



TK NEW ENERGY

Tonking New Energy Group Holdings Limited

同景新能源集團控股有限公司*

(formerly known as JC Group Holdings Limited)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8326)



Annual Report
2016



* For identification purpose only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Tonking New Energy Group Holdings Limited (formerly known as “JC Group Holdings Limited”) (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



Contents

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	7
Biographies of Directors and Senior Management	18
Directors' Report	22
Corporate Governance Report	34
Independent Auditors' Report	44
Consolidated Statement of Profit or Loss	46
Consolidated Statement of Profit or Loss and Other Comprehensive Income	47
Consolidated Statement of Financial Position	48
Consolidated Statement of Changes in Equity	50
Consolidated Statement of Cash Flows	51
Notes to the Financial Statements	53
Five Years' Financial Summary	110



Corporate Information

Board of Directors

Executive Directors

Mr. Wu Kai Char (*Chairman*)
Mr. Wu Jian Nong
(*Vice Chairman and Chief Executive Officer*)
(*appointed on 1 October 2015*)
Ms. Wong Wai Ling
Ms. Shen Meng Hong (*appointed on 3 August 2015*)
Mr. Xu Shui Sheng (*appointed on 1 October 2015*)
Ms. Chen Chen (*resigned on 1 October 2015*)

Non-Executive Directors

Mr. Kwok Chun Chung (*appointed on 3 August 2015*
and resigned on 1 October 2015)

Independent Non-Executive Directors

Ms. Au Man Yi (*appointed on 16 February 2015*)
Mr. Pao Ping Wing
Ms. Wang Xiaoxiong (*appointed on 5 February 2016*)
Mr. Yuan Haiyang (*appointed on 3 November 2015*
and resigned on 5 February 2016)
Mr. Chan Wai Hung Clarence
(*retired on 21 November 2015*)

Company Secretary

Mr. Cheng Man For (*appointed on 7 September 2015*)
Mr. Wong Ka Shing (*resigned on 7 September 2015*)

Authorised Representatives

Ms. Shen Meng Hong (*appointed on 2 February 2016*)
Mr. Cheng Man For (*appointed on 2 February 2016*)
Ms. Wong Wai Ling (*resigned on 2 February 2016*)
Mr. Wu Kai Char (*resigned on 2 February 2016*)

Audit Committee

Ms. Au Man Yi (*Chairman*)
Mr. Pao Ping Wing
Ms. Wang Xiaoxiong (*appointed on 5 February 2016*)
Mr. Yuan Haiyang (*appointed on 3 November 2015*
and resigned on 5 February 2016)
Mr. Chan Wai Hung Clarence
(*retired on 21 November 2015*)

Remuneration Committee

Mr. Pao Ping Wing (*Chairman*)
Ms. Au Man Yi
Ms. Wang Xiaoxiong (*appointed on 5 February 2016*)
Mr. Yuan Haiyang (*appointed on 3 November 2015*
and resigned on 5 February 2016)
Mr. Chan Wai Hung Clarence
(*retired on 21 November 2015*)

Nomination Committee

Ms. Wang Xiaoxiong (*Chairman*)
(*appointed on 5 February 2016*)
Ms. Wong Wai Ling
Mr. Pao Ping Wing
Mr. Yuan Haiyang (*appointed on 3 November 2015*
and resigned on 5 February 2016)
Mr. Chan Wai Hung Clarence
(*retired on 21 November 2015*)

Compliance Committee

Ms. Wong Wai Ling (*Chairman*)
Ms. Wang Xiaoxiong (*appointed on 5 February 2016*)
Mr. Yuan Haiyang (*appointed on 3 November 2015*
and resigned on 5 February 2016)
Mr. Chan Wai Hung Clarence
(*retired on 21 November 2015*)
Ms. Li Yuen Shan

Registered Office

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

14th Floor, TAL Building
45-53 Austin Road
Tsim Sha Tsui
Kowloon
Hong Kong



Corporate Information (continued)

Principal Share Registrar and Transfer Office

Estera Trust (Cayman) Ltd.
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
China Merchants Bank Company Limited

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Adviser

As to Hong Kong law:
PHILLIPS Solicitors

Compliance Adviser

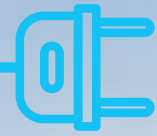
Messis Capital Limited

Stock Code

8326

Company's Website

www.tonkingroup.com.hk



Chairman's Statement





Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the board of directors (the "Board"), I am pleased to present the annual report of Tonking New Energy Group Holdings Limited (the "Company", together with its subsidiaries the "Group") for the year ended 31 March 2016.

Although the food and beverages business has remained a major revenue source of the Group, its performance has been affected by the weakened Hong Kong economic condition in the reporting period. During the reporting period, the Group has been looking for other attractive business in an attempt to diversify its business areas to reduce the reliance upon existing food and beverages business and broaden its revenue base. The Group has therefore, in the fourth quarter of 2015, commenced a new business segment of renewable energy business in the PRC to seize the golden opportunity created by the growing demand of renewable energy in China.

RENEWABLE ENERGY BUSINESS

The principal activities of renewable energy business segment involve research and development of solar power technology, operation and construction of solar power station, EPC (Engineering, Procurement and Construction) business and sales of solar mounting and tracking system materials. In order to reflect the Company's focus on its renewable energy business, the Group has changed its name from "JC Group Holdings Limited" to "Tonking New Energy Group Holdings Limited" in May 2016. Despite the intensive industry competition of renewable energy in PRC, the Group strived to develop the renewable energy business to become a pillar business of the Group, and positive contribution has been made by this business segment to the revenue of the Group since its commencement (approximately 34% of the total revenue of the reporting period).

In November 2015, the Group established a wholly-owned subsidiary in Shanghai, 同景新能源科技(上海)有限公司 (transliterated as Tonking New Energy Technology (Shanghai) Limited). Five direct wholly-owned subsidiaries have been established by Tonking New Energy Technology (Shanghai) Limited within the period from November 2015 to February 2016 to facilitate the Group's business operation in the area of renewable energy business. Since its establishment, the Group has through it, engaged in several project agreements in the PRC with independent third parties, including solar project, sales and installation order of intelligent tracking photovoltaic mounting brackets, contract order of permitted grid connection of agricultural photovoltaic power station and engineering, procurement and construction of a photovoltaic power station and desert agriculture project.



Chairman's Statement (continued)

FOOD AND BEVERAGE BUSINESS

In 2015, faced with the downward pressure of the global economy, the tertiary industry in Hong Kong touched its trough and such downturn had also affected our food and beverages business. In view of the challenging and uncertain economic conditions, the Group adopted a prudent and flexible management model and actively adjusted its structure to create value for our shareholders. During the reporting period, the Group shut down the loss-making café a la Folie in November 2015 and has reallocated more resources on those potential profit making outlets. The Group continued to adopt its existing diversification strategy by operating fine-dining and casual dining restaurants as well as restaurants in middle-class market to broaden the stream of customers. By launching our fourth restaurant under the brand name of “Royal Grill Ginji” under the Japanese franchise name of “Mekikinoginji-Okinawa” in May 2015, we have increased penetration of our brand in the middle-class market and increased the awareness of our brand among young customers through the splendid menu and unique dishes from Okinawa.

Throughout the reporting period, food and beverage business faced a lot of challenges including high inflation pressure, shortage of labor and volatile political atmosphere. The modest economic growth also affected the consumer sentiment. Nonetheless, we continued to explore and develop our business into different styles and market and broadened our customer stream. In view of the potential in middle class market and high demand for casual dining, we strive to expand our market shares in this segment.

CONCLUSION

2015 is a transformational year for the Group as it experienced a dramatic change in its business and earmarks the coming of a new era. Looking ahead in 2016, the Group will continue upholding the current development strategy and expand the business horizon. The Group will endeavor to increase the efforts in expanding its renewable energy business in the PRC and seek better investment opportunities to create greater value. We will also maintain our competitive edge in Hong Kong by looking for high standard suppliers with attractive costs to strengthen the existing food and beverage business. The Group will further develop the casual dining brand that cater for the middle class market.

Finally, I would like to take this opportunity to express my gratitude to our shareholders, customers and business partners for their interest in and continuous support of the Group. Thank you to the directors, our incredible management team and employees for their commitment and contribution in the previous year. We will continue to do great work to achieve our goals and better result in future.

Wu Kai Char

Chairman

Hong Kong, 22 June 2016



Management Discussion & Analysis





Management Discussion and Analysis

BUSINESS REVIEW

Renewable Energy Business

The Group has commenced a new business segment of renewable energy business in the PRC in the fourth quarter of 2015, which included research and development of solar power technology, operation and construction of solar power station, EPC (Engineering, Procurement and Construction) business and sales of solar mounting and tracking system materials.

In November 2015, the Group set up an indirect wholly-owned subsidiary in Shanghai, namely Tonking New Energy Technology (Shanghai) Limited, to engage in the renewable energy business. The Group has entered into several contracts with independent third parties concerning the renewable energy business during November and December 2015, including 30MW sales and installation order of intelligent tracking photovoltaic mounting brackets and 6MW project order in relation to permitted grid connection of agricultural photovoltaic power station. The Group has further entered into two contracts in February 2016 including (i) a contract with 寧夏寶豐集團有限公司 for the sales and installation of solar tracking system for the entire 700MWp agricultural intelligent photovoltaic power station of 寧夏寶豐集團有限公司 located in Ningxia Hui Autonomous Region, the PRC; and (ii) a contract entered into with Elion Resources Group in Inner Mongolia for the engineering, procurement and construction of a combination project of a 20MWp photovoltaic power station and desert agriculture project inside the grounds of the said power station.

In the period from November 2015 to February 2016, Tonking New Energy Technology (Shanghai) Limited has established five direct wholly-owned subsidiaries, namely Jiang Shan Shi Tong Jing Guang Fu Limited, Jin Zhai Xian Tong Jing New Energy Limited, Horqin Left Back Banner Tong Jing New Energy Limited, Nan Zhang Xian Tong Jing New Energy Limited, and Hong Ze Tong Jing New Energy Limited for the purpose of strengthening the Group's business operation in the renewable energy business.

Jiang Shan Shi Tong Jing Guang Fu Limited

Jiang Shan Shi Tong Jing Guang Fu Limited, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, is principally engaged in the renewable energy business activities concerning research and development of solar power technology, EPC (Engineering, Procurement and Construction) business and sales of photovoltaic mounting and tracking system materials. Its registered address is No. 17-1, Kai Yuan Road, Shan Hai Cooperation Zone, Jiang Shan Economic Development District, Quzhou City, Zhe jiang Province, China.

Jin Zhai Xian Tong Jing New Energy Limited

Jin Zhai Xian Tong Jing New Energy Limited, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, is principally engaged in the renewable energy business activities concerning research and development of solar power technology and agricultural development for the development of agricultural photovoltaic power station project. Its registered address is Xiao Nanjing Village, Mui Shan Town, Jian Zhai Xian, China.



Management Discussion and Analysis (continued)

Horqin Left Back Banner Tong Jing New Energy Limited

Horqin Left Back Banner Tong Jing New Energy Limited, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, is principally engaged in the renewable energy business activities concerning solar power technology, research and development of solar power technology and sales of solar power equipment and accessories, and agricultural development for the development of agricultural photovoltaic power station project. Its registered address is Middle Part of Ma La Qin Road, Gan Qi Ka Town, Horqin Left Back Banner, China.

Nan Zhang Xian Tong Jing New Energy Limited

Nan Zhang Xian Tong Jing New Energy Limited, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, is principally engaged in the renewable energy business activities concerning research and development of solar power technology, consultancy services in relation to research and development of solar power technology and operation and construction of solar power stations, and sales of photovoltaic equipment and accessories in relation to the EPC (Engineering, Procurement and Construction) business. Its registered address is No. 45, Feng Shan Road, Cheng Guan Town, Nan Zhang Xian, China.

Hong Ze Tong Jing New Energy Limited

Hong Ze Tong Jing New Energy Limited, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, is principally engaged in the renewable energy business activities concerning research and development of solar power technology, consultancy services in relation to research and development of solar power technology and operation and construction of solar power stations, and sales of photovoltaic equipment and accessories in relation to the EPC (Engineering, Procurement and Construction) business. Its registered address is No. 9, Shun Da Road, Xi Shun He Town, Hong Ze Xian, Huai An City, China.

Food and Beverage Business

The Group is a food and beverage group in Hong Kong operating 11 full-service restaurants and 2 cake shops as at 31 March 2016, namely “Inakaya”, “Harlan’s”, “Kaika”, “Mekikinoginji-Okinawa” in Tuen Mun, Causeway Bay, Tsim Sha Tsui, and Mongkok, “Hooray”, “Pearl Delights”, “PHO Hoi An” in Tsim Sha Tsui and San Po Kong, “Harlan’s Cake Shop” and “Carousel” of which some are operated by way of franchising agreement.

During the year ended 31 March 2016, the Group has continued its endeavor to work out the philosophy – “unique dining concepts” through quality dishes accompanied by a pleasant atmosphere and attentive services. The Group continues to explore fresh and high quality food ingredients with reasonable prices to create an unforgettable and unique dining experience. All of our chefs and staff are committed to preparing innovative dishes and executing stringent food quality control.



