are subsequently reversed through profit or loss if an increase in fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated at FVTPL on initial recognition. The Group classified call option as held for trading and designated other liabilities under shareholders' agreements as financial liabilities at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities include other payables and bank borrowing. These are subsequently measured at amortised cost, using the effective interest method.

Convertible notes containing liability and equity components

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. A 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, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity.

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing by the option to convert the liability component into ordinary shares of the Company, will remain in the convertible notes reserve until the embedded option is exercised (in which case the balance stated in the convertible notes reserve will be transferred to share capital). Where the option remains unexercised at the expiry date, the balance stated in convertible notes reserve will be released to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. 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 notes using the effective interest method.

Redeemable convertible preference shares

Preference shares that are redeemable at the option of the holder are accounted for as described in the accounting policy for convertible notes.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

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

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

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

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 end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share-based compensation reserve.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment of advances provided to customers

When there is objective evidence of impairment loss, the Group takes into consideration an estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2016, the total carrying amount of advances provided to customers is HK$189,880,000 (2015: HK$269,887,000).

Income taxes

As at 31 March 2016, no deferred tax asset (2015: nil) in relation to estimated unused tax losses of HK$208,550,000 (2015: HK$182,055,000) was recognised in the Group's consolidated statement of financial position because of the unpredictability of future profit streams as disclosed in Note 25. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

Estimated impairment of interest in joint venture

Determining whether interest in joint venture is impaired requires an estimation of the recoverable amount of joint ventures, which is based on the higher of value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the joint venture and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2016, the carrying amount of interest in joint venture is HK$1,313,433,000 (2015: HK$1,606,016,000). Details of the impairment review are disclosed in Note 15.

Estimated impairment of interests in associates

Determining whether interests in associates are impaired requires an estimation of the recoverable amount of associates, which is based on the higher of value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the associates and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2016, the carrying amount of interests in associates is HK$323,458,000 (2015: nil). Details of the impairment review are disclosed in Note 16.

5. REVENUE

Revenue for the year represents income received and receivable from the provision of financing service and factoring service.

	2016	2015
	HK$'000	HK$'000
Financing service income	**31,775**	55,471
Factoring service income	**16,643**	11,799
	48,418	67,270

6. SEGMENT INFORMATION

The Group's operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess performance, are summarised as follows:

(a) financing service segment: provision of financing services through subsidiaries and provision of financing services and loan guarantee services through a joint venture;

(b) factoring service segment: provision of factoring services; and

(c) financial leasing service segment: provision of financial leasing services through an associate (2015: a joint venture).

The segment information is reported below.

6. SEGMENT INFORMATION (continued)

Segment revenue and results

An analysis of the Group's revenue and results by reportable and operating segments is as follows:

For the year ended 31 March 2016

	Financing service HK$'000	Factoring service HK$'000 (Note)	Financial leasing service HK$'000	Total HK$'000
Revenue from customers	31,775	16,643	–	48,418
Share of profit of joint ventures	77,002	–	18,895	95,897
Share of profit of an associate	–	–	4,297	4,297
	108,777	16,643	23,192	148,612
Segment results	81,915	12,239	23,192	117,346
Unallocated other income				11,919
Change in fair values of financial liabilities				31,812
Central administration costs				(35,016)
Other finance costs				(629)
Share of losses of associates				(837)
Profit before taxation				124,595

6. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 March 2015

	Financing service HK$'000	Factoring service HK$'000 (Note)	Financial leasing service HK$'000	Total HK$'000
Revenue from customers	55,471	11,799	–	67,270
Share of profit of joint ventures	92,325	–	31,428	123,753
	147,796	11,799	31,428	191,023
Segment results	123,313	8,292	31,428	163,033
Unallocated other income				13,328
Change in fair values of financial liabilities				(27,750)
Central administration costs				(30,813)
Other finance costs				(547)
Profit before taxation				117,251

Segment results represent the profit earned by each segment, share of profit of joint ventures and share of profit of an associate without allocation of central administration costs, other income (primarily bank interest income), change in fair values of financial liabilities, other finance costs and share of losses of associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Note: Included in segment results are direct finance costs of HK$1,311,000 (2015: HK$2,000,000) attributable to the factoring service business.

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable segments is as follows:

As at 31 March 2016

	Financing service HK$'000	Factoring service HK$'000	Financial leasing service HK$'000	Total HK$'000
Assets				
Segment assets	**1,844,647**	**143,400**	**322,763**	**2,310,810**
Interests in associates				**695**
Unallocated assets				**357,405**
Total assets				**2,668,910**
Liabilities				
Segment liabilities	**227**	**190**	**–**	**417**
Unallocated liabilities				**343,905**
Total liabilities				**344,322**

As at 31 March 2015

	Financing service HK$'000	Factoring service HK$'000	Financial leasing service HK$'000	Total HK$'000
Assets				
Segment assets	1,915,065	151,970	321,064	2,388,099
Unallocated assets				353,992
Total assets				2,742,091
Liabilities				
Segment liabilities	153	32,502	–	32,655
Unallocated liabilities				376,126
Total liabilities				408,781

6. SEGMENT INFORMATION (continued)

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than part of interests in associates, club debentures, deferred tax asset, short term bank deposits, bank balances and cash, and certain corporate assets for central administrative uses. All liabilities are allocated to reportable segments other than taxation payable, liabilities under shareholders' agreements, redeemable convertible preference shares and certain corporate liabilities incurred for central administrative purpose.

Other segment information

An analysis of the Group's other amounts included in the measure of segment profit or loss or segment assets by reportable segments is as follows:

For the year ended 31 March 2016

	Financing service HK$'000	Factoring service HK$'000	Financial leasing service HK$'000	Unallocated HK$'000	Total HK$'000
Expenditure for reportable segment non-current assets	**–**	**144**	**–**	**945**	**1,089**
Impairment losses on advances provided to customers	**14,152**	**–**	**–**	**–**	**14,152**
Depreciation of equipment	**155**	**416**	**–**	**1,231**	**1,802**

For the year ended 31 March 2015

	Financing service HK$'000	Factoring service HK$'000	Financial leasing service HK$'000	Unallocated HK$'000	Total HK$'000
Expenditure for reportable segment non-current assets	5	424	–	2,362	2,791
Impairment losses on advances provided to customers	18,271	–	–	–	18,271
Depreciation of equipment	159	383	–	810	1,352

Geographical information

Revenue reported above represents income generated from external customers in China of HK$19,623,000 (2015: HK$20,258,000) and income generated from a joint venture in China of HK$28,795,000 (2015: HK$47,012,000).

As at 31 March 2016, non-current assets other than financial instruments, deferred tax asset, interests in joint ventures and interests in associates of HK$1,019,000 (2015: HK$1,521,000) were located in China. The remaining non-current assets other than financial instruments, deferred tax assets, interests in joint ventures and interests in associates of HK$2,650,000 (2015: HK$2,999,000) were located in Hong Kong.