Management Discussion and Analysis (continued)

The Group adopted the diversification strategy by operating fine-dining and casual dining restaurants as well as restaurants in middle-class market to broaden the stream of customers. By launching our fourth restaurant under the Japanese franchise name of “Mekikinoginji-Okinawa” in May 2015, we have increased penetration of our brand in the middle-class market and increased the awareness of our brand among young customers through the splendid menu and unique dishes from Okinawa.

Likewise, the Group desired to put more resources on those potential profit making outlets and to streamline its current restaurant operations. The Group considered it is prudent to close down the outlet which had been suffered from losses and did not operate effectively and profitably. In November 2015, the Group closed down the loss-making café – a la Folie.

Mekikinoginji-Okinawa

The Group operates restaurants under the franchise name of “Mekikinoginji-Okinawa”, a famous izakaya chain well known for its creative dishes and contemporary interior design in the Okinawa Prefecture of Japan.

Due to the successful launch of restaurants under the franchise name of “Mekikinoginji-Okinawa” in V city, Tuen Mun, World Trade Centre, Causeway Bay and the ONE, Tsim Sha Tsui, which serve contemporary Japanese cuisine and are frequently patronized by young customers, the Group further opened the fourth restaurant in MOKO, Mongkok in May 2015 under the brand name of “Royal Grill Ginji” in view of the potential demand in prime area. The brand name of “Royal Grill Ginji” was established under the franchise name of “Mekikinoginji-Okinawa”.

It is a new concept izakaya restaurant that serves teppanyaki delights together with signature izakaya dishes.

Inakaya

Being one of the few robata-yaki Japanese restaurants that is located on the upper floors of one of the tallest buildings in the world, Inakaya has successfully maintained and strengthened its upscale and fine-dining image in Hong Kong. Our executive chef brought in the new Japanese cuisine essence together with traditional style to the restaurant and further established the unique connection between Japan and Hong Kong. Inakaya was included in the world-famous “The MICHELIN GUIDE” (Hong Kong and Macau 2015) with two Fork & Spoon designations representing “comfortable restaurant”, and was granted an award from “Hong Kong Tatler Best Restaurants – Hong Kong & Macau Edition 2015”.

Harlan’s

With an inviting ambience and plush interior design, Harlan’s successfully joined the quality wedding merchant scheme held by ESD Services Limited which further demonstrate our strength in providing perfect venue and attentive services for holding wedding banquets and corporate events. Harlan’s also received accolades from “Hong Kong Tatler Best Restaurants – Hong Kong and Macau Edition” in 2015, and has maintained its unique position as one of the finest restaurants with splendid view in Tsim Sha Tsui.



Management Discussion and Analysis (continued)

Kaika

The Teppanyaki brand has been moving on with enormous momentum which transcended itself from merely a teppanyaki restaurant from Ginza Tokyo. Kaika also received accolades from “Hong Kong Tatler Best Restaurants – Hong Kong and Macau Edition” in 2015. With the completion of the interior renovation in early April 2015, the restaurant captured not only frequent dinners but also new customers with a discerning palate.

Hooray

Acclaimed as the sky garden restaurant, Hooray, with a 12,000 sq. ft. venue, continued to explore new cuisine and dining fashions for the young and trend-setting customers. Hooray has established a sharp image for modern and adventurous cuisine which had been popular among the young clientele. Together with Harlan’s, Hooray also successfully joined the quality wedding merchant scheme held by ESD Services Limited.

Pearl Delights

Being a Chinese cuisine restaurant, “Pearl Delights”, brings in a new Cantonese cuisine dining concept that focuses on dim sum and Cantonese barbeque meat for its customers in the Shatin District, one of the most populous districts in Hong Kong.

PHO Hoi An

This Vietnamese eatery continues to maintain its image as major casual dining restaurant of the Group. Through providing efficient service and an array of Vietnamese cuisines inspired from Hoi An, the world heritage town in Vietnam, the new brand is expected to strengthen the clientele base and establish a new stream of customers for the Group.

Harlan’s Cake Shop

Harlan’s Cake Shop has been growing with a strong and loyal customer base. Delightful pastry, aromatic coffee together with the graceful décor set an inviting tone for the shop which won the heart among the locals and tourists in the Tsim Sha Tsui area.

Carousel

Carousel Fine Cake & Pastries, being a dainty cake shop brimming with sweet delights, is well accepted as an exclusive cake shop that excels in tailor-made cakes. The shop provides a series of delicate pastry at reasonable prices such as such as cakes, macarons, cookies, and is usually frequented by regular customers.



Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Revenue

For the financial year ended 31 March 2016, the Group recorded revenue of approximately HK\$402,685,000, representing a significant increase of approximately 58% compared with approximately HK\$254,689,000, of the corresponding period in 2015. The growth in revenue was mainly attributable to the revenue from renewable energy business that the Group commenced operation in the fourth quarter of 2015. Meanwhile, the food and beverage business also brought a slight increase in revenue for the year ended 31 March 2016.

Cost of food and beverage

The cost of food and beverage for the year ended 31 March 2016 amounted to approximately HK\$77,794,000 (2015: approximately HK\$71,595,000) which was derived from restaurant operations. Despite rising inflation in the market, the Group was still able to maintain the overall cost margin at a level below 30% of revenue from food and beverage business for the two years ended 31 March 2015 and 2016 respectively, which is a key performance indicator of the overall efficiency and profitability of the restaurant operations.

Contract Costs

The contract costs for the year ended 31 March 2016 was approximately HK\$112,208,000 (2015: nil). The costs was derived from the newly commenced renewable energy business which was mainly represented by the cost of construction materials and supplies, subcontracting charges, transportation, machine and vehicle rental expenses.

Staff costs

The staff costs increased by approximately 11% to approximately HK\$83,564,000 for the year ended 31 March 2016 (2015: approximately HK\$75,607,000). The increase was mainly attributable to the increase in the number of restaurants of the food and beverage business as well as the increase in salaries to attract experienced staff in view of the shortage of labour and high staff turnover rate in the food and beverage industry. The management teams will adopt a more stringent cost control to maintain the staff cost at a reasonably level.

Depreciation and amortisation

Depreciation and amortisation decreased slightly by approximately 7% to approximately HK\$16,334,000 for the year ended 31 March 2016 (2015: approximately HK\$17,489,000).

Property rentals and related expenses

The property rentals and related expenses for the year ended 31 March 2016 amounted to approximately HK\$60,807,000 (2015: approximately HK\$53,183,000), representing an increase of approximately 14% as compared to the corresponding period in 2015. Such increase was mainly attributable to the rental expenses of newly-opened outlets and the rise in the rent of some existing outlets upon the renewal of tenancy agreements from restaurant operations.



Management Discussion and Analysis (continued)

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 13% to approximately HK\$33,473,000 for the year ended 31 March 2016 from approximately HK\$29,627,000 for the corresponding period in 2015. The increase was mainly derived from the newly-opened outlets from restaurant operations, as well as the commencement of the new business segment of renewable energy business.

Finance costs

Finance costs amounted to approximately HK\$785,000 for the year ended 31 March 2016 (2015: nil), which comprised interest expenses derived from the promissory note issued by the Group to an independent third party.

Net profit for the year

The Group recorded profit attributable to owners of the Company of approximately HK\$5,078,000 for the year ended 31 March 2016 (2015: approximately HK\$539,000). The profit for the year was the proof of the successful diversification strategy adopted by the Group by commencing a new business segment of renewable energy business and high quality of food and satisfactory services of the Group. The profit is partially offset by i) the write-off of the property, plant and equipment from the close of an outlet which is one-off in nature; and ii) drop in profit of some outlets compared to prior year owing to economic downturn and lessen inbound tourism but inflation in operating cost remained high.

FUTURE PROSPECTS

The Group faced challenging operating environment of the restaurant operations business for the year ended 31 March 2016 including downward pressure of the global economy, keen competition, inflation pressure, shortage of labor and political disputes. Despite that, the management strived to overcome the challenges through the diversification strategy by looking for other attractive business to diversify its business areas and to reduce the reliance upon existing food and beverage business.

Renewable Energy Business

The renewable energy business in the PRC is a new business segment of the Group in the fourth quarter of 2015. The new segment will diversify the Group's businesses to reduce the reliance upon existing food and beverage business and broaden its revenue base. In recent years, there has been a rapid increase in demand for renewable energy in the PRC. The Group will continue to devote more resources in this business segment to strengthen the Group's operation in the renewable energy business in the PRC.

Food and Beverage Business

The Group will continue upholding the current flexible development strategy by putting more resources on those potential profit making outlets. The Group will continue to operate fine-dining and casual dining restaurants as well as restaurants in middle-class market to broaden the stream of customers and diversify its income stream. The Group will continue its business strategy of increasing penetration of our brand in the middle-class market and increased the awareness of our brand among young customers through the splendid menu and unique dishes. To maintain its competitive edge, the Group will continue to adhere to its philosophy – “unique dining concepts”, by developing innovative and tasty dishes, creating a pleasant atmosphere and providing attentive services.



Management Discussion and Analysis (continued)

Looking ahead, the Group anticipates the coming year is still a challenging year. To cope with this, the Group will put effective cost control as first priority in its strategies. We will enhance the operating efficiency of both business segments and streamline our current business operation.

The Board is optimistic that the Group's persistence in the diversification strategy will enable the Group to grow sustainably in the foreseeable future. The Group will continue to make its best efforts in achieving satisfactory returns for the shareholders of the Company.

Liquidity, Financial and Capital Resources

Capital structure

As at 31 March 2016, the share capital and equity attributable to owners of the Company amounted to HK\$4,000,000 and approximately HK\$85,975,000 respectively (2015: HK\$4,000,000 and approximately HK\$80,410,000 respectively).

Cash Position

As at 31 March 2016, the cash and cash equivalents of the Group amounted to approximately HK\$21,991,000 (2015: approximately HK\$49,852,000), representing a decrease of approximately 56% as compared to that as at 31 March 2015.

Borrowings

As at 31 March 2016, total borrowings of the Group amounted to approximately HK\$36,785,000 (2015: nil) which was derived from the issue of a promissory note. On 9 September 2015, the Group issued a promissory note to an independent third party with an aggregate principal amount of HK\$36,000,000 which bears an interest rate of 4% per annum for a term of two years.

Pledge of assets

As at 31 March 2016, the entire issued share capital of Glory Kind Development Limited (a direct wholly-owned subsidiary of the Company) were pledged to secure the issue of a promissory note to an independent third party (2015: nil).

Gearing ratio

As at 31 March 2016, the gearing ratio of the Group was approximately 37% (2015: approximately 3%). The significant increase was mainly attributable to the issuance of promissory note during the year. The gearing ratio is calculated based on the total debt at the end of the year divided by the total debt plus total equity at the end of the respective year. Total debt represents all liabilities excluding trade payables, other payables and accruals, tax payable and provision for reinstatement costs.



Management Discussion and Analysis (continued)

Exchange Rate Exposure

The Group is principally engaged in the renewable energy business in the PRC and the operation and management of restaurants and cake shops in Hong Kong. As the renewable energy business segment of the Group has subsidiaries operating in the PRC, in which most of their transactions are denominated in Renminbi, the Group is exposed to foreign exchange fluctuations in Renminbi.

The Group has not entered into any foreign exchange contract as hedging measures. The Group manages its foreign currency risk against Renminbi by closely monitoring its movement and the management may consider using hedging derivative, to manage its foreign currency risk in future should the need arises.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Save for the acquisition of certain assets of Jiang Shan Shi Ming Crystal Limited as disclosed in the announcements of the Group dated 3 March 2016 and 1 April 2016 which is disclosed under the section “Connected Transactions” below, there were no other significant investments held, material acquisition or disposal of subsidiaries and affiliated companies, and other plans for material investments or capital assets during the year ended 31 March 2016.

Contingent Liabilities

As at 31 March 2016, the Group had no material contingent liabilities (2015: nil).

Capital Commitment

As at 31 March 2016, the Group had capital commitments of approximately HK\$5,404,000 (2015: approximately HK\$1,006,000).

Employees and Emolument Policies

The Group had 311 employees (including Directors) as at 31 March 2016 (2015: 285 employees). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses for both the renewable energy and the food and beverage businesses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company’s operating results, market competitiveness, individual performance and achievement, and are approved by the Board.



Management Discussion and Analysis (continued)

Comparison of Business Plan with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Company's prospectus dated 14 November 2013 (the "Prospectus") with actual business progress for the year ended 31 March 2016.

Business plan as set out in the Prospectus	Progress up to 31 March 2016
Diversification of product offerings	
Operating of Pearl Chamber with an expected usable area and seating capacity of approximately 220 sq.m. and 60 seats in the first quarter of 2014	The Group is in the progress to identify the location.
Opening of another new Japanese cuisine restaurant under the franchise name "Mekikinoginji – Okinawa" by 31 March 2015	Pearl Delights in Tsim Sha Tsui has been rebranded to "Mekikinoginji – Okinawa" and had commenced business in November 2014.
Enhancement of existing restaurant facilities	
Change and rebrand PHO24 to Pearl Delights in New Town Plaza, Shatin, focusing on Cantonese cuisine	Pearl Delights has been rebranded and had commenced business in December 2013.
Enhance the restaurant facilities of Harlan's and Kaika and Inakaya to increase the efficiency	Harlan's and kaika has been refurbished from end of March 2015 and finished in early of April 2015. The Group has regularly enhanced the existing facilities of Harlan's, Kaika and Inakaya.
Strengthening of staff training	
Provide trainings for different aspects of the operations of restaurants to improve their practical business skills	The Group has employed personnel to design a training programme, arranged overseas cultural exchange for the chefs and hired consultant to train and provide professional advice to the chefs.
Enhancement of marketing and promotions	
Reinforce its reputation in providing high quality food and dining environment	The Group has arranged regular advertising campaigns.