6. SEGMENT INFORMATION (continued)

Information about major customers

The Group's revenue from customers which accounted for 10% or more of its total revenue are as follows:

	2016	2015
	HK$'000	HK$'000
Customer A in the financing service segment	**28,795**	47,012
Customer B in the factoring service segment	**14,133**	8,539

7. DIRECT FINANCE COSTS

	2016	2015
	HK$'000	HK$'000
Interest on borrowing wholly repayable within one year	**1,311**	2,000

8. OTHER FINANCE COSTS

	2016	2015
	HK$'000	HK$'000
Imputed interest on redeemable convertible preference shares	**629**	547

9. PROFIT BEFORE TAXATION

	2016 **HK$'000**	2015 HK$'000
Profit before taxation has been arrived at after charging:		
Salaries, allowances and other benefits	**21,589**	23,561
Retirement benefit scheme contributions	**709**	593
Equity-settled share-based payment expenses	**6,239**	3,961
Total staff costs (including directors' remuneration)	**28,537**	28,115
Impairment losses on advances provided to customers	**14,152**	18,271
Auditor's remuneration		
– Audit service	**475**	475
– Non-audit services	**501**	499
Loss on deemed disposal of a joint venture	**942**	–
Operating lease rentals in respect of properties	**3,589**	3,486
and after crediting:		
Interest income from bank deposits (included in other income)	**11,919**	13,328
Gain on disposal of equipment (included in other income)	**43**	380

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Emoluments of directors

Directors' emoluments comprise payments by the Group to directors of the Company in connection with the management of the affairs of the Company and its subsidiaries. The remuneration of each director for the years ended 31 March 2016 and 2015 is set out below:

For the year ended 31 March 2016

	Directors' fees HK$'000	Salaries, allowances and benefits HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors						
Mr. Wang Jun	–	1,440	–	–	–	1,440
Mr. Wong Yu Lung, Charles	–	1,656	3	138	1,756	3,553
Mr. Ding Chung Keung, Vincent	–	1,590	18	5,800	1,755	9,163
Ms. Wong, Michelle Yatyee	–	1,100	18	1,000	–	2,118
Independent non-executive directors						
Mr. Cheng Yuk Wo	240	–	–	–	–	240
Mr. Ma Ho Fai SBS JP	240	–	–	–	–	240
Mr. Ng Chi Keung MH	240	–	–	–	32	272
Total	720	5,786	39	6,938	3,543	17,026

For the year ended 31 March 2015

	Directors' fees HK$'000	Salaries, allowances and benefits HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors						
Mr. Wang Jun	–	1,440	–	1,000	–	2,440
Mr. Wong Yu Lung, Charles	–	1,656	17	138	811	2,622
Mr. Ding Chung Keung, Vincent	–	1,590	17	7,300	811	9,718
Ms. Wong, Michelle Yatyee	–	980	18	1,000	–	1,998
Mr. Melvin Jitsumi Shiraki (Note a)	–	720	–	80	–	800
Independent non-executive directors						
Mr. Cheng Yuk Wo	240	–	–	–	–	240
Mr. Ma Ho Fai SBS JP	240	–	–	–	–	240
Mr. Ng Chi Keung MH	240	–	–	–	134	374
Total	720	6,386	52	9,518	1,756	18,432

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (continued)

(a) Emoluments of directors (continued)

Notes:

(a) Mr. Melvin Jitsumi Shiraki resigned from executive director of the Company with effect from 1 January 2015.

(b) The discretionary bonus is determined with reference to the operating results and the individual's performance in each year.

(c) No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor any are payable (2015: nil). No consideration was provided to or receivable by third parties for making available director's services (2015: nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled body corporate and connected entities (2015: nil).

Save as disclosed in Note 32 of the consolidated financial statements, no director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2015: nil).

(b) Five highest paid individuals

Of the five highest paid individuals of the Group during the year, four (2015: four) were directors of the Company whose remunerations are set out in Note 10 above. Details of the remuneration for the year of the remaining individual was as follows:

	2016	2015
	HK$'000	HK$'000
Salaries, allowances and other benefits	**848**	760
Contributions to retirement benefit scheme	**18**	18
Equity-settled share-based payment expenses	**159**	212
Discretionary bonus	**475**	155
	1,500	1,145

11. TAXATION

	2016 HK$'000	2015 HK$'000
The charge (credit) comprises:		
Current tax		
Enterprise Income Tax in China		
– Provision for the current year	**3,825**	3,511
– (Over)underprovision in prior year	**(165)**	99
	3,660	3,610
Deferred taxation (Note 25)	**(3,538)**	(4,568)
	122	(958)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's operation in Hong Kong had no assessable income during both years.

Under the Enterprise Income Tax Law of China (the "EIT Law") and the Implementation Regulation of the EIT Law, all subsidiaries in China are subject to the tax rate of 25% during both years.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 HK$'000	2015 HK$'000
Profit before taxation	**124,595**	117,251
Tax at the domestic income tax rate in China of 25% (2015: 25%)	**31,149**	29,313
Tax effect of share of profit of joint ventures	**(23,974)**	(30,938)
Tax effect of share of profit of associates	**(865)**	–
Tax effect of income not taxable for tax purposes	**(19,912)**	(15,246)
Tax effect of expenses not deductible for tax purposes	**7,150**	13,853
Tax effect of tax losses not recognised	**6,624**	1,208
(Over)underprovision in prior year	**(165)**	99
Others	**115**	753
Taxation for the year	**122**	(958)

12. DIVIDENDS

	2016	2015
	HK$'000	HK$'000
Dividends recognised as distribution and paid during the year:		
Final dividends of HK1.5 cents per share in respect of the year ended 31 March 2015 (2015: In respect of the year ended 31 March 2014 of HK1.5 cents per share)	**41,429**	41,175

Subsequent to the end of the reporting period, a final dividend of HK1.5 cents (2015: HK1.5 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting of the Company.

13. EARNINGS PER SHARE

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

	2016	2015
	HK$'000	HK$'000
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**124,473**	118,209
Number of shares:	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,757,979**	2,745,013
Effect of dilutive potential ordinary shares:		
Share options	**14,205**	8,706
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,772,184**	2,753,719

14. EQUIPMENT

	Furniture, fixtures and other fixed assets	
	2016	2015
	HK$'000	HK$'000
COST		
At the beginning of the year	**8,080**	7,309
Exchange adjustments	**(376)**	–
Additions	**1,089**	2,791
Disposals	**(15)**	(2,020)
At the end of the year	**8,778**	8,080
ACCUMULATED DEPRECIATION		
At the beginning of the year	**3,560**	4,208
Exchange adjustments	**(239)**	–
Charge for the year	**1,802**	1,352
Eliminated on disposals	**(14)**	(2,000)
At the end of the year	**5,109**	3,560
NET CARRYING VALUES		
At the end of the year	**3,669**	4,520

The above items of equipment are depreciated on a straight line basis at the rates of 20% to $33^{1}/_{3}$% per annum.