The net proceeds from the listing of the shares of the Company by way of placing on the GEM (the "Placing") were approximately HK\$25.1 million, which was based on the final placing price of HK\$0.5 per share and the actual expenses related to the listing. Accordingly, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.



Management Discussion and Analysis (continued)

The net proceeds from the Placing from the date of listing to 31 March 2016 has been applied as follows:

	Use of proceeds as shown from the date of listing to 31 March 2016	Actual use of proceeds from the date of listing to 31 March 2016
	HK\$'000	HK\$'000
Diversification of product offerings	11,025	3,725
Enhancement of existing restaurant facilities	4,410	3,690
Strengthening of staff training	2,205	2,205
Enhancement of marketing and promotions	2,205	2,205
Additional general working capital	2,205	2,205
Total	22,050	14,030

The Directors will constantly evaluate the Group's business objective and will change or modify plans against the changing market condition to ascertain the business growth of the Group.



Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wu Kai Char (胡啟初), aged 60 **Chairman and Executive Director**

Mr. Wu is one of the founders of the Group and was appointed as an executive Director and the chairman of the Board on 2 November 2013. Mr. Wu is responsible for the strategic development and management of the Group's business and operations.

Mr. Wu has over 20 years of experience in the hotel and restaurant supplies industry in Hong Kong and China. Mr. Wu is a director of Well-In Holdings Limited and Well-In Hotel Supplies Company Limited, a manufacturer and international supplier in food industry that produces fine quality silver and tableware equipment for international hotel chains and restaurant groups. Mr. Wu was the director of Yan Oi Tong (仁愛堂) for the period 1994-1998, a chairman of the Lions Club International Foundation (獅子會) for the period of 1992-1993 and also nominated as the "Top Ten Chinese Entrepreneur" (十大優秀華人企業家) in 2010 by The World Chinese Entrepreneur Association (世界華人企業家協會).

Mr. Wu Jian Nong (吳建農), aged 54 **Vice Chairman and Chief Executive Officer and Executive Director**

Mr. Wu was appointed as an executive Director on 1 October 2015. He was appointed as the chief executive officer and vice chairman of the Company on 21 November 2015. Mr. Wu is responsible for the strategic development and management of the Group's business and operations.

Mr. Wu completed the executive master of business administration course (EMBA) from Overseas Education College Shanghai Jiao Tong University (上海交通大學海外教育學院) in February 2006. Mr. Wu further obtained a master degree in business administration from Hong Kong Finance and Economics College (香港財經學院) in June 2008. He obtained the qualification of engineer from Quzhou City Leading Group for Title Reform* (衢州市職稱改革領導小組) in 1992. From December 1978 to March 1994, Mr. Wu worked as an engineer in Jiang Shan Chemical Industry General Factory* (江山化工總廠). He was the chairman of the board of directors of Zhejiang Jiangshan Sunny Electron Co., Ltd* (浙江江山三友電子有限公司) from April 1994 to May 2011. Since May 2011, Mr. Wu has been the president of Zhejiang Tonking New Energy Group Co., Ltd* (浙江同景新能源集團有限公司).

Ms. Wong Wai Ling (黃慧玲), aged 54 **Executive Director and Compliance Officer**

Ms. Wong was appointed as a Director on 21 June 2013. She was re-designated as an executive Director and appointed as the chief executive officer of the Company on 2 November 2013. She resigned as the chief executive officer on 21 November 2015 but remained as an executive Director. She joined the Group on 2 March 2006 and is one of the founders of the Group. Ms. Wong is primarily responsible for the Group's overall corporate strategies, financial management and business development. Ms. Wong has over 10 years of experience in the food and beverage industry since the commencement of business of the Group. Further, Ms. Wong is a certified public accountant with over 22 years of experience in accounting, auditing and taxation.

* For identification purpose only



Biographies of Directors and Senior Management (continued)

Ms. Wong received a bachelor of arts degree from the University of Hong Kong in 1983 and a diploma in accounting and finance from the London School of Economics and Political Science, University of London in 1985. Ms. Wong was qualified as an associate of the Association of Chartered Certified Accountants in 1990 and registered as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in 1991. Ms. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Ms. Wong is an independent non-executive director of China Ruifeng Renewable Energy Holdings Limited (stock code: 527), Overseas Chinese Town (Asia) Holdings Limited (stock code: 3366), AVIC International Holdings Limited (stock code: 161) and Yongsheng Advanced Materials Company Limited (stock code: 3608), all of which are companies whose shares are listed on the Main Board of the Stock Exchange. Ms. Wong also acts as the chairperson of the audit committee of each of these listed companies. Ms. Wong is a non-executive director of Hin Sang Group International Holding Company Limited (stock code: 6893), the issued shares of which are listed on the Main Board of the Stock Exchange.

Ms. Shen Meng Hong (沈孟紅), aged 40 **Executive Director**

Ms. Shen was appointed as an executive Director on 3 August 2015. Ms. Shen is responsible for the strategic development and management of the Group's business and operations.

Ms. Shen has a very rich operating experience in the field of enterprise strategic management, mergers and acquisitions, initial public offering and risk management. Ms. Shen was engaged in the compact fluorescent lamp industry and renewable energy industry and had accumulated a wealth of experience in financial management. She obtained an MBA from the Hong Kong Finance and Economics College in 2008, and is a qualified PRC senior accountant.

Mr. Xu Shui Sheng (徐水升), aged 51 **Executive Director**

Mr. Xu was appointed as an executive Director on 1 October 2015. Mr. Xu is responsible for the strategic development and management of the Group's business and operations.

Mr. Xu obtained a master degree in business administration from Hong Kong Finance and Economics College (香港財經學院) in June 2008. Mr. Xu obtained the qualification of engineer (with specialization in mechanical engineering) from the Human Resources and Security Bureau of Quzhou City* (衢州市人力資源和社會保障局) in August 1996. From August 1981 to September 2001, Mr. Xu had worked as the deputy workshop director (車間副主任) and equipment deputy general manager of Jiang Shan Beer Factory* (江山啤酒廠). He was the deputy general manager of the technology development department of Zhejiang Jiangshan Sunny Electron Co., Ltd* (浙江江山三友電子有限公司) from September 2001 to August 2012. Since April 2014, Mr. Xu has been the deputy president of Zhejiang Tonking New Energy Group Co., Ltd* (浙江同景新能源集團有限公司).



Biographies of Directors and Senior Management (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Au Man Yi (歐敏誼), aged 32
Independent non-executive Director

Ms. Au was appointed as an independent non-executive Director on 16 February 2015. Ms. Au obtained a bachelor's degree in accountancy and a master's degree in corporate governance from The Hong Kong Polytechnic University.

She is a member of the Hong Kong Institute of Certified Public Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and also an associate member of The Institute of Chartered Secretaries And Administrators.

Ms. Au has over 9 years of experience in auditing, financial reporting and financial management. From September 2013 to September 2015, Ms. Au was the chief financial officer of Long Success International (Holdings) Ltd (stock code: 8017), the shares of which are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange. Ms. Au is currently an executive director of KSL Holdings Limited (stock code: 8170) and the company secretary of Glory Flame Holdings Limited (stock code: 8059), the shares of which are listed on the the GEM of the Stock Exchange. Ms. Au is an independent non-executive director of King Force Security Holdings Limited (stock code: 8315), the shares of which are listed on the GEM of the Stock Exchange.

Ms. Wang Xiaoxiong (王肖雄), aged 56
Independent non-executive Director

Ms. Wang was appointed as an independent non-executive Director on 5 February 2016. Ms. Wang obtained a postgraduate diploma in accounting from Hangzhou Dianzi University. She obtained a diploma in legal studies from Zhejiang Radio & Television University Jiangshan Branch.

Ms. Wang has a rich experience in auditing, financial reporting and accounting. Ms. Wang has been a certified tax agent of the Certified Tax Agent Management Centre of Zhejiang since 2003 and an internal auditor of the Professional Credentials for Internal Auditors since 2004. Moreover, she was granted the title of senior accountant by the Commission of Personnel of Zhejiang in 2004 and has qualified as a certified accountant of the Chinese Institute of Certified Public Accountants in 2008.

Mr. Pao Ping Wing (浦炳榮), aged 68
Independent non-executive Director

Mr. Pao was appointed as an independent non-executive Director on 1 January 2015. Mr. Pao obtained a master's degree in Science of Human Settlements Planning and Development from the Asian Institute of Technology in Thailand, Bangkok.

Mr. Pao is an independent non-executive director of Oriental Press Group Limited (stock code: 18), Maoye International Holdings Limited (stock code: 848), Capital Environment Holdings Limited (formerly known as New Environmental Energy Holdings Limited) (stock code: 3989), Zhuzhou CRRC Times Electric Co., Limited (stock code: 3898) and Soundwill Holdings Limited (stock code: 878), all of whose shares were listed on Main Board of the Stock Exchange. Mr. Pao is also an independent non-executive director of Sing Lee Software (Group) Limited (stock code: 8076), of which the issued shares were listed on GEM.



Biographies of Directors and Senior Management (continued)

Mr. Pao was appointed as a Justice of Peace in June 1987. Mr. Pao had been a member of the Town Planning Board, the Advisory Council on the Environment, the Hong Kong Housing Authority and the Land Development Corporation of the government of Hong Kong.

SENIOR MANAGEMENT

Ms. Li Yuen Shan (李婉珊), aged 35
Financial Controller

Ms. Li joined the Group in June 2014 and was appointed as the financial controller of the Group on 1 September 2014. She graduated from The City University of Hong Kong with a bachelor's degree in accountancy in 2003. She is a member of the Association of Chartered Certified Accountants. Ms. Li has over 10 years of experience in auditing, financial management and compliance from accounting firms and listed company. Currently she is responsible for the accounting, financial and administrative functions, as well as monitoring of the internal control of the Group.

Ms. Wu Wing Yee (胡詠儀), aged 32
Marketing Director

Ms. Wu was appointed as the marketing director of the Group on 2 November 2013. She joined the Group in April 2012 and is responsible for leading the marketing team to handle advertising and promotional campaigns and promote the brand awareness and image of the restaurants in line with the marketing strategy of the Group. Ms. Wu graduated from Simon Fraser University with a bachelor of arts degree in 2006. Ms. Wu is the daughter of Mr. Wu Kai Char.

Ms. Ye Yu Fen (葉玉芬), aged 32
Vice President of Tonking New Energy Technology (Shanghai) Limited

Ms. Ye joined the Group in February 2016 and was appointed as the vice president of Tonking New Energy Technology (Shanghai) Limited, a wholly-owned subsidiary of the Group. She was graduated from Ningbo Institute of Technology, Zhejiang University with a bachelor degree in international economics and trade in June 2007 and obtained a master degree in business administration from Hong Kong Finance and Economics College in August 2014. She was the foreign trade manager of the Board of Zhejiang Jiangshan Sunny Electron Co., Ltd.* (浙江江山三友電子有限公司) from July 2007 to October 2008. She was the foreign trade manager of the Board of Zhejiang Tonking Technology Co., Ltd.* (浙江同景科技有限公司) from October 2008 to July 2011. She was the assistant of President of the Zhejiang Tonking New Energy Group Co. Ltd from July 2011 to January 2016. Currently, she is responsible for the management of sales and marketing.

Mr. Zhou Yong Zhong (周永忠), aged 49
Vice President of the Project Development Department of Tonking New Energy Technology (Shanghai) Limited

Mr. Zhou joined the Group in February 2016 and was appointed as the Vice President of the Project Development Department of Tonking New Energy Technology (Shanghai) Limited, a wholly-owned subsidiary of the Group. He was graduated from Zhejiang University of Technology with a bachelor degree in mechatronics in 1988. He was a technician in a Jiang Shan electric appliance factory from 1988 to 1993. He was the head of business department of Regulatory Commission of the Jiang Shan Economic Development Zone from 1993 to 1998. He was the deputy town mayor of industry of Party Committee of He Chuan Town from 1998 to 2004. He was a the chief of the village named Thirty-two Du from June 2004 to June 2005. He was the secretary of the town mayor of the government party commission of Xia Kou Town from June 2005 to August 2008. He was the officer of Regulatory Commission of the Jiang Shan Economic Development Zone from August 2008 to December 2008. Currently, he is responsible for the development of the photovoltaic projects in the North.



Directors' Report

The Directors are pleased to present to the Shareholders this annual report and the audited consolidated financial statements for the year ended 31 March 2016 (the "Year").

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company at the extraordinary general meeting held on 22 March 2016 and the subsequent approvals of the Registrar of Companies in Cayman Islands and the Registrar of Companies in Hong Kong, the name of the Company has been changed from "JC Group Holdings Limited" to "Tonking New Energy Group Holdings Limited" and "同景新能源集團控股有限公司" has been adopted as the Chinese name of the Company for identification purpose only.

PRINCIPAL ACTIVITIES

The principal business activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 16 to the consolidated financial statements in this annual report.

During the Year, the Group has commenced a new business segment of renewable energy business in the PRC and continued to engage in the provision of food and beverage services in Hong Kong.