15. INTERESTS IN JOINT VENTURES/LOAN TO A JOINT VENTURE

	2016	2015
	HK$'000	HK$'000
Cost of investments in joint ventures, unlisted	**1,051,440**	1,316,317
Share of post acquisition profit and other comprehensive expenses, net of dividends received	**261,993**	289,699
	1,313,433	1,606,016

15. INTERESTS IN JOINT VENTURES/LOAN TO A JOINT VENTURE (continued)

Particulars of the joint ventures as at 31 March 2016 and 2015 are as follows:

Name of joint venture	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital		Effective ownership interest indirectly held by the Group		Proportion of voting power held		Principal activities
			2016	2015	**2016**	2015	**2016**	2015	
Rongzhong Group Limited ("Rongzhong Group") (Note (a))	Limited	British Virgin Islands/China	**US$34,275,000**	US$34,275,000	**40%**	40%	**40%**	40%	Provision for financing and loan guarantee services
Rongzhong Capital Holdings Limited ("Rongzhong Capital") (Note (b))	Limited	British Virgin Islands/China	**N/A**	US$104,422	**N/A**	47.94%	**N/A**	47.94%	Provision for financial leasing service

Notes:

(a) Based on the legal form and terms of the contractual arrangements, the interest in Rongzhong Group is classified as joint venture as major decisions require the unanimous consent among the shareholders.

(b) Based on the legal form and terms of the contractual arrangements, the interest in Rongzhong Capital was classified as joint venture as major decisions require the unanimous consent among the shareholders. Upon completion of a reorganisation in December 2015, Rongzhong Capital became a wholly-owned subsidiary of China Rongzhong Financial Holdings Company Limited ("China Rongzhong"), a company which was indirectly owned by the Group in approximately 47.94% of its issued share capital. Upon completion of the listing of China Rongzhong on the Main Board of the Stock Exchange in January 2016, the Group's interest in China Rongzhong had been diluted from 47.94% to 34.86% and China Rongzhong became an associate of the Group. Accordingly, aggregate amounts of HK$942,000 and HK$5,627,000 were recognised as a loss on deemed disposal of a joint venture in the consolidated statement of profit or loss and other comprehensive income and realisation of reserve upon deemed disposal of a joint venture in the consolidated statement of changes in equity during the year, respectively.

Summarised financial information of the joint ventures

The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs.

These joint ventures are accounted for using the equity method in the consolidated financial statements.

15. INTERESTS IN JOINT VENTURES/LOAN TO A JOINT VENTURE (continued)

Summarised financial information of the joint ventures (continued)

Rongzhong Group

	2016 HK$'000	2015 HK$'000
Current assets	4,185,843	4,229,057
Non-current assets	221,225	171,051
Current liabilities	(1,557,374)	(1,560,209)
Non-current liabilities	(915,176)	(983,479)

The above amounts of assets and liabilities include the following:

	2016 HK$'000	2015 HK$'000
Cash and cash equivalents	10,630	28,326
Current financial liabilities (excluding payables and provisions)	(989,792)	(1,208,895)
Non-current financial liabilities	(915,176)	(983,479)

	2016 HK$'000	2015 HK$'000
Revenue	850,416	824,092
Profit for the year	199,399	237,708
Other comprehensive expense for the year	(121,302)	–
Total comprehensive income for the year	78,097	237,708

15. INTERESTS IN JOINT VENTURES/LOAN TO A JOINT VENTURE (continued)

Summarised financial information of the joint ventures (continued)

Rongzhong Group (continued)

The above profit for the year include the following:

	2016 HK$'000	2015 HK$'000
Depreciation and amortisation	**(2,630)**	(3,268)
Interest income from bank deposits	**6,454**	4,515
Interest expense	**(163,460)**	(157,814)
Income tax expense	**(127,293)**	(107,883)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Rongzhong Group recognised in the consolidated financial statements:

	2016 HK$'000	2015 HK$'000
Net assets of Rongzhong Group	**1,934,518**	1,856,420
Proportion of the Group's ownership interest in Rongzhong Group	**40%**	40%
Goodwill	**249,067**	249,067
Trademark	**285,976**	285,976
Net intangible assets	**1,571**	4,329
Others	**3,012**	3,012
Carrying amount of the Group's interest in Rongzhong Group	**1,313,433**	1,284,952

15. INTERESTS IN JOINT VENTURES/LOAN TO A JOINT VENTURE (continued)

Summarised financial information of the joint ventures (continued)

Rongzhong Capital

	2016 **HK$'000**	2015 HK$'000
Current assets	**–**	1,476,400
Non-current assets	**–**	605,713
Current liabilities	**–**	(771,015)
Non-current liabilities	**–**	(701,712)

The above amounts of assets and liabilities include the following:

	2016 **HK$'000**	2015 HK$'000
Cash and cash equivalents	**–**	18,512
Current financial liabilities (excluding other payables)	**–**	(736,757)
Non-current financial liabilities	**–**	(693,177)

	2016 **HK$'000**	2015 HK$'000
Revenue	**172,922***	226,943
Profit for the period/year	**39,417***	65,563
Other comprehensive expense for the period/year	**(42,872)***	–
Total comprehensive (expense) income for the period/year	**(3,455)***	65,563

15. INTERESTS IN JOINT VENTURES/LOAN TO A JOINT VENTURE (continued)

Summarised financial information of the joint ventures (continued)

Rongzhong Capital (continued)

The above profit for the period/year include the following:

	2016 HK$'000	2015 HK$'000
Depreciation and amortisation	**(712)***	(433)
Interest income	**3,410***	5,816
Interest expense	**(76,358)***	(105,235)
Income tax expense	**(19,864)***	(26,201)

* Included the results of Rongzhong Capital from 1 April 2015 up to the date it ceased to be a joint venture of the Group.

Reconciliation of the above summarised financial information to the carrying amount of the interest in Rongzhong Capital recognised in the consolidated financial statements:

	2015 HK$'000
Net assets of Rongzhong Capital	609,386
Proportion of the Group's ownership interest in Rongzhong Capital	47.94%
Goodwill	28,953
Carrying amount of the Group's interest in Rongzhong Capital	321,064

During the year, the share of profit and other comprehensive expenses of joint ventures by the Group was HK$95,897,000 (2015: HK$123,753,000) and HK$69,072,000 (2015: nil), respectively.

As at 31 March 2016, the unsecured loan to a joint venture, Rongzhong Group, bearing a fixed interest rate of 5% per annum, which was reduced from 10% per annum on 26 October 2011 pursuant to the terms of the introduction (the "Introduction") with details disclosed in the circular dated 23 September 2011 (the "2011 Circular"), was HK$483,209,000 (2015: HK$510,600,000). An amount of HK$448,785,000 was expected to be settled within one year and the remaining balance of HK$34,424,000 was expected to be settled more than one year. With respect to the loan interest receivable of HK$49,955,000, the carrying amount was written down by HK$10,746,000 on 31 March 2016 as a result of the change of expected repayment dates to 31 December 2016 and 31 March 2019 and was discounted at interest rate of 10% per annum.

At 31 March 2016, the management of the Group carried out impairment review on the carrying amount of its interest in the joint venture by comparing its recoverable amount using value in use with its carrying amount. In determining the value in use of the investment, the Group estimated the present value of the estimated future cash flows expected to be generated by the joint venture, including cash flows from the operations of the joint venture and proceeds on the ultimate disposal of the investment at a discount rate of 19% (2015: 17%) for Rongzhong Group. Based on the assessment, the recoverable amount of the interest in the joint venture exceeded its entire carrying amount respectively. Hence, no impairment on the interest in the joint venture is considered necessary.

16. INTERESTS IN ASSOCIATES

	2016 HK$'000	2015 HK$'000
Cost of investments in associates		
Listed in Hong Kong	318,466	–
Unlisted	1,532	–
Share of post-acquisition profits and other comprehensive expense, net of dividends received	3,460	–
	323,458	–

Particulars of the associates as at 31 March 2016 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Effective ownership interest indirectly held by the Group	Proportion of voting power held	Principal activity
China Rongzhong (Note)	Limited	Cayman Islands/ China	HK$4,125,090	34.86%	34.86%	Provision for financial leasing service
Allied Golden Capital Fund I (Cayman) Company Limited (Note)	Limited	Cayman Islands	US$2,000	19.90%	19.90%	Investment holding
Goldbond Capital Investments Limited (Note)	Limited	Cayman Islands	US$400,000	49%	49%	Provision for fund management service

Note: Based on the legal form and terms of the contractual arrangements, the interests in China Rongzhong, Allied Golden Capital Fund I (Cayman) Company Limited and Goldbond Capital Investments Limited are classified as associates as the Group has significant influence over these associates.

As at 31 March 2016, market value of the Group's listed investments in China Rongzhong based on quoted market price was approximately HK$188,386,000.

Summarised financial information of the material associate

The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

These associates are accounted for using the equity method in the consolidated financial statements.

16. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of the material associate (continued)

China Rongzhong

	2016 HK$'000	2015 HK$'000
Current assets	1,358,424	–
Non-current assets	659,788	–
Current liabilities	(628,575)	–
Non-current liabilities	(546,839)	–
Revenue	32,088*	–
Profit for the period	12,177*	–
Total comprehensive income for the period	12,177*	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in China Rongzhong recognised in the consolidated financial statements:

	2016 HK$'000	2015 HK$'000
Net assets of China Rongzhong	842,798	–
Proportion of the Group's ownership interest in China Rongzhong	34.86%	–
Goodwill	28,953	–
Carrying amount of the Group's interest in China Rongzhong	322,763	–

Aggregate financial information of the associates that are not individually material

	2016 HK$'000	2015 HK$'000
The Group's share of loss	(837)*	–
The Group's share of total comprehensive expense	(837)*	–
Aggregate carrying amount of the Group's interest in these associates	695	–

* Included the results of the associates from the date it became associates of the Group up to 31 March 2016.

16. INTERESTS IN ASSOCIATES (continued)

Aggregate financial information of the associates that are not individually material (continued)

At 31 March 2016, the management of the Group carried out an impairment review on the carrying amount of China Rongzhong by comparing its recoverable amount using value in use with its carrying amount. In determining the value in use of the investment, the Group estimated the present value of the estimated future cash flow expected to be generated by the associate, including cash flow from the operation of the associate and proceeds on the ultimate disposal of the investment at a discount rate of 19%. Based on the assessment, the recoverable amount of China Rongzhong exceeded the entire carrying amount. Hence, no impairment on the interest in China Rongzhong is considered necessary.

17. CLUB DEBENTURES

The club debentures are classified as available-for-sale financial assets. The fair values of the club debentures were determined by reference to recent market prices for similar debentures.

18. ADVANCES PROVIDED TO CUSTOMERS

	2016 HK$'000	2015 HK$'000
Advances provided to customers	233,285	301,005
Less: Impairment allowances	(43,405)	(31,118)
	189,880	269,887

As at 31 March 2016, the advances provided to customers, which bore fixed interest at a rate of not more than 18.0% (2015: 16.8%) per annum, were repayable according to the loan agreements and factoring facility agreements. Included in the balances, an aggregate amount of HK$157,662,000 (2015: HK$269,887,000) was secured by assets such as properties, bank's acceptance bills, and equity interests in certain private entities in China where applicable.

For risk management purpose, there was credit team responsible for the evaluation of customers' credit rating, financial background and repayment abilities. Management had set up the credit limits and any further extension of credit beyond these approval limits had to be approved by management. The credit team was also required to take follow-up action where customers had defaulted on the repayment of loans. Management considered the receivable that was neither past due nor impaired to be of good credit quality.

18. ADVANCES PROVIDED TO CUSTOMERS (continued)

The following is a credit quality analysis of advances provided to customers:

	2016 **HK$'000**	2015 HK$'000
Neither past due nor impaired	**175,063**	238,933
Past due but not impaired	**–**	3,695
Impaired	**58,222**	58,377
Subtotal	**233,285**	301,005
Less: Impairment allowances	**(43,405)**	(31,118)
Advances provided to customers	**189,880**	269,887

The following is an ageing analysis of advances provided to customers which were past due but not impaired:

	2016 **HK$'000**	2015 HK$'000
More than one month but less than three months	**–**	3,695

Management reviewed and assessed impairment individually based on customers' repayment history and the values of assets pledged. As at 31 March 2015, an aggregate carrying amount of HK$3,695,000 was past due but the Group had not provided for impairment loss as these customers were considered to be of good quality. Included in the balances, an aggregate amount of HK$3,695,000 was secured by assets pledged by customers.

Movement in the impairment allowances

	2016 **HK$'000**	2015 HK$'000
Balance at beginning of the year	**31,118**	12,847
Exchange realignment	**(1,865)**	–
Impairment losses recognised	**14,152**	18,271
Balance at end of the year	**43,405**	31,118

19. SHORT TERM BANK DEPOSITS/BANK BALANCES AND CASH

All bank deposits of the Group carry interest at prevailing market rates ranging from 0.001% to 8.18% (2015: 0.001% to 4.17%) per annum respectively.