RESULTS

The results of the Group for the Year are set out on pages 46 to 47 of this annual report.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year ended 31 March 2016 (2015: nil).

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held on 29 July 2016 (Friday), at 4:00 p.m., at Harlan's, 19th Floor, The ONE, 100 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.

For determining entitlement to attend the forthcoming AGM, the register of members of the Company will be closed from 28 July 2016 (Thursday) to 29 July 2016 (Friday), both days inclusive, during which period no transfer of shares will be registered. The record date will be 29 July 2016 (Friday). In order to qualify for attending the forthcoming AGM all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong before 4:30 p.m. on 27 July 2016 (Wednesday).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements in this annual report.



Directors' Report (continued)

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last four financial years, as extracted from the audited consolidated financial statements in this annual report and the prospectus of the Company dated 14 November 2013 (the "Prospectus"), is set out on page 110. This summary does not form part of the audited consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the Company's paid up capital for the Year are set out in note 29 to the consolidated financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the Year.

TRANSFER TO RESERVES

Profit attributable to equity shareholders, before dividends, of approximately HK\$5,078,000 have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 50 of this annual report.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save for the acquisition of assets of Jiang Shan Shi Ming Crystal Limited as disclosed in the announcements of the Group dated 3 March 2016 and 1 April 2016 which is disclosed under the section "Connected Transactions" below, there were no other significant investments, material acquisitions or disposals during the year ended 31 March 2016.

CONNECTED TRANSACTIONS

A. Master Utensils Supply Agreement

On 2 November 2013, Well-In Hotel Supplies Company Limited ("Well-In") and the Group entered into a master utensils supply agreement (the "Master Utensils Supply Agreement"), pursuant to which Well-In agreed to supply utensils to the Group at a price which shall be determined on an arm's length negotiations based on the prevailing market rates or at rates similar to those offered by Well-In to independent third parties for the supply of similar utensils. The term of the Master Utensils Supply Agreement is from 21 November 2013 to 31 March 2016. The annual caps for amounts payable by the Group to Well-In under the Master Utensils Supply Agreement are HK\$2,200,000,



Directors' Report (continued)

HK\$3,000,000 and HK\$2,900,000 for the three years ending 31 March 2014, 31 March 2015 and 31 March 2016, respectively. Well-In is a company controlled by Mr. Wu who is an executive Director and the chairman of the Board and therefore is a connected person of the Company under the GEM Listing Rules.

During the Year, the sum received by Well-In from the Group under the Master Utensils Supply Agreement amounted to approximately HK\$463,000, which is within the annual cap of HK\$2,900,000 as set out in the Prospectus.

B. Master Bakery Products Supply Agreement

On 2 November 2013, JC & Associates Limited ("JC & Associates") and the Group entered into a master bakery products supply agreement (the "Master Bakery Products Supply Agreement"), pursuant to which JC & Associates agreed to supply bakery products to the Group at a price which shall be determined on an arm's length negotiations based on the prevailing market prices or at prices similar to those offered by JC & Associates to independent third parties for the supply of similar bakery products. The term of the Master Bakery Products Supply Agreement is from 21 November 2013 to 31 March 2016. The annual caps for amounts payable by the Group to JC & Associates under the Master Bakery Products Supply Agreement are HK\$4,100,000, HK\$5,300,000 and HK\$5,800,000 for the three years ending 31 March 2014, 31 March 2015 and 31 March 2016, respectively. JC & Associates was a company owned as to 38.5% by each of Ms. Wong Wai Ling ("Ms. Wong") and Mr. Wu Kai Char ("Mr. Wu") during the Year and is therefore a connected person of the Company under the GEM Listing Rules.

During the Year, the sum received by JC & Associates from the Group under the Master Bakery Products Supply Agreement amounted to approximately HK\$4,706,000, which is within the annual cap of HK\$5,800,000 as set out in the Prospectus.

The Stock Exchange granted to the Company a waiver with respect of the above transactions from the announcement requirement of Chapter 20 of the GEM Listing Rules. For details, please refer to the section headed "Continuing Connected Transactions" of the Prospectus.

The Company's auditors have also confirmed in writing to the Board that the above continuing connected transactions:

- (1) have received the approval of the Company's board of directors;
- (2) are in accordance with the pricing policies of the Group;
- (3) have been entered into in accordance with the relevant agreements governing the transactions; and
- (4) have not exceeded the relevant annual caps as disclosed.

C. Tenancy agreements in relation to leasing of premises

On 3 March 2016, Jiang Shan Tong Jing Guang Fu Limited ("Tong Jing"), an indirect wholly-owned subsidiary of the Group, as tenant, entered into a tenancy agreement (the "Tenancy Agreement") with Jiang Shan Shi Ming Crystal Limited ("Shi Ming"), as landlord, in respect of leasing of premises for a term of 3 years, commencing from 1 April 2016 and 31 March 2019.



Directors' Report (continued)

The annual caps for amounts payable by the Group to Shi Ming under the Tenancy Agreement are RMB1,884,000, RMB1,884,000 and RMB1,884,000 for the three years ending 31 March 2017, 31 March 2018 and 31 March 2019 respectively.

The terms of the Tenancy Agreement (together with the consideration) were determined after arm's length negotiations between the parties and after making reference to the prevailing market rates. Details of the transactions contemplated under the Tenancy Agreement were set out in the announcement of the Company dated 3 March 2016.

As at the date of such announcement, Mr. Wu Jian Nong is an executive Director and chief executive officer of the Company and vice chairman of the Board. Mr. Wu Jian Nong indirectly owns as to approximately 88.47% of interest in Shi Ming and is a director of Shi Ming. Mr. Xu Shui Sheng is an executive Director of the Company and indirectly owns as to approximately 1.53% of interest in Shi Ming. Ms. Shen Meng Hong is an executive Director of the Company and is a director of Shi Ming. Accordingly Mr. Wu Jian Nong, Mr. Xu Shui Sheng, Ms. Shen Meng Hong and Shi Ming are connected persons of the Company under the GEM Listing Rules. Therefore, the Tenancy Agreement and the transaction contemplated thereunder constitute as a continuing connected transaction of the Company.

D. Acquisition agreement in relation to acquisition of certain assets

On 3 March 2016, Tong Jing, an indirect wholly-owned subsidiary of the Company, and Shi Ming entered into an acquisition agreement (the "Acquisition Agreement"), pursuant to which Tong Jing has conditionally agreed to acquire and Shi Ming has conditionally agreed to sell the assets, including, mechanical equipment, transportation equipment, electrical equipment and office furniture, at the consideration of RMB4,073,200.

The terms of the Acquisition Agreement (together with the consideration) were determined after arm's length negotiations between the parties and after making reference to the prevailing market rates. Details of the transactions contemplated under the Acquisition Agreement were set out in the announcement of the Company dated 3 March 2016.

As at the date of such announcement, Mr. Wu Jian Nong is an executive Director and chief executive officer of the Company and vice chairman of the Board. Mr. Wu Jian Nong indirectly owns as to approximately 88.47% of interest in Shi Ming and is a director of Shi Ming. Mr. Xu Shui Sheng is an executive Director of the Company and indirectly owns as to approximately 1.53% of interest in Shi Ming. Ms. Shen Meng Hong is an executive Director of the Company and is a director of Shi Ming. Accordingly Mr. Wu Jian Nong, Mr. Xu Shui Sheng, Ms. Shen Meng Hong and Shi Ming are connected persons of the Company under the GEM Listing Rules. Therefore, the Acquisition Agreement and the transaction contemplated thereunder constitute as a continuing connected transaction of the Company.

Pursuant to Rule 20.79 of the GEM Listing Rules, the transactions contemplated under the Acquisition Agreement and the Tenancy Agreement (collectively, the "Aggregated Transaction") are required to be aggregated.

As the applicable percentage ratios in respect of the Aggregated Transaction are less than 25% and the total consideration under the Aggregated Transaction is less than HK\$10,000,000, the Aggregated Transaction constitutes as a connected transaction of the Company and is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.



Directors' Report (continued)

All independent non-executive Directors have reviewed the above connected transactions and confirm that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, the Directors consider that those material related party transactions disclosed in notes 21 and 35 to the consolidated financial statements in this annual report did not fall under the definition of “connected transactions” or “continuing connected transactions” (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders’ approval requirements under the GEM Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group’s five largest customers accounted for approximately 34 % of the total sales for the Year and sales to the largest customer included therein amounted to approximately 19 % of the total sales for the Year. Purchases from the Group’s five largest suppliers accounted for approximately 50% of the total purchases for the Year and purchase from the Group’s largest supplier included therein amounted to approximately 23% of the total purchases for the Year.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the directors, own more than 5% of the Company’s issued share capital) had any interest in the Group’s five largest customers and suppliers.

DIRECTORS

The Directors who held office during the year ended 31 March 2016 and as at the date of this report were:

Executive Directors

Mr. Wu Kai Char (*Chairman*)

Mr. Wu Jian Nong (*Vice Chairman and Chief Executive Officer*) (*appointed on 1 October 2015*)

Ms. Wong Wai Ling

Ms. Shen Meng Hong (*appointed on 3 August 2015*)

Mr. Xu Shui Sheng (*appointed on 1 October 2015*)

Ms. Chen Chen (*resigned on 1 October 2015*)

Non-Executive Directors

Mr. Kwok Chun Chung (*appointed on 3 August 2015 and resigned on 1 October 2015*)



Directors' Report (continued)

Independent Non-Executive Directors

Ms. Au Man Yi

Mr. Pao Ping Wing

Ms. Wang Xiaoxiong (*appointed on 5 February 2016*)

Mr. Yuan Haiyang (*appointed on 3 November 2015 and resigned on 5 February 2016*)

Mr. Chan Wai Hung Clarence (*retired on 21 November 2015*)

Mr. Wu Kai Char, Ms. Wong Wai Ling, Mr. Wu Jian Nong, Mr. Xu Shui Sheng, Ms. Shen Meng Hong and Ms. Wang Xiaoxiong will retire at the AGM and, all being eligible, will offer themselves for re-election at the said meeting.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wu Kai Char and Ms. Wong Wai Ling, all being executive Directors has entered into a service contract with the Company for a term of three years commencing from 21 November 2013 and may be terminated by either party by giving not less than three months' prior written notice.

Each of Mr. Wu Jian Nong and Mr. Xu Shui Sheng, all being executive Directors has entered into a service contract with the Company for a term of three years commencing on 1 October 2015 and may be terminated by either party by giving not less than two months' prior written notice.

Ms. Shen Meng Hong, being an executive Director, has entered into a service contract with the Company for a term of three years commencing on 3 August 2015 and may be terminated by either party by giving not less than two months' prior written notice.

Ms. Wang Xiaoxiong, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 5 February 2016 and may be terminated by either party by giving at least one month's written notice.

Mr. Pao Ping Wing, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 1 January 2015 and may be terminated by either party by giving at least one month's written notice.

Ms. Au Man Yi, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 16 February 2015 and may be terminated by either party by giving at least one month's written notice.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

BIOGRAPHIES OF DIRECTORS AND OTHER SENIOR MANAGEMENT

The biographical details of Directors and other senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 18 to 21 of this annual report.



Directors' Report (continued)

DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

Details of the Directors, emoluments and the five individuals with the highest emoluments are set out in notes 9 and 10 to the consolidated financial statements in this annual report.

INTERESTS OF DIRECTORS IN CONTRACTS

Saved as disclosed under the section "Connected Transactions" above and disclosed in note 35 under the heading "Related Party Transactions" to the consolidated financial statements, (i) no contract of significance to which the Company, or any of its holding company or subsidiaries was a party, and in which a Director or an entity connected with such Director had a material interest, whether directly or indirectly, subsisted at 31 March 2016 or at any time during the year ended 31 March 2016; (ii) no contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries; and (iii) no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or any of their respective associates has any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

All the independent non-executive Directors are delegated with the authority to review the non-competition undertakings (the "Non-competition Undertakings") dated 2 November 2013 given by, among others, Ms. Wong Wai Ling ("Ms. Wong"), Mr. Wu Kai Char ("Mr. Wu"), Mr. Zhang Fuzhu ("Mr. Zhang") and Victory Stand International Limited ("Victory Stand"). In addition, Rise Triumph Limited, Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong have signed the non-competition confirmation. The independent non-executive Directors were not aware of any non-compliance of the Non-competition Undertakings or confirmation given by Ms. Wong, Mr. Wu, Mr. Zhang, Victory Stand, Rise Triumph Limited, Mr. Wu Jian Nong, Mr. Xu Shui Sheng and Ms. Shen Meng Hong during the year ended 31 March 2016 and up to the date of this annual report.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2016 are set out in note 33 to the consolidated financial statements.

The Group has participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group has not participated in any other pension schemes.



Directors' Report (continued)

DISTRIBUTABLE RESERVES

As at 31 March 2016, the Company's reserves available for distribution represent the share premium, and retained profit and the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to approximately HK\$16,503,000.