Included in short term bank deposits and bank balances and cash are the following amounts denominated in currencies other than the functional currencies of the group entities:

	Currency	2016 HK$'000	2015 HK$'000
Hong Kong dollar	HKD	**66,137**	21,600
United States dollar	USD	**36**	6

20. BANK BORROWING

	2016 HK$'000	2015 HK$'000
Secured bank loan repayable within one year	**–**	32,278

As at 31 March 2015, the Group's bank borrowing carried fixed interest of 6% per annum. The Group's bank borrowing was granted by a bank in China and secured by bank's acceptance bills.

The Group's bank borrowing was denominated in RMB which is the functional currency of the relevant group entity.

21. LIABILITIES UNDER SHAREHOLDERS' AGREEMENTS

	2016 HK$'000	2015 HK$'000
Current		
Call option	**–**	3,589
Provision for share subscription	**315,240**	312,000
Estimated liability	**–**	31,463
Total	**315,240**	347,052

As a result of the introduction of an investor, Silver Creation Investments Limited ("Silver Creation"), to Rongzhong Group on 26 October 2011, Perfect Honour Limited ("Perfect Honour"), a wholly owned subsidiary of the Company, entered into two shareholders' agreements pursuant to which the following financial instruments were recognised. Definitions of the capitalised terms and other details are set forth in the 2011 Circular.

21. LIABILITIES UNDER SHAREHOLDERS' AGREEMENTS (continued)

Call option

Pursuant to the terms of the shareholders' agreements, a call option (the "Call Option") was granted to Mr. Xie Xiao Qing ("Mr. Xie"), a former executive director of the Company, to purchase 342,500 shares of Rongzhong Group from Perfect Honour before completion of a proposed event, but in any event no later than 31 December 2015, at a price per share equal to (I) the price per share of Rongzhong Group under the Xie's S&P agreement plus (II) an interest of 6% per annum, compounded annually, on the price per share of Rongzhong Group under the Xie's S&P agreement from 26 October 2011 to the exercise date. The Call Option was lapsed as at 31 March 2016.

As at 31 March 2015, the fair value of the Call Option was derived at after taking into consideration the expected completion date of a proposed event, the underlying business value of Rongzhong Group and the adoption of the Black-Scholes model with the following details.

Date of valuation	31 March 2015
Fair value at measurement dates (HK$)	3,589,000
Exercise price (HK$)	82.03
Expected volatility	38.093%
Expected dividends	–
Risk-free interest rate (based on Hong Kong Exchange Fund Notes)	0.0703%

Provision for share subscription

Pursuant to the terms of the shareholders' agreements, Perfect Honour has undertaken to, subject to the happening of any one of the two triggering events as set forth in the 2011 Circular, subscribe additional shares of Rongzhong Group at a subscription price of HK$315,240,000 (the "Share Subscription"). The Share Subscription was completed in April 2016.

As at 31 March 2016, the fair value of the provision for the Share Subscription was measured based on the discounted cash flow method with the following details:

Date of valuation	**31 March 2016**	31 March 2015
Fair value at measurement dates (HK$)	**315,240,000**	312,000,000
Expected date of a triggering event to occur	**–**	31 December 2015
Subscription price (HK$)	**315,240,000**	315,240,000
Discount rate (prevailing market lending rate in Hong Kong)	**–**	4.218%

21. LIABILITIES UNDER SHAREHOLDERS' AGREEMENTS (continued)

Estimated liability

Pursuant to the terms of the shareholders' agreements, Silver Creation may, subject to the happening of a triggering event as set forth in the 2011 Circular by 31 December 2015, request Perfect Honour, Yong Hua International Ltd., Legend Crown International Limited and Plenty Boom Investments Limited either (I) to immediately fulfill their respective obligations for the Share Subscription (applicable to Rongzhong Group only, with details disclosed in the section headed "Provision for Share Subscription" above); or (II) at their sole and absolute discretion jointly elect to either purchase or procure Rongzhong Group and/or Rongzhong Capital to redeem all their respective shares of Rongzhong Group and/or Rongzhong Capital owned by Silver Creation resulting from the Introduction at a price equal to Silver Creation's investment cost plus the higher of (a) 12% on such investment cost and (b) the undistributed profits of Rongzhong Group and Rongzhong Capital attributable to Silver Creation ("Put Options"), and, in the case of redemption of shares of Rongzhong Group, minus the consideration paid, if any, by Mr. Xie to Silver Creation as a result of the exercise of a call option granted by Silver Creation to Mr. Xie under the shareholders' agreements.

The fair value of estimated liability with respect to (I) was included in the provision for share subscription. As at 31 March 2015, the fair value of the estimated liability attributable to the Group with respect to (II) was measured based on the discounted cash flow method with the management's assumptions on estimated liability, probability of occurrence of the triggering event, discount rate and time to extinguishment of the estimated liability. As at 31 March 2016, the Put Options were lapsed.

The discount rate was the sum of risk-free interest rate, credit spread and liquidity risk premium as at the date of valuation.

If the unobservable input regarding the probability of the triggering event to occur to the valuation model was 5% higher/lower while all the other variables were held constant, the carrying amount of the estimated liability as at 31 March 2015 would increase/decrease by HK$2,524,000.

22. SHARE CAPITAL

	Number of shares	Amount
	'000	HK$'000
Issued and fully paid:		
At 1 April 2014 and 31 March 2015	2,745,013	822,433
Issue of shares upon exercise of share options	16,900	6,789
Expenses incurred in connection with issue of shares	–	(13)
At 31 March 2016	**2,761,913**	**829,209**

During the year, 250,000, 1,300,000, 2,850,000 and 12,500,000 share options were exercised at subscription prices of HK$0.50, HK$0.36, HK$0.41 and HK$0.295 per share respectively, resulting in the issue of 16,900,000 ordinary shares in the Company.

All the shares issued during the year rank pari passu with the then existing shares in all respects.

None of the Company's subsidiaries has purchased, sold or redeemed any of the Company's listed securities during both years.

23. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY

(a) Statement of financial position

	2016 HK$'000	2015 HK$'000
Non-current assets		
Equipment	**1,288**	1,060
Interests in subsidiaries	**107,410**	107,409
Amounts due from subsidiaries	**1,348,917**	1,422,853
Club debentures	**17,529**	18,639
	1,475,144	1,549,961
Current assets		
Amounts due from subsidiaries	**98,690**	98,571
Prepayments, deposits and other receivables	**2,236**	3,349
Short term bank deposits		
– with original maturity within three months	**248,134**	18,986
– with original maturity more than three months	**36,906**	240,415
Bank balances	**1,470**	3,628
	387,436	364,949
Current liabilities		
Other payables and accrued charges	**719**	1,722
Amounts due to subsidiaries	**31,075**	31,137
	31,794	32,859
Net current assets	**355,642**	332,090
Total assets less current liabilities	**1,830,786**	1,882,051
Capital and reserves		
Share capital	**829,209**	822,433
Reserves	**996,751**	1,055,421
Total equity	**1,825,960**	1,877,854
Non-current liability		
Redeemable convertible preference shares	**4,826**	4,197
	1,830,786	1,882,051

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 24 June 2016 and are signed on its behalf by:

Wong Yu Lung, Charles
Director

Ding Chung Keung, Vincent
Director

23. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY (continued)

(b) Movement of reserves of the Company

The changes in the reserves of the Company during the years ended 31 March 2016 and 2015 are as follows:

	Investment revaluation reserve HK$'000	Employee share-based compensation reserve HK$'000	General reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2014	3,000	58,109	6,000	159,994	849,765	1,076,868
Profit and total comprehensive income for the year	–	–	–	–	15,767	15,767
Dividends recognised as distribution (Note 12)	–	–	–	–	(41,175)	(41,175)
Lapse of share options	–	(413)	–	–	413	–
Recognition of equity-settled share-based payments	–	3,961	–	–	–	3,961
At 31 March 2015	3,000	61,657	6,000	159,994	824,770	1,055,421
Profit for the year	–	–	–	–	86,622	86,622
Exchange differences arising on translation	–	–	–	(108,762)	–	(108,762)
Total comprehensive (expense) income for the year	–	–	–	(108,762)	86,622	(22,140)
Dividends recognised as distribution (Note 12)	–	–	–	–	(41,429)	(41,429)
Exercise of share options	–	(1,340)	–	–	–	(1,340)
Recognition of equity-settled share-based payments	–	6,239	–	–	–	6,239
At 31 March 2016	**3,000**	**66,556**	**6,000**	**51,232**	**869,963**	**996,751**

24. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

As at 31 March 2016, 68,400,000 (2015: 68,400,000) preference shares were in issue.

Pursuant to the terms and conditions of the preference shares, the preference shares may be redeemed by the holders of the preference shares at any time subsequent to 50 years after the date of issue on 18 September 2001 at a redemption value of HK$10.00 per preference share. The preference shares carry no right to dividend distributions to the holders. The preference shares were convertible until 17 September 2004 and the conversion rights attached to the preference shares lapsed with no conversion then.

The liability component of the preference shares is carried at amortised cost based on an effective interest rate of 13.97% per annum.

25. DEFERRED TAX ASSET

At 31 March 2016, the Group had estimated unused tax losses of HK$208,550,000 (2015: HK$182,055,000) available to offset against future profits of which certain tax losses have not yet been agreed with the relevant tax authority. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

The movement in deferred tax asset during the year is as follows:

	Impairment allowances HK$'000
At 1 April 2014	3,212
Credit to profit or loss (Note 11)	4,568
At 31 March 2015	7,780
Exchange realignment	(467)
Credit to profit or loss (Note 11)	3,538
At 31 March 2016	**10,851**

A deferred tax asset of HK$10,851,000 (2015: HK$7,780,000) has been recognised in respect of impairment allowances on advances provided to customers.

Under the EIT law, withholding tax is imposed on dividends declared in respect of profits earned by the subsidiaries in China from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the accumulated profits of the subsidiaries in China amounting to HK$13,039,000 (2015: HK$7,004,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

26. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of bank borrowing as set out in Note 20 and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risk associated with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, repurchase of shares and new share issues.

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016 **HK$'000**	2015 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**999,221**	1,135,900
Available-for-sale club debentures	**17,529**	18,639
Financial liabilities		
Held for trading	**–**	3,589
Designated as at FVTPL	**315,240**	343,463
Amortised cost	**4,887**	36,773

Financial risk management objectives and policies

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk

Currency risk

The Company and several subsidiaries of the Company have foreign currency denominated monetary assets and monetary liabilities, thus exposing the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, including loan to a joint venture, short term bank deposits, bank balances, liabilities under shareholders' agreements and redeemable convertible preference shares at the reporting date were as follows:

		Assets		Liabilities	
	Currency	**2016**	2015	**2016**	2015
		HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	HKD	**549,083**	531,872	**320,095**	316,208
United States dollar	USD	**36**	6	**–**	31,463

The Group currently does not have a foreign exchange hedging policy to eliminate the currency exposures. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in USD and HKD.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB, the functional currency of respective group entities, against USD and HKD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate. The analysis illustrates the impact for a 5% weakening of USD and HKD against RMB and a positive number below indicates an increase in profit for the year. For a 5% strengthening of USD and HKD against RMB, there would be an equal and opposite impact on the profit for the year.

	USD impact		HKD impact	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
(Decrease) increase in profit	**(2)**	1,573	**(11,449)**	(10,783)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to loan to a joint venture, advances provided to customers and bank borrowing as set out in Notes 15, 18 and 20 respectively. No sensitivity analysis has been presented as the loan to a joint venture, advances provided to customers and bank borrowing are carried at amortised costs and, therefore, are not subject to significant fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuation in the prevailing levels of market interest rates on the cash flow risk. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which is monitored monthly.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits and bank balances (see Note 19 for details of these financial instruments respectively). Management monitors the related interest exposure closely to ensure the interest rate risks are maintained at an acceptable level.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the rates offered by the PBOC arising from the Group's RMB denominated financial instruments.

Sensitivity analysis for cash flow interest rate risk

The sensitivity analysis below has been determined based on the exposure to variable-rate bank deposits and bank balances. The analysis is prepared assuming the amount of asset and liability of variable-rate outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2015: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2015: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2016 would increase/decrease by HK$41,000 (2015: HK$39,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and bank balances.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Credit risk

As at 31 March 2016, the Group's maximum exposure to credit risk which may cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and loan guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to loan guarantee issued by the Group as disclosed in Note 30.

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

In order to minimise the credit risk, credit limits and credit terms granted to customers are approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. For loan guarantee issued by the Group to a joint venture, the management had set up the credit limit. Any further extension of credit beyond the approved limit had to be approved by the directors of the Company. In this regard, the directors of the Company consider that the credit risk of the Group is significantly reduced.

The credit risk on liquid funds (i.e. short term bank deposits, bank balances and cash) is limited because the majority of the counterparties are banks with good reputations.

The Group's concentration of credit risk on loan to a joint venture and advances provided to customers (the "Receivables") as at 31 March 2016 included five major counterparties accounting for 97.8% (2015: 88.8%) of the Receivables. The Group has closely monitored the recoverability of the advances to these counterparties and taken effective measures to ensure timely collection of outstanding balances.

The Group is exposed to the concentration of geographical risk on revenue which is generated from customers located in China. The Group has closely monitored the business performance and diversified its customer.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowing and ensures compliance with loan covenants.