Detail of movements in the reserves of the Company and the Group during the Year are set out in note 41 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, TC Capital Asia Limited (terminated on 1 September 2015) and Messis Capital Limited (appointed on 1 September 2015) (collectively the "Compliance Advisers"), save as the compliance adviser agreement entered into between the Company and TC Capital Asia Limited dated 8 November 2013 and the compliance adviser agreement entered into between the Company and Messis Capital Limited dated 12 August 2015, none of the Compliance Advisers or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

THE INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2016 and so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying Shares which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares of associated corporation

Long positions in the shares of associated corporation

Name of Director	Capacity/Nature	Number of ordinary shares interested	Approximate percentage of interests
Ms. Shen Meng Hong	Beneficial owner	1,118,500	0.28%
Mr. Wu Jian Nong	Interest of controlled corporation (<i>Note</i>)	111,850,000	27.96%

Note:

These 111,850,000 Shares are held by Rise Triumph Limited. Mr. Wu Jian Nong beneficially owns 96% of the issued share capital of Rise Triumph Limited. Mr. Wu Jian Nong is deemed, or taken to be, interested in all the Shares held by Rise Triumph Limited for the purpose of the SFO. Mr. Wu Jian Nong is a director of Rise Triumph Limited.



Directors' Report (continued)

Name of Director	Name of associated corporation	Capacity/Nature	Number of ordinary shares interested	Approximate percentage of interests
Mr. Wu Kai Char ("Mr. Wu")	Victory Stand International Limited ("Victory Stand")	Beneficial owner	3,189	31.89%
Ms. Wong Wai Ling ("Ms. Wong")	Victory Stand	Beneficial owner	1,741	17.41%

Save as disclosed above and so far as is known to the Directors, as at 31 March 2016, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under 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 as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

THE INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES AND THE INTERESTS AND SHORT POSITIONS OF OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2016 and so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the Shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholders	Capacity/Nature	Number of Shares held/ interested	Approximate percentage of interests
Rise Triumph Limited	Beneficial owner	111,850,000	27.96%
Victory Stand	Beneficial owner	103,000,000	25.75%
Mr. Zhang Fuzhu ("Mr. Zhang")	Interest in a controlled corporation (<i>Note</i>)	103,000,000	25.75%

Note:

These 103,000,000 Shares are held by Victory Stand, the entire issued share capital of which is beneficially owned as to 41.99%, 31.89%, 17.41% and 8.71% by Mr. Zhang, Mr. Wu, Ms. Wong and Mr. Lui Hung Yen ("Mr. Lui"), respectively. Mr. Zhang is deemed to be interested in all the Shares held by Victory Stand under the SFO. Ms. Wong and Mr. Wu are the executive Directors. Each of Ms. Wong and Mr. Wu is a director of Victory Stand.



Directors' Report (continued)

Save as disclosed above, as at 31 March 2016, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company under Section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

During the Year, none of the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 2 November 2013. The following is a summary of the principal terms and conditions of the Share Option Scheme.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

2. Participants

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group.

3. Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of all the Shares in issue as at the Date of Listing (i.e. a total of 40,000,000 Shares representing 10% of the issued share capital of the Company as at the date of this report).

4. Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

5. Term of subscription of Shares upon exercise of Share Options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.



Directors' Report (continued)

6. Minimum period for which an option must be held before it can be exercised

The Board may in its absolute discretion set a minimum period for which an option must be held and performance targets must be achieved before an option can be exercised.

7. Time of acceptance and the amount payable on acceptance of the option

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

8. Basis of determining the subscription price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

9. Life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

Since the adoption of the Share Option Scheme up to the date of this report, no share options have been granted pursuant to the Share Option Scheme.

There is no option outstanding, granted, cancelled and lapsed during the Year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, the Group employed approximately 311 full-time staff members. The Directors and senior management receive compensation in the form of fees, salaries, allowances, benefits in kind and/or discretionary bonuses relating to our performance. When reviewing and determining the specific remuneration packages for the executive Directors and senior management, the Company takes into consideration factors such as among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

The Group's remuneration to employees includes salaries and discretionary performance bonus. Duty meals are also provided to employees. The Group has adopted the profit sharing schemes under which certain employees are benefited from it. The Group provides insurance coverage in respect of medical care and work injury to its employees. Rental allowance are also given to certain employees.



Directors' Report (continued)

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 34 to 43 of this annual report.

CHARITABLE DONATIONS

During the Year, the Group make charitable donation of HK\$600,000.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and considers that all the independent non-executive Directors are independent of the Company.

PUBLIC FLOAT

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

AUDITORS

HLB Hodgson Impey Cheng Limited has acted as auditors of the Company for the years ended 31 March 2016, 2015 and 2014. The Company has not changed its external auditors during the Year and up to the date of this report.

HLB Hodgson Impey Cheng Limited will retire and being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company is to be proposed at the AGM.

EVENTS AFTER THE REPORTING PERIOD

On 3 March 2016, Jiang Shan Shi Tong Jing Guang Fu Limited ("Tong Jing"), an indirect wholly-owned subsidiary of the Company, and Jiang Shan Shi Ming Crystal Limited ("Shi Ming") entered into an agreement, pursuant to which Tong Jing had conditionally agreed to acquire and Shi Ming had conditionally agreed to sell equipment and furniture at the consideration of approximately RMB4,073,000 (equivalent to approximately HK\$4,888,000). The transaction was completed on 1 April 2016.

The Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to 31 March 2016 and up to the date of this annual report.

By Order of the Board
Tonking New Energy Group Holdings Limited
Wu Kai Char
Chairman

Hong Kong, 22 June 2016



Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules.

During the year ended 31 March 2016, the Company has complied with all the applicable code provisions of the Code contained in Appendix 15 to the GEM Listing Rules.

The key corporate governance practices of the Group are summarised as follows:

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. Since 2 November 2013, Mr. Wu Kai Char is the Chairman who provides leadership to the Board.

Ms. Wong Wai Ling was appointed as the Chief Executive Officer of the Company on 2 November 2013 and resigned on 21 November 2015. Mr. Wu Jian Nong was appointed as the Chief Executive Officer of the Company on 21 November 2015. The role of the Chief Executive Officer is to oversee the general management and daily operations of the Group.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

In accordance with article 108 of the articles of association (the "Articles") of the Company, at each annual general meeting ("AGM") one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years.

In accordance with article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Pursuant to 112 of the Articles, Mr. Wu Jian Nong, Mr. Xu Shui Sheng, Ms. Shen Meng Hong and Ms. Wang Xiaoxiong and pursuant to 108 of the Articles Mr. Wu Kai Char and Ms. Wong Wai Ling will retire from office as Directors at the forthcoming AGM, and being eligible, offer themselves for re-election.

Each of Mr. Wu Kai Char and Ms. Wong Wai Ling, all being executive Directors has entered into a service contract with the Company for a term of three years commencing from 21 November 2013 and may be terminated by either party by giving not less than three months' prior written notice.

Each of Mr. Wu Jian Nong and Mr. Xu Shui Sheng, all being executive Directors has entered into a service contract with the Company for a term of three years commencing on 1 October 2015 and may be terminated by either party by giving not less than two months' prior written notice.



Corporate Governance Report (continued)

Ms. Shen Meng Hong, being an executive Director, has entered into a service contract with the Company for a term of three years commencing on 3 August 2015 and may be terminated by either party by giving not less than two months' prior written notice.

Ms. Wang Xiaoxiong, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 5 February 2016 and may be terminated by either party by giving at least one month's written notice.

Mr. Pao Ping Wing, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 1 January 2015 and may be terminated by either party by giving at least one month's written notice.

Ms. Au Man Yi, being an independent non-executive Director, has entered into a service contract with the Company for a term of two years commencing from 16 February 2015 and may be terminated by either party by giving at least one month's written notice.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by directors during the year ended 31 March 2016.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 March 2016 and as at the date of this report are as follows:

Board of Directors

Executive Directors

Mr. Wu Kai Char (*Chairman*)

Mr. Wu Jian Nong (*Vice Chairman and Chief Executive Officer*) (*appointed on 1 October 2015*)

Ms. Wong Wai Ling

Ms. Shen Meng Hong (*appointed on 3 August 2015*)

Mr. Xu Shui Sheng (*appointed on 1 October 2015*)

Ms. Chen Chen (*resigned on 1 October 2015*)

Non-Executive Directors

Mr. Kwok Chun Chung (*appointed on 3 August 2015 and resigned on 1 October 2015*)



Corporate Governance Report (continued)

Independent Non-Executive Directors

Ms. Au Man Yi

Mr. Pao Ping Wing

Ms. Wang Xiaoxiong (*appointed on 5 February 2016*)

Mr. Yuan Haiyang (*appointed on 3 November 2015 and resigned on 5 February 2016*)

Mr. Chan Wai Hung Clarence (*retired on 21 November 2015*)

The brief biographic details of the Directors are set out in the section headed “Biographies of Directors and Senior Management” on pages 18 to 21 of this annual report.

The Company has complied with the requirements under Rule 5.05(1) and (2), and 5.05A of the GEM Listing Rules during the year ended 31 March 2016. All independent non-executive Directors also meet the guidelines for assessment of their independence as set out in Rule 5.09 of the GEM Listing Rules.

FUNCTIONS OF THE BOARD

The Board supervises the management of the business and affairs of the Company. The Board’s primary duty is to ensure the viability of the Company and to ensure that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. The Group has adopted internal guidelines in setting forth matters that require the Board’s approval. Apart from its statutory responsibilities, the Board approves the Group’s strategic plan, key operational initiatives, major investments and funding decisions. It also reviews the Group’s financial performance, identifies principal risks of the Group’s business and ensures implementation of appropriate systems to manage these risks. Daily business operations and administrative functions of the Group are delegated to the management.

The Board is also delegated with the corporate governance functions under code provision D.3.1 of the Code. The Board has reviewed and discussed the corporate governance policy of the Group and is satisfied with the effectiveness of the corporate governance policy.

BOARD MEETINGS AND PROCEDURES

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision A.1.3 of the Code, at least 14 days’ notice has been given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments before the final version of which are endorsed in the subsequent Board meeting.



Corporate Governance Report (continued)

Details of the attendance of the Board meetings, audit committee (the “Audit Committee”) meetings, remuneration committee (the “Remuneration Committee”) meetings, nomination committee (the “Nomination Committee”) meetings, compliance committee (the “Compliance Committee”) meetings and general meetings of the Company held during the year ended 31 March 2016 are summarized as follows:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Compliance Committee meeting	General meeting
Executive Directors						
Mr. Wu Kai Char	16	N/A	N/A	N/A	N/A	1
Mr. Wu Jian Nong (Note 1)	9	N/A	N/A	N/A	N/A	1
Ms. Wong Wai Ling	22	N/A	N/A	6	1	1
Ms. Shen Meng Hong (Note 2)	19	N/A	N/A	N/A	N/A	1
Mr. Xu Shui Sheng (Note 3)	10	N/A	N/A	N/A	N/A	0
Ms. Chen Chen (Note 4)	7	N/A	N/A	N/A	N/A	1
Non-Executive Directors						
Mr. Kwok Chun Chung (Note 5)	4	N/A	N/A	N/A	N/A	N/A
Independent						
Non-executive Directors						
Mr. Chan Wai Hung Clarence (Note 6)	13	3	4	4	1	1
Mr. Pao Ping Wing	21	4	5	6	N/A	0
Ms. Au Man Yi	22	4	5	N/A	N/A	1
Ms. Wang Xiaoxiong (Note 7)	2	0	0	0	N/A	0
Mr. Yuan Haiyang (Note 8)	0	0	0	0	N/A	0

Notes:

- Mr. Wu Jian Nong was appointed as an executive Director on 1 October 2015.
- Ms. Shen Meng Hong was appointed as an executive Director on 3 August 2015.
- Mr. Xu Shui Sheng was appointed as an executive Director on 1 October 2015.
- Ms. Chen Chen resigned as an executive Director on 1 October 2015.
- Mr. Kwok Chun Chung was appointed as a non-executive Director on 3 August 2015 and resigned on 1 October 2015.
- Mr. Chan Wai Hung Clarence resigned as an independent non-executive Director on 21 November 2015.
- Ms. Wang Xiaoxiong was appointed as an independent non-executive Director on 5 February 2016.
- Mr. Yuan Haiyang was appointed as an independent non-executive Director on 3 November 2015 and resigned on 5 February 2016.



Corporate Governance Report (continued)

BOARD COMMITTEES

The Board has established specific committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Compliance Committee, with written terms of reference which are available for viewing on the website of the Company to assist them in the efficient implementation of their functions. Specific responsibilities have been delegated to the above committees.

AUDIT COMMITTEE

The Company established the Audit Committee on 2 November 2013 with written terms of reference which are in compliance with the code provisions of the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company.

The Audit Committee currently has three members comprising Ms. Au Man Yi (Chairman), Ms. Wang Xiaoxiong and Mr. Pao Ping Wing, all being independent non-executive Directors.

During the year ended 31 March 2016, the Audit Committee had reviewed the final results of the Group for the year ended 31 March 2015, the first quarterly results of the Group for the three months ended 30 June 2015, the interim results of the Group for the six months ended 30 September 2015 and the third quarterly results of the Group for the nine months ended 31 December 2015. The Audit Committee had reviewed the Group's internal controls for the year ended 31 March 2016. The Group's final results for the year ended 31 March 2016 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this annual report, and confirmed that this annual report complies with the GEM Listing Rules.

The Audit Committee held 4 meetings during the year ended 31 March 2016. Details of the attendance of the Audit Committee meetings are set out above.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 2 November 2013 with written terms of reference which are in compliance with the code provisions of the Code. The primary duties of the Remuneration Committee include mainly: (i) reviewing the terms of the remuneration package of each Director and member of senior management, and making recommendations to the Board regarding any adjustment thereof; and (ii) reviewing and evaluating the performance of individual executive Directors for determining the amount of bonus (if any) payable to them. No Director shall participate in any discussion about his or her own remuneration.