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity tables

	Weighted average effective interest rate %	On demand HK$'000	Within 1 month HK$'000	1 to 3 months HK$'000	4 to 12 months HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2016 HK$'000
2016									
Liabilities under shareholder's agreements									
Provision for share subscription	–	–	315,240	–	–	–	–	315,240	315,240
Non-derivative financial liabilities									
Other payables	–	13	48	–	–	–	–	61	61
Redeemable convertible preference shares	13.97	–	–	–	–	–	684,000	684,000	4,826
		13	315,288	–	–	–	684,000	999,301	320,127

	Weighted average effective interest rate %	On demand HK$'000	Within 1 month HK$'000	1 to 3 months HK$'000	4 to 12 months HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2015 HK$'000
2015									
Liabilities under shareholder's agreements									
Estimated liability	5.40	–	–	–	33,162	–	–	33,162	31,463
Call option	–	3,589	–	–	–	–	–	3,589	3,589
Provision for share subscription	4.22	–	–	–	315,240	–	–	315,240	312,000
Non-derivative financial liabilities									
Other payables	–	–	43	255	–	–	–	298	298
Loan guarantee contract	–	60,678	–	–	–	–	–	60,678	–
Bank borrowing	6.00	–	161	328	32,704	–	–	33,193	32,278
Redeemable convertible preference shares	13.97	–	–	–	–	–	684,000	684,000	4,197
		64,267	204	583	381,106	–	684,000	1,130,160	383,825

27. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amount included above for loan guarantee contract represented the maximum amount that the Group could be required to pay if the guarantee was called upon in its entirety. As at 31 March 2016, the carrying amount of loan guarantee contract (determined based on expectations at the end of the reporting period) was nil (2015: nil). However, this estimate was subject to change depending on the probability of the counterparty claiming under the loan guarantee contract.

Fair value

The fair values of financial liabilities at fair value through profit or loss are determined based on generally accepted pricing models as disclosed in Note 21.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured on recurring basis subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	Level 2	
	2016 **HK$'000**	2015 HK$'000
Available-for-sale financial assets		
Club debentures	**17,529**	18,639

	Level 3	
	2016 **HK$'000**	2015 HK$'000
Financial liabilities as at FVTPL		
Liabilities under shareholders' agreements (Note 21)		
Call option	**–**	3,589
Provision for share subscription	**315,240**	312,000
Estimated liability	**–**	31,463
Total	**315,240**	347,052

There were no transfers between Level 1 and 2 in the current and prior years.

27. FINANCIAL INSTRUMENTS (continued)

Fair value (continued)

Fair value measurements recognised in the consolidated statement of financial position (continued)

Reconciliation of Level 3 fair value measurements of financial liabilities (Note 21):

	Level 3			
	Call option	**Provision for share subscription**	**Estimated liability**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2014	3,606	297,640	18,056	319,302
Change in fair value	(17)	14,360	13,407	27,750
At 31 March 2015	3,589	312,000	31,463	347,052
Change in fair value	(3,589)	3,240	(31,463)	(31,812)
At 31 March 2016	**–**	**315,240**	**–**	**315,240**

For the years ended 31 March 2016 and 2015, there were no transfers in/out of Level 3 of the fair value hierarchy. The change in fair value of HK$31,812,000 (2015: loss of HK$27,750,000) was recognised in profit or loss.

28. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme was adopted by the Company on 18 September 2002 (the "2002 Share Option Scheme") with amendments made on 29 August 2003 to give clarity to it. Upon a new share option scheme of the Company came into effect on 31 August 2012 (the "2012 Share Option Scheme"), the 2002 Share Option Scheme was terminated and no further share options will be granted thereunder, but the provisions of the 2002 Share Option Scheme will remain in full force and effective to the extent necessary to give effect to the exercise of the share options (to the extent not already exercised) granted prior to its termination.

The Company operates the 2002 Share Option Scheme and the 2012 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants, including the Company's directors and other eligible participants of the Group. Key terms of the 2012 Share Option Scheme are as follows:

The maximum number of shares in the Company which may be issued upon exercise of all outstanding options granted but yet to be exercised under the 2002 Share Option Scheme, the 2012 Share Option Scheme and any other share option scheme shall not in aggregate exceed 30 percent of the issued share capital of the Company from time to time. The maximum number of shares in the Company that may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option scheme must not in aggregate exceed 10 percent of the issued share capital of the Company as at the date of approval of the 2012 Share Option Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted to each participant in any 12-month period shall not exceed 1 percent of the issued share capital of the Company for the time being.

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

The offer of a grant of share options may be accepted no later than 21 days from the date of offer with HK$1 as consideration being payable by the grantee. The exercise period of the share options granted is determinable by the directors.

The subscription price of a share option is determined by the directors, but may not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trades in one or more board lots of shares on the date of offer; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of the share.

A summary of the movements of the outstanding options and their related weighted average exercise prices during each of the two years ended 31 March 2016 under the share option scheme is as follows:

			Number of share options			
Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1 April 2015	Granted during the year	Exercised during the year	Outstanding at 31 March 2016
29.3.2007	29.3.2010 – 28.3.2017	0.256	16,000,000	–	–	**16,000,000**
17.8.2007	17.8.2010 – 16.8.2017	1.014	90,300,000	–	–	**90,300,000**
23.5.2008	23.5.2011 – 22.5.2018	0.692	4,600,000	–	–	**4,600,000**
13.3.2009	13.9.2011 – 12.3.2019	0.360	1,000,000	–	–	**1,000,000**
13.3.2009	13.3.2012 – 12.3.2019	0.360	1,900,000	–	(1,300,000)	**600,000**
13.10.2009	13.10.2012 – 12.10.2019	0.500	52,250,000	–	(250,000)	**52,000,000**
1.2.2011	1.2.2014 – 31.1.2021	0.410	80,350,000	–	(2,850,000)	**77,500,000**
28.6.2013	28.6.2015 – 27.6.2023	0.295	29,900,000	–	(12,500,000)	**17,400,000**
14.10.2014	14.10.2016 – 13.10.2024	0.360	92,000,000	–	–	**92,000,000**
			368,300,000	–	(16,900,000)	**351,400,000**
			HK$	HK$	HK$	**HK$**
Weighted average exercise price per share			0.545	–	0.322	**0.556**

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

			Number of share options			
Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1 April 2014	Granted during the year	Lapsed during the year	Outstanding at 31 March 2015
29.3.2007	29.3.2010 – 28.3.2017	0.256	16,000,000	–	–	16,000,000
17.8.2007	17.8.2010 – 16.8.2017	1.014	90,300,000	–	–	90,300,000
23.5.2008	23.5.2011 – 22.5.2018	0.692	4,600,000	–	–	4,600,000
13.3.2009	13.9.2011 – 12.3.2019	0.360	1,000,000	–	–	1,000,000
13.3.2009	13.3.2012 – 12.3.2019	0.360	1,900,000	–	–	1,900,000
13.10.2009	13.10.2012 – 12.10.2019	0.500	52,250,000	–	–	52,250,000
1.2.2011	1.2.2014 – 31.1.2021	0.410	83,350,000	–	(3,000,000)	80,350,000
28.6.2013	28.6.2015 – 27.6.2023	0.295	31,400,000	–	(1,500,000)	29,900,000
14.10.2014	14.10.2016 – 13.10.2024	0.360	–	92,000,000	–	92,000,000
			280,800,000	92,000,000	(4,500,000)	368,300,000
			HK$	HK$	HK$	HK$
Weighted average exercise price per share			0.603	0.360	0.372	0.545

As at 31 March 2016, the Group had 259,400,000 (2015: 246,400,000) exercisable share options.