The Remuneration Committee currently consists of three members, namely, Mr. Pao Ping Wing (Chairman), Ms. Wang Xiaoxiong and Ms. Au Man Yi, all being independent non-executive Directors. The remuneration of the Directors was determined with reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group. The Remuneration Committee makes recommendations to the Board on remuneration packages of individual executive Directors and the members of senior management.



Corporate Governance Report (continued)

The Remuneration Committee held 5 meetings during the year ended 31 March 2016. Details of the attendance of the Remuneration Committee meetings are set out above.

At the meetings, the Remuneration Committee had reviewed the remuneration policies of the Directors and the senior executives and reviewed the remuneration packages and performance of the Directors during the year ended 31 March 2016.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 2 November 2013 with written terms of reference which are in compliance with code provisions of the Code. The primary duties of the Nomination Committee include the review of the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to make recommendations to the Board regarding any proposed change, identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of independent non-executive Directors.

The Nomination Committee consists of three members, namely, Ms. Wang Xiaoxiong (Chairman), Mr. Pao Ping Wing, both of which are independent non-executive Directors, and Ms. Wong Wai Ling, an executive Director. The majority of the members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee held 6 meetings during the year ended 31 March 2016. Details of the attendance of the Nomination Committee meetings are set out above.

At the meetings, the Nomination Committee had reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors, reviewed the qualifications of the Directors, the progress on the implementation of the board diversity policy and other related matters of the Company.

DIVERSITY OF THE BOARD

The Group has adopted policy in relation to the diversity of the members of the Board and the summary of the policy is as follows:

- (1) selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and
- (2) the Nomination Committee will monitor the implementation of the diversity policy from time to time to ensure the effectiveness of the diversity policy.

COMPLIANCE COMMITTEE

The Company established the Compliance Committee on 2 November 2013 with written terms of reference. The primary duties of the Compliance Committee are to establish, execute, monitor and maintain the compliance system of the Group and to conduct education and training programmes on compliance matters.



Corporate Governance Report (continued)

The Compliance Committee comprises of three members, namely Ms. Wong Wai Ling (Chairman), an executive Director, Ms. Wang Xiaoxiong, an independent non-executive Director, and Ms. Li Yuen Shan, the financial controller of the Group.

The Compliance Committee held 1 meeting during the year ended 31 March 2016. Details of the attendance of the Compliance Committee meeting are set out above.

At the meeting, the Compliance Committee had reviewed and discussed the compliance system of the Group and reviewed the compliance manuals of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

All independent non-executive Directors have been appointed for a fixed term. Every Director is subject to re-election on retirement by rotation in accordance with the articles of association of the Company. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and still considers the independent non-executive Directors to be independent as at the date of this annual report.

PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

In compliance with code provision A.6.5 of the Code, all Directors had participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Directors had provided the relevant record to the Company.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he is fully aware of his responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. 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.

COMPANY SECRETARY

Mr. Wong Ka Shing resigned as the company secretary of the Company on 7 September 2015. On the same day, Mr. Cheng Man For (“Mr. Cheng”), an associate member of the Hong Kong Institution of Certified Public Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries, was appointed as the company secretary of the Company.

All Directors have access to the advice and services of the company secretary. The company secretary reports to the Chairman on board governance matters, and are responsible for ensuring that board procedures are followed, and for facilitating communications among Directors as well as with Shareholders and management.



Corporate Governance Report (continued)

SENIOR MANAGEMENT'S REMUNERATION

The senior management's remuneration payment of the Group during the year ended 31 March 2016 falls within the following bands:

	Number of individuals
HK\$500,000 or below	3
HK\$500,001 to HK\$1,000,000	1

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements of the Group for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period in accordance with accounting principles generally accepted in Hong Kong. The statement by the auditors of the Company about their responsibilities for the financial statements is set out in the independent auditors' report contained in this annual report. The Directors adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

EXTERNAL AUDITORS' REMUNERATION

The Company engaged HLB Hodgson Impey Cheng Limited as its external auditors for the year ended 31 March 2016. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors. During the year ended 31 March 2016, the fee payable to HLB Hodgson Impey Cheng Limited in respect of its statutory audit services provided to the Company was HK\$1,500,000.

INTERNAL CONTROLS

The Board is responsible for ensuring the effectiveness of the Group's internal control systems. The internal control systems are designed to meet the Group's particular needs and the risks to which they are exposed.

Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management of the Group maintains and monitors the internal control systems on an ongoing basis. The Board has conducted a review of the effectiveness of the risk management and internal control system of the Group and is satisfied that the Group has fully complied with the Code in respect of internal controls during the year ended 31 March 2016.



Corporate Governance Report (continued)

THE SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 64 of the articles of association of the Company, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

In order to keep Shareholders well informed of the business activities and direction of the Group, information about the Group has been provided to the Shareholders through financial reports and announcements. The Company has established its own corporate website (www.tonkinggroup.com.hk) as a channel to facilitate effective communication with its Shareholders and the public. The Company will continue to enhance communications and relationships with its shareholders and investors. A shareholders communication policy was adopted on 2 November 2013 to comply with code provision E.1.4 of the Code.

Shareholders, investors and interested parties can make enquiries directly to the Company through the following e-mail: info@tonkinggroup.com.hk.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

Tonking New Energy Group Holdings Limited

Address: 14th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong

Tel: (852) 3618-6790

Fax: (852) 2735-9009

E-mail: info@tonkinggroup.com.hk

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant committees of the Board, where appropriate, to answer the Shareholders' questions.



Corporate Governance Report (continued)

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to article 113 of the articles of association of the Company, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There had been no significant changes in the constitutional documents of the Company during the year ended 31 March 2016.



Independent Auditors' Report



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

**TO THE SHAREHOLDERS OF
TONKING NEW ENERGY GROUP HOLDINGS LIMITED
(FORMERLY KNOWN AS JC GROUP HOLDINGS LIMITED)**

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Tonking New Energy Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 46 to 109, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' 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, 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.



Independent Auditors' Report (continued)

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 auditors' judgement, 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 auditors consider 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 disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Chan Ching Pang

Practising Certificate Number: P05746

Hong Kong, 22 June 2016



Consolidated Statement of Profit or Loss

For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
REVENUE	5	402,685	254,689
Other income	6	563	904
Cost of food and beverage		(77,794)	(71,595)
Contract costs	8	(112,208)	–
Staff costs		(83,564)	(75,607)
Depreciation and amortisation		(16,334)	(17,489)
Property rentals and related expenses		(60,807)	(53,183)
Fuel and utility expenses		(6,190)	(5,558)
Administrative and other operating expenses		(33,473)	(29,627)
Finance costs	7	(785)	–
PROFIT BEFORE TAX	8	12,093	2,534
Income tax expense	11	(7,243)	(1,833)
PROFIT FOR THE YEAR		4,850	701
Attributable to:			
Owners of the Company		5,078	539
Non-controlling interests		(228)	162
		4,850	701
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents)	13	1.27	0.13



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
PROFIT FOR THE YEAR	4,850	701
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	487	-
Other comprehensive income, net of tax	487	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5,337	701
Attributable to:		
Owners of the Company	5,565	539
Non-controlling interests	(228)	162
	5,337	701

Details of the dividends for the year are disclosed in note 12 to the consolidated financial statements.



Consolidated Statement of Financial Position

As at 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	20,996	26,535
Intangible assets	15	605	826
Deposits paid for acquiring property, plant and equipment	20	1,344	580
Non-current rental deposits	20	11,622	17,865
Total non-current assets		34,567	45,806
CURRENT ASSETS			
Inventories	17	45,460	2,635
Gross amount due from customers for contract works	18	139,159	–
Trade receivables	19	1,268	1,291
Prepayments, deposits and other receivables	20	169,439	6,746
Due from related parties	21	2,680	1,943
Due from ultimate holding company	25	–	8
Due from non-controlling shareholders	26	123	125
Tax recoverable		995	1,112
Pledged deposits	22	19,081	–
Cash and cash equivalents	22	21,991	49,852
Total current assets		400,196	63,712
CURRENT LIABILITIES			
Trade payables	23	53,809	6,561
Other payables and accruals	24	222,878	8,511
Due to related parties	21	14,092	575
Due to non-controlling shareholders	26	1,912	1,912
Provision for reinstatement costs	32	3,508	2,409
Tax payable		6,188	996
Total current liabilities		302,387	20,964
NET CURRENT ASSETS		97,809	42,748
TOTAL ASSETS LESS CURRENT LIABILITIES		132,376	88,554



Consolidated Statement of Financial Position (continued)

As at 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT LIABILITIES			
Promissory note	27	36,785	–
Provision for reinstatement costs	32	5,239	3,539
Total non-current liabilities		42,024	3,539
Net assets		90,352	85,015
EQUITY			
Equity attributable to owners of the Company			
Issued capital	29	4,000	4,000
Reserves	31	81,975	76,410
		85,975	80,410
Non-controlling interests		4,377	4,605
Total equity		90,352	85,015

Approved and authorised for issue by the Board of Directors on 22 June 2016.

Wu Jian Nong
Director

Shen Meng Hong
Director



Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to owners of the Company								
	Issued capital	Share premium	Other reserves	Statutory reserves	Exchange fluctuation reserves	Retained profits/ losses (Accumulated)	Total	Non-controlling interests	Total equity
	HK\$'000 (Note 29)	HK\$'000 (Note 31)	HK\$'000 (Note 31)	HK\$'000 (Note 31)	HK\$'000 (Note 31)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	4,000	27,847	51,567	-	-	(3,543)	79,871	5,293	85,164
Profit for the year	-	-	-	-	-	539	539	162	701
Total comprehensive income for the year	-	-	-	-	-	539	539	162	701
Dividends declared to non-controlling shareholders of subsidiaries (Note 12)	-	-	-	-	-	-	-	(850)	(850)
At 31 March 2015 and 1 April 2015	4,000	27,847	51,567	-	-	(3,004)	80,410	4,605	85,015
Profit for the year	-	-	-	-	-	5,078	5,078	(228)	4,850
Other comprehensive income for the year	-	-	-	-	487	-	487	-	487
Total comprehensive income for the year	-	-	-	-	487	5,078	5,565	(228)	5,337
Transfer to statutory reserves	-	-	-	1,770	-	(1,770)	-	-	-
At 31 March 2016	4,000	27,847	51,567	1,770	487	304	85,975	4,377	90,352



Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,093	2,534
Adjustments for:		
Amortisation of intangible assets	319	403
Depreciation	16,015	17,086
Write-off of items of property, plant and equipment	1,229	1,740
Loss on disposal of subsidiaries	484	–
Interest income	(358)	(95)
Finance costs	785	–
Write-off of other receivables	–	16
Reversal of provision for reinstatement costs	–	(427)
	30,567	21,257
(Increase)/Decrease in inventories	(42,825)	112
Increase in gross amount due from customers for contract works	(139,159)	–
Decrease/(Increase) in trade receivables	23	(132)
Increase in prepayments, deposits and other receivables	(148,341)	(4,107)
Decrease/(Increase) in amount due from ultimate holding company	8	(8)
Increase in amounts due from related parties	(737)	(593)
Decrease in amounts due from non-controlling shareholders	2	6
Increase in pledged deposits	(19,081)	–
Increase in trade payables	47,248	873
Increase/(Decrease) in other payables and accruals	216,387	(1,379)
Increase in amounts due to related parties	14,517	491
Decrease in provision of reinstatement costs	(95)	(36)
Cash (used in)/generated from operations	(41,486)	16,484
Income tax paid	(1,971)	(2,929)
Net cash flows (used in)/from operating activities	(43,457)	13,555



Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2016

Note	2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	110	95
Purchases of items of property, plant and equipment	(9,270)	(9,183)
Increase in loan receivables	(11,000)	-
Deposits paid for acquiring property, plant and equipment	(1,344)	(580)
Disposal of subsidiaries	679	-
Additions to intangible assets	(98)	(109)
Net cash flows used in investing activities	(20,923)	(9,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of promissory note	36,000	-
Increase in amount due to non-controlling shareholder	-	1,000
Dividends paid to non-controlling shareholders	-	(770)
Net cash flows from financing activities	36,000	230
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Effect of foreign exchange rate changes, net	519	-
Cash and cash equivalents at beginning of year	49,852	45,844
CASH AND CASH EQUIVALENTS AT END OF YEAR		
	21,991	49,852
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	22	21,991
	49,852	49,852



Notes to the Financial Statements

For the year ended 31 March 2016

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Tonking New Energy Group Holdings Limited (the “Company”) (formerly known as JC Group Holdings Limited) was incorporated in the Cayman Islands on 21 June 2013 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 21 November 2013.

The address of the Company’s registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is 14th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company is an investment holding company. The Group’s business of operation and management of restaurants and cake shops in Hong Kong remained the same for the year ended 31 March 2016. In addition, the Group expanded its principal business activities to include renewable energy business in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2. APPLICATION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

The adoption of the above revised HKFRSs has had no significant impact on the disclosures or the amounts recognised in the Group’s consolidated financial statements.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

2.1 NEW AND REVISED HKFRSs NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the consolidated financial statements.

HKFRS 9	Financial Instruments ²
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture ⁴
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
HKAS 1 (Amendments)	Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 27 (2011) (Amendments)	Equity Method in Separate Financial Statements ¹
Annual Improvements Project	Annual Improvements 2012-2014 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

⁴ No mandatory effective date is determined but is available for early adoption.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the Hong Kong Institute of Certified Public Accountant (“HKICPA”) issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 April 2018. The Group is currently assessing the impact of the standard.