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

Details of the options held by the directors included in the above table are as follows:

Date of grant	Exercisable period	Exercise price HK$	Number of share options Outstanding at 1 April 2015	Granted during the year	Lapsed during the year	Outstanding at 31 March 2016
17.8.2007	17.8.2010 – 16.8.2017	1.014	75,000,000	–	–	**75,000,000**
23.5.2008	23.5.2011 – 22.5.2018	0.692	1,600,000	–	–	**1,600,000**
13.10.2009	13.10.2012 – 12.10.2019	0.500	52,000,000	–	–	**52,000,000**
1.2.2011	1.2.2014 – 31.1.2021	0.410	69,100,000	–	–	**69,100,000**
28.6.2013	28.6.2015 – 27.6.2023	0.295	2,600,000	–	–	**2,600,000**
14.10.2014	14.10.2016 – 13.10.2024	0.360	52,000,000	–	–	**52,000,000**
			252,300,000	–	–	**252,300,000**

Date of grant	Exercisable period	Exercise price HK$	Number of share options Outstanding at 1 April 2014	Granted during the year	Lapsed during the year	Outstanding at 31 March 2015
17.8.2007	17.8.2010 – 16.8.2017	1.014	75,000,000	–	–	75,000,000
23.5.2008	23.5.2011 – 22.5.2018	0.692	1,600,000	–	–	1,600,000
13.10.2009	13.10.2012 – 12.10.2019	0.500	52,000,000	–	–	52,000,000
1.2.2011	1.2.2014 – 31.1.2021	0.410	70,600,000	–	(1,500,000)	69,100,000
28.6.2013	28.6.2015 – 27.6.2023	0.295	2,600,000	–	–	2,600,000
14.10.2014	14.10.2016 – 13.10.2024	0.360	–	52,000,000	–	52,000,000
			201,800,000	52,000,000	(1,500,000)	252,300,000

The weighted average share price at the dates of exercise of share option for the year ended 31 March 2016 was HK$0.575. No share options were exercised during the year ended 31 March 2015.

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

Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on trinomial lattice model. The contractual life of the option is used as an input into these models. Expectations of early exercise are incorporated into the trinomial lattice model.

For the year ended 31 March 2015	Executive directors	Employees
Grant dates	14 October 2014	14 October 2014
Fair value at measurement dates (HK$)	0.135	0.122
Share price (HK$)	0.360	0.360
Exercise price (HK$)	0.360	0.360
Expected volatility (expressed as a weighted average volatility used in the modelling under trinomial lattice model)	45.35%	45.35%
Option life	10 years	10 years
Expected dividends	4.17%	4.17%
Risk-free interest rate (based on Exchange Fund Notes)	1.75%	1.75%
Post-vesting exit rate	0.47%	8.38%
Exercise cap	280%	220%

The expected volatility is based on the historical volatility of the Company's share price over the previous 5 years, adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. The trinomial lattice model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing price of the Company's shares immediately before 14 October 2014, the date of the grant, was HK$0.36. The exercise price is HK$0.36. The estimated fair value of the share options granted on that date was HK$11,884,000.

The Group recognised total expenses of HK$6,239,000 (2015: HK$3,961,000) relating to share option payment transactions for the year ended 31 March 2016.

29. OPERATING LEASE COMMITMENTS

As at 31 March 2016, the total future minimum lease payment under non-cancellable operating leases was payable as follows:

As lessee

The Group is the lessee of a number of properties held under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease upon expiry when all terms are re-negotiated.

	2016 **HK$'000**	2015 HK$'000
Within one year	**2,630**	5,201
After one year but within five years	**66**	2,853
	2,696	8,054

30. CONTINGENT LIABILITIES

As at 31 March 2015, the Group had given a guarantee to bank borrowings of RMB45,200,000 equivalent to approximately HK$57,215,000 to a joint venture of the Group. The guarantee provided by the Group was approximately 47.94% of all sums payable by the borrower.

No financial liability in relation to the loan guarantees given by the Group had been recognised as, in the opinion of the directors of the Company, the fair value of these guarantees at inception was not significant in the prior year.

31. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees’ relevant income subject to a cap of monthly relevant income as specified in the rules. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees employed by the subsidiaries in China are members of the state-managed retirement benefit schemes operated by the China government. The China subsidiaries are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

32. RELATED PARTY TRANSACTIONS

Save as disclosed in the consolidated financial statements, the Group had the following transactions with related parties during both years.

Key management personnel remuneration

	2016 HK$'000	2015 HK$'000
Short-term benefits	13,444	16,624
Post-employment benefits	39	52
Share-based payments	3,543	1,756
	17,026	18,432

The details of the remuneration paid to the key management are set out in Note 10.

Transactions with related parties

	2016 HK$'000	2015 HK$'000
Loan interest income received from a joint venture	28,795	47,012
Rental expense paid to related companies (Note)	(2,628)	(2,628)

Note: Mr. Wong Yu Lung, Charles ("Mr. Wong") and Ms. Wong, Michelle Yatyee ("Ms. Wong") were considered as materially interested in these transactions as these related companies were held by trusts whereby Mr. Wong and Ms. Wong were trustee and eligible beneficiary respectively.

33. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2016 and 2015 are as follows:

Name of subsidiary	Place of incorporation and operation	Particulars of issued and paid up capital/registered capital		Proportion of ownership interest held by the Company				Principal activities
				Directly		Indirectly		
		2016	2015	**2016**	2015	**2016**	2015	
Jiangsu Goldbond Factoring Co. Ltd.# (江蘇金榜商業保理有限公司) (Note)	China	**RMB 50,000,000**	RMB 50,000,000	**–**	–	**100%**	100%	Provision of factoring service
Nanjing Excellent Link Consultancy Co. Ltd.# (南京卓領信息咨詢有限公司) (Note)	China	**HK$ 7,000,000**	HK$ 7,000,000	**–**	–	**100%**	100%	Provision of management service
Perfect Honour Limited	British Virgin Islands	**US$1**	US$1	**100%**	100%	**–**	–	Investment holding
Yancheng Goldbond Technology Small Loan Company Limited# (鹽城市金榜科技小額貸款有限公司) (Note)	China	**US$ 23,584,000**	US$ 30,000,000	**–**	–	**100%**	100%	Provision of financing service

English translated name is for identification purpose only.

Note: These companies are wholly foreign-owned enterprise established in China.

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

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

34. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Notes 12 and 21 of the consolidated financial statements, the Group had no other significant subsequent event after the reporting period.