HKFRS 15 established a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expected to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgments and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expected to adopt HKFRS 15 on 1 April 2018 and is currently assessing the impact of HKFRS 15 upon adoption.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

2.1 NEW AND REVISED HKFRSs NOT YET ADOPTED (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows: (continued)

HKFRS 16 supersedes HKAS 17 “Leases”, HK(IFRIC) – Int 4 “Determining whether an Arrangement contain a Lease”, HK(SIC) – Int 15 “Operating Lease – Incentives” and HK(SIC) – Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 “Leases”. Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer).

HKFRS 16 substantially carries forward the lessor’s accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components. The Group expected to adopt HKFRS 16 on 1 April 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

The Group is in the process of making an assessment of the impact of these new and revised standards and amendments upon initial application but is not yet in a position to state whether these new and revised standards and amendments would have a significant impact on its results of operations and financial position.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (“CO”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The provision of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors’ reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior executive management of the Company that makes strategic decision.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 5 years
Furniture and fixtures	2 years to 5 years
Catering and other equipment	2 years to 5 years
Motor vehicles	2 years to 4 years



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Franchise cost

Acquired franchises are stated at cost less any impairment losses and are amortised on the straight-line basis over their unexpired periods of the franchise agreements.

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

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



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial assets (continued)

Initial recognition and measurement (continued)

The Group's financial assets include cash and bank balances, pledged deposits, trade receivables, other receivables and deposits, and amounts due from ultimate holding company, related parties and non-controlling shareholders.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

The amount of loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of intangible assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all intangible assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accruals, promissory note and amounts due to related parties and non-controlling shareholders.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at bank which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

- (a) from construction contracts, on the stage of completion basis, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to surveys of work performed;
- (b) from restaurant operations, when catering services have been provided to the customers. Payments that are related to services not yet rendered are deferred and recognised as deferred income in liability. Upon expiry of prepaid amounts on unused coupons or cash vouchers, the corresponding deferred income is fully recognised as forfeited income; and
- (c) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statement of financial position as the “Gross amount due from customers for contract works” (as an asset) or the “Gross amount due to customers for contract works” (as a liability), as applicable. Progress billings not yet paid by the customer are included under “Trade receivables”. Amounts received before the related work is performed are presented as “Advance from customers for construction contracts” under “Other payables and accruals”.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other employee benefits

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Interim dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

The consolidated financial statements are presented in HK\$, which is the Company’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of each reporting period. All differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was measured. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The foreign currencies are currencies other than the Hong Kong dollars. As at the end of each of the reporting period, the assets and liabilities of foreign operation are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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, are discussed below.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

4. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances.

Construction contracts

Revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract works as disclosed in note 18 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

Provision for reinstatement costs

Provision for reinstatement costs is estimated and reassessed at the end of each reporting period with reference to the latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual reinstatement cost upon closures or relocation of existing premises occupied by the Group.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

5. SEGMENT INFORMATION AND REVENUE

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments for the year ended 31 March 2016 as follows:

- (a) Renewable energy business segment is principally engaged in research and development of solar power technology, operation and construction of solar power station, the EPC (Engineering, Procurement and Construction) business and sales of photovoltaic mounting and tracking system materials in the PRC.
- (b) Restaurant operations segment is operation and management of restaurants and cake shops in Hong Kong.

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

Segment assets exclude corporate and other unallocated assets as these assets are managed on a group basis. Included in the corporate and other unallocated assets, there is loan receivables amounted to HK\$11,000,000.

Segment liabilities exclude promissory note and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

For the year ended 31 March 2015, the directors of the Company consider that the business of the Group is organised in one operating segment which is operation and management of restaurants and cake shops in Hong Kong. Additional disclosure in relation to segment information is not presented as the directors of the Company assess the performance of the only operating segment identified based on the consistent information as disclosed in the consolidated financial statements. The total net segment income is equivalent to total comprehensive income for the year as shown in the consolidated statement of profit or loss and other comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

5. SEGMENT INFORMATION AND REVENUE (continued)

Year ended	Renewable energy business HK\$'000	Restaurant operations HK\$'000	Total HK\$'000
31 March 2016			
Segment revenue:			
Sales to external customers	138,180	264,505	402,685
Segment result			
	23,474	174	23,648
<i>Reconciliation:</i>			
Finance costs			(785)
Loss on disposal of subsidiaries			(484)
Corporate and other unallocated expenses			(10,286)
Profit before tax			12,093
Segment assets			
	352,910	68,082	420,992
<i>Reconciliation:</i>			
Corporate and other unallocated assets			13,771
Total assets			434,763
Segment liabilities			
	264,930	39,978	304,908
<i>Reconciliation:</i>			
Promissory note			36,785
Corporate and other unallocated liabilities			2,718
Total liabilities			344,411
Other segment information:			
Interest income	70	35	105
Depreciation and amortisation	8	16,158	16,166
Capital expenditure*	890	10,641	11,531
Unallocated:			
Interest income			253
Depreciation			168
Capital expenditure*			1,213

* Capital expenditure consists of additions to property, plant and equipment.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

5. SEGMENT INFORMATION AND REVENUE (continued)

Geographic Information

(a) Revenue from external customers

	2016 HK\$'000	2015 HK\$'000
Hong Kong	264,505	254,689
Mainland China	138,180	-
	402,685	254,689

(b) Non-current assets

	2016 HK\$'000	2015 HK\$'000
Hong Kong	20,713	27,941
Mainland China	2,232	-
	22,945	27,941

The non-current asset information above is based on the locations of the assets and excludes financial instruments



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

5. SEGMENT INFORMATION AND REVENUE (continued)

Information about major customers

For the year ended 31 March 2016, revenue of approximately HK\$75,735,000 from a customer in the renewable energy business segment contribute over 10% of the total revenue of the Group.

For the year ended 31 March 2015, there was no revenue from a single customer contributing over 10% of total revenue of the Group by the renewable energy business segment.

For the years ended 31 March 2016 and 2015, there was no revenue from a single customer contributing over 10% of total revenue of the Group by the restaurant operations segment.

Revenue represents amounts received and receivable from the operation of restaurants, net of sales discounts and an appropriate proportion of contract revenue of construction contracts business during the year. An analysis of revenue is as follows:

	2016 HK\$'000	2015 HK\$'000
<i>Revenue</i>		
Restaurant operations	264,505	254,689
Construction contracts	138,180	-
	402,685	254,689



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

6. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Interest income	358	95
Forfeited income	9	33
Reversal of provision for reinstatement costs	–	427
Sponsorship income	91	197
Others	105	152
	563	904

7. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interest expense on promissory note (note 27)	785	–

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2016 HK\$'000	2015 HK\$'000
Cost of food and beverage	77,794	71,595
Amortisation of intangible assets	319	403
Auditors' remuneration	1,500	650
Depreciation	16,015	17,086
Lease payments under operating lease in respect of land and buildings:		
Minimum lease payments	57,673	49,338
Contingent rents	1,128	2,182
	58,801	51,520
Contract costs:		
Cost of construction materials and supplies	100,913	–
Subcontracting charges	7,918	–
Transportation	2,331	–
Machine and vehicle rental	388	–
Other expenses	658	–
	112,208	–



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

8. PROFIT BEFORE TAX (continued)

The Group's profit before tax is arrived at after charging/(crediting): (continued)

	2016 HK\$'000	2015 HK\$'000
Employee benefits expenses (excluding directors' and chief executive's remuneration (<i>note 9</i>)):		
Salaries, wages and other benefits	75,913	69,437
Retirement benefit scheme contributions	3,461	2,864
	79,374	72,301
Write-off of items of property, plant and equipment	1,229	1,740
Provision for impairment of other receivables	–	16
Loss on disposal of subsidiaries	484	–
Reversal of provision for reinstatement costs	–	(427)
Foreign exchange differences, net	(286)	4
Donation	600	–

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2016 HK\$'000	2015 HK\$'000
Fees	4,069	3,306
Other emoluments:		
Salaries, allowances and benefits in kind	111	–
Discretionary bonuses	–	–
Retirement benefit scheme contributions	10	–
	4,190	3,306



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

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

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2016					
Ms. Au Man Yi	100	-	-	-	100
Mr. Pao Ping Wing	100	-	-	-	100
Mr. Wang Xiaoxiong (Appointed on 5 February 2016)	11	-	-	-	11
Ms. Yuan Haiyang (Appointed on 3 November 2015 and resigned on 5 February 2016)	78	-	-	-	78
Mr. Chan Wai Hung Clarence (Retired on 21 November 2015)	64	-	-	-	64
	353	-	-	-	353
Year ended 31 March 2015					
Mr. Chan Wai Hung Clarence	100	-	-	-	100
Ms. Au Man Yi (Appointed on 16 February 2015)	12	-	-	-	12
Mr. Pao Ping Wing (Appointed on 1 January 2015)	25	-	-	-	25
Ms. Kwong Ka Ki (Appointed on 21 August 2014 and resigned on 16 February 2015)	49	-	-	-	49
Mr. Law Yiu Sing (Resigned on 1 January 2015)	75	-	-	-	75
Ms. Yue Chung Sze Joyce (Resigned on 21 August 2014)	39	-	-	-	39
	300	-	-	-	300

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



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Non-executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2016					
Mr. Kwok Chun Chung (Appointed on 3 August 2015 and resigned on 1 October 2015)	19	-	-	-	19
Year ended 31 March 2015					
Mr. Chan Kwok Chung (Appointed on 21 August 2014 and resigned on 30 January 2015)	53	-	-	-	53
Mr. Pan Chik (Resigned on 7 July 2014)	-	-	-	-	-
	53	-	-	-	53

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



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(c) Executive directors and the chief executive

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2016					
Mr. Wu Kai Char	1,200	-	-	-	1,200
Ms. Wong Wai Ling	1,200	-	-	-	1,200
Ms. Shen Meng Hong (Appointed on 3 August 2015)	397	-	-	-	397
Mr. Wu Jian Nong (Chief Executive Officer) (Appointed on 1 October 2015)	300	111	-	3	414
Mr. Xu Shui Sheng (Appointed on 1 October 2015)	300	-	-	-	300
Ms. Chen Chen (Resigned on 1 October 2015)	300	-	-	7	307
	3,697	111	-	10	3,818
Year ended 31 March 2015					
Mr. Wu Kai Char	1,200	-	-	-	1,200
Ms. Wong Wai Ling (Chief Executive Officer)	1,200	-	-	-	1,200
Ms. Chen Chen (Appointed on 30 January 2015)	103	-	-	-	103
Mr. Lui Hung Yen (Resigned on 1 January 2015)	450	-	-	-	450
	2,953	-	-	-	2,953

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2015: Nil).

During the years ended 31 March 2016 and 2015, no remuneration was paid by the Group to the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

10. FIVE HIGHEST PAID INDIVIDUALS

Two (2015: Two) of the five highest paid individuals were directors of the Company for the year ended 31 March 2016.

Details of the remuneration of the remaining non-director and non-chief executive, highest paid individuals for the year are analysed as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries, allowances and benefits in kind	1,670	1,583
Discretionary bonuses	181	244
Retirement benefit scheme contributions	54	52
	1,905	1,879

The number of the non-director and non-chief executive, highest paid individuals whose remuneration fell within the following band is as follows:

	Number of individuals	
	2016	2015
Nil to HK\$1,000,000	3	3

During the years ended 31 March 2016 and 2015, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

11. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (2015: 16.5%) during the year. Enterprise income tax is provided on the estimated taxable profits of the subsidiaries established in the PRC at a rate of 25% during the year.

	2016 HK\$'000	2015 HK\$'000
Current tax – Hong Kong		
– charge for the year	1,396	2,475
– over-provision in prior years	(20)	(642)
Current tax – PRC	5,867	–
Total tax charge for the year	7,243	1,833

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2016 HK\$'000	2015 HK\$'000
Profit before tax	12,093	2,534
Tax at Hong Kong profits tax rate at 16.5%	1,995	418
Tax effect of different tax rate of subsidiaries operating in the PRC	1,994	–
Tax effect of expenses not deductible for tax purpose	1,868	550
Tax effect of temporary differences not recognised	1,649	1,721
Over-provision in prior years	(20)	(642)
Tax concession granted by local authority	(81)	(90)
Tax effect of tax losses not recognised	15	251
Utilisation of tax losses previously not recognised	(177)	(375)
Income tax expense for the year	7,243	1,833



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

12. DIVIDENDS

No dividends have been paid or declared by the Company since its incorporation.

During the year ended 31 March 2015, the Company's certain subsidiaries paid interim dividends of HK\$850,000 to their respective non-controlling shareholders.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

	2016 HK\$'000	2015 HK\$'000
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	5,078	539
	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	400,000	400,000

For the years ended 31 March 2016 and 2015, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of ordinary shares in issue during the year.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 March 2016 and 2015.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Catering and other equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 March 2016					
At 31 March 2015 and 1 April 2015:					
Cost	56,114	9,627	20,471	170	86,382
Accumulated depreciation	(39,602)	(5,282)	(14,800)	(163)	(59,847)
Net carrying amount	16,512	4,345	5,671	7	26,535
At 1 April 2015, net of accumulated depreciation	16,512	4,345	5,671	7	26,535
Additions	8,341	2,167	1,555	681	12,744
Write-off	(531)	(239)	(459)	-	(1,229)
Disposal of subsidiaries	(647)	(360)	(37)	-	(1,044)
Exchange realignment	-	-	1	4	5
Depreciation provided during the year	(10,911)	(1,855)	(3,242)	(7)	(16,015)
At 31 March 2016, net of accumulated depreciation	12,764	4,058	3,489	685	20,996
At 31 March 2016:					
Cost	62,797	10,989	21,232	855	95,873
Accumulated depreciation	(50,033)	(6,931)	(17,743)	(170)	(74,877)
Net carrying amount	12,764	4,058	3,489	685	20,996
31 March 2015					
At 1 April 2014:					
Cost	50,713	8,565	18,716	170	78,164
Accumulated depreciation	(29,066)	(3,694)	(10,666)	(78)	(43,504)
Net carrying amount	21,647	4,871	8,050	92	34,660
At 1 April 2014, net of accumulated depreciation	21,647	4,871	8,050	92	34,660
Additions	7,285	1,242	2,174	-	10,701
Write-off	(1,270)	(52)	(418)	-	(1,740)
Depreciation provided during the year	(11,150)	(1,716)	(4,135)	(85)	(17,086)
At 31 March 2015, net of accumulated depreciation	16,512	4,345	5,671	7	26,535
At 31 March 2015:					
Cost	56,114	9,627	20,471	170	86,382
Accumulated depreciation	(39,602)	(5,282)	(14,800)	(163)	(59,847)
Net carrying amount	16,512	4,345	5,671	7	26,535



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

15. INTANGIBLE ASSETS

	Franchise cost HK\$'000
31 March 2016	
At 31 March 2015 and 1 April 2015:	
Cost	2,341
Accumulated amortisation	(1,515)
Net carrying amount	826
At 1 April 2015, net of accumulated amortisation	
Cost	826
Additions	98
Amortisation provided during the year	(319)
At 31 March 2016, net of accumulated amortisation	605
At 31 March 2016:	
Cost	1,883
Accumulated amortisation	(1,278)
Net carrying amount	605
31 March 2015	
At 1 April 2014:	
Cost	2,232
Accumulated amortisation	(1,112)
Net carrying amount	1,120
At 1 April 2014, net of accumulated amortisation	
Cost	1,120
Additions	109
Amortisation provided during the year	(403)
At 31 March 2015, net of accumulated amortisation	826
At 31 March 2015:	
Cost	2,341
Accumulated amortisation	(1,515)
Net carrying amount	826



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

16. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Company name	Place of incorporation/ establishment/ operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Glory Kind Development Limited [^]	BVI	US\$1,000	100% (direct)	Investment holding
Elite Sheen Holdings Limited	BVI	US\$1,000	100% (direct)	Investment holding
Team Glory International Limited	BVI	US\$8	100% (indirect)	Investment holding
Top Aim Enterprises Ltd	BVI	US\$10	100% (indirect)	Investment holding
Still Profit Limited	BVI	US\$8	100% (indirect)	Investment holding
Progress Vantage Holdings Limited	BVI	US\$1,004	100% (indirect)	Investment holding
Rise Dragon International Limited	BVI	US\$1,000	100% (indirect)	Investment holding
Grand Century Inc Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
H-View F & B Group Limited	Hong Kong	HK\$10,000	100% (indirect)	Management service
Harlan's Holding Limited	Hong Kong	HK\$20,000,000	95% (indirect)	Restaurant operation
Inakaya (HK) Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
J & H Company Limited	Hong Kong	HK\$10,000	82% (indirect)	Inactive
JC Group (HK) Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

16. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the subsidiaries are as follows: (continued)

Company name	Place of incorporation/ establishment/ operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company	Principal activities
PHO24 (NTP) Limited	Hong Kong	HK\$10,000	60% (indirect)	Inactive
PHO24 (TST) Limited	Hong Kong	HK\$10,000	65% (indirect)	Inactive
Turbo Trade Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
Ginji (TST) Limited	Hong Kong	HK\$10,000	100% (indirect)	Restaurant operation
Ginji (MK) Limited	Hong Kong	HK\$10,000	90% (indirect)	Restaurant operation
PHO Hoi An Limited	Hong Kong	HK\$10,000	65% (indirect)	Restaurant operation
PHO Hoi An (Mikiki) Limited	Hong Kong	HK\$10,000	80% (indirect)	Restaurant operation
JC Group Management Limited	Hong Kong	HK\$2	100% (indirect)	Management service
JC Group Holding Limited	Hong Kong	HK\$10,000	100% (indirect)	Management service
Tonking New Energy Group Co., Limited	Hong Kong	HK\$1	100% (indirect)	Investment holding
Tonking New Energy Technology (Shanghai) Limited ¹	PRC	HK\$633,820,000 (Paid up: HK\$70,000,000)	100% (indirect)	Research and development of solar power technology, the EPC business and sales of photovoltaic mounting and tracking system materials



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

16. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the subsidiaries are as follows: (continued)

Company name	Place of incorporation/ establishment/ operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Jiang Shan Shi Tong Jing Guang Fu Limited ²	PRC	RMB3,000,000	100% (indirect)	Research and development of solar power technology, the EPC business and sales of photovoltaic mounting and tracking system materials
Jin Zhai Xian Tong Jing New Energy Limited ²	PRC	RMB40,000,000 (Paid up: RMB1,100,000)	100% (indirect)	Not yet commence business
Nan Zhang Xian Tong Jing New Energy Limited ²	PRC	RMB200,000,000 (Paid up: RMB100,000)	100% (indirect)	Not yet commence business
Hong Ze Tong Jing New Energy Limited ²	PRC	RMB30,000,000 (Paid up: RMB4,100,000)	100% (indirect)	Not yet commence business
Horqin Left Back Banner Tong Jing New Energy Limited ²	PRC	RMB80,000,000 (Paid up: nil)	100% (indirect)	Not yet commence business

¹ wholly-owned foreign enterprise

² private limited liability company

[^] At 31 March 2016, the issued share capital of the company were pledged under shares charges to secured promissory note of the Group (note 27)



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

17. INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Materials for construction contracts	42,695	–
Food and beverage, and other operating items for restaurant operations	2,765	2,635
	45,460	2,635

18. GROSS AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORKS

	2016 HK\$'000	2015 HK\$'000
Gross amount due from customers for contract works	139,159	–
Contract costs incurred plus recognised profits less recognised losses to date	140,185	–
Less: Progress billings received and receivable	(1,026)	–
	139,159	–

19. TRADE RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Trade receivables	1,268	1,291

For the catering business, the Group's trading terms with its customers are mainly on cash, credit card and smart card settlement.

For the renewable energy business, the Group's trading terms with its customers are mainly on credit. The credit period granted to customers generally ranges from 30 days to 90 days.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Accounts receivables are non-interest-bearing.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

19. TRADE RECEIVABLES (continued)

An aged analysis of the trade receivables, based on the invoice date, is as follows:

	2016 HK\$'000	2015 HK\$'000
Within 1 month	979	1,150
Over 1 month but less than 3 months	85	87
Over 3 months	204	54
	1,268	1,291

The trade receivables included in the above aging analysis are considered not impaired. As at 31 March 2016 and 2015, no trade receivables were past due or impaired. No provision for impairment of trade receivables was made as at 31 March 2016 and 2015.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Prepayments	3,418	2,739
Rental deposits	19,971	19,703
Prepayments to suppliers for purchase of materials	92,048	–
Utility and other deposits (<i>note ii</i>)	5,437	2,476
Loan receivables (<i>note i</i>)	11,000	–
Other receivables	50,531	273
	182,405	25,191
Current portion included in prepayments, deposits and other receivables	(169,439)	(6,746)
	12,966	18,445

Notes:

- (i) As at 31 March 2016, the loan receivables from independent third parties were unsecured, bore interest at 6% per annum and repayable within one year.
- (ii) Included in other deposits is a balance of approximately HK\$600,000 (2015: Nil) paid to Jiang Shan Shi Ming Crystal Limited (江山世明水晶玻璃有限公司), which is controlled by Mr. Wu Jian Nong (executive director and chief executive officer), Mr. Xu Shui Sheng (executive director) and Ms. Shen Meng Hong (executive director) for acquiring property, plant and equipment.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

21. BALANCES WITH RELATED PARTIES

An analysis of the amounts due from related parties is as follows:

	31 March 2016 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2015 HK\$'000
Amounts due from related parties			
Mr. Wu Kai Char ("Mr. Wu") (note ii)	517	725	538
Mr. Zhang Fuzhu ("Mr. Zhang") (note i)	1,032	1,222	965
Ms. Wong Wai Ling ("Ms. Wong") (note ii)	111	151	97
Supreme Glory (HK) Limited (note viii)	802	909	248
JC & Associates Limited (note viii)	–	20	20
Rich Base Limited (note iii)	75	75	75
Cheerful Time Holdings Limited (note iv)	13	13	–
Inakaya (China) Limited (note x)	113	2,013	–
Victory Stand International Limited (note i)	17	17	–
	2,680		1,943
		Maximum amount outstanding	
	31 March 2015 HK\$'000	during the year HK\$'000	1 April 2014 HK\$'000
Amounts due from related parties			
Mr. Wu (note ii)	538	574	352
Mr. Zhang (note i)	965	1,041	223
Mr. Lui Hung Yen	–	37	8
Ms. Wong (note ii)	97	167	60
Supreme Glory (HK) Limited (note viii)	248	575	–
JC & Associates Limited (note viii)	20	21	18
Rich Base Limited (note iii)	75	75	31
JC Group Holding Limited (note v)	–	6	6
Well-in Silver Article Company Limited (note ix)	–	652	652
	1,943		1,350



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

21. BALANCES WITH RELATED PARTIES (continued)

An analysis of the amounts due to related parties is as follows:

	2016 HK\$'000	2015 HK\$'000
Amounts due to related parties		
Mr. Wu (<i>note ii</i>)	6,999	500
Ms. Wong (<i>note ii</i>)	7,019	–
FLC Holdings Limited (<i>note vii</i>)	49	50
Good View International Investment Limited (<i>note vi</i>)	25	25
	14,092	575

Notes:

- (i) Substantial shareholder of the Company
- (ii) Executive director of the Company
- (iii) Controlling by Mr. Wu and indirectly controlled by Mr. Zhang
- (iv) Controlled by Mr. Wu
- (v) Indirectly controlled by Mr. Wu and Ms. Wong
- (vi) Controlled by Mr. Zhang
- (vii) Controlled by Ms. Wong
- (viii) Controlled by Mr. Wu and Ms. Wong
- (ix) Controlled by Mr. Wu and Mr. Zhang
- (x) Indirectly controlled by Mr. Wu

Balances with related parties are unsecured, interest-free and repayable on demand.

None of the amounts due from related parties is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2016 HK\$'000	2015 HK\$'000
Cash and bank balances	21,991	49,852
Pledged deposits – current	19,081	–
	41,072	49,852
Less: Pledged deposits	(19,081)	–
Cash and bank balances	21,991	49,852
Cash and cash equivalents denominated in:		
HK\$	19,348	49,729
Renminbi (“RMB”)	2,566	–
United States dollars (“US\$”)	63	110
Japanese Yen (“JPY”)	14	13
	21,991	49,852

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Certain customers of construction contracts undertaken by the Group require Tonking New Energy Technology (Shanghai) Limited (“Tonking Shanghai”), an indirectly wholly-owned subsidiary to issue guarantees for the performance of contract works in the form of surety bonds of approximately HK\$19,081,000. Tonking Shanghai has unconditionally and irrevocably agreed to indemnify to the bank institution that issue such surety bonds for claims and losses the bank institution may incur. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract.

For the year ended 31 March 2016, the Group had deposits of approximately HK\$19,081,000 pledged to the bank institution for the issuance of surety bonds.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

23. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2016 HK\$'000	2015 HK\$'000
Within 1 month	52,114	6,553
Over 1 month but less than 2 months	1,211	5
Over 2 months	484	3
	53,809	6,561

The trade payables are non-interest-bearing and generally have payment terms of 30 – 90 days.

Included in the Group's trade payables as at 31 March 2016 is a balance of approximately HK\$740,000 (2015: HK\$385,000) payable to JC & Associates Limited.

Included in the Group's trade payables as at 31 March 2016 is a balance of approximately HK\$18,000 (2015: HK\$26,000) payable to Well-In Hotel Supplies Company Limited.

These relevant trade payables are repayable on similar credit terms to those offered by the major suppliers of the Group.

24. OTHER PAYABLES AND ACCRUALS

	2016 HK\$'000	2015 HK\$'000
Deferred income	76	28
Other payables	3,340	225
Value-added tax payables	3,145	–
Accruals	10,076	7,576
Advance from customers for construction contracts	205,599	–
Customer deposits	642	682
	222,878	8,511

Other payables are non-interest-bearing.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

25. BALANCE WITH ULTIMATE HOLDING COMPANY

	31 March 2016 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2015 HK\$'000
Due from ultimate holding company	–	8	8

	31 March 2015 HK\$'000	Maximum amount outstanding during the year HK\$'000	1 April 2014 HK\$'000
Due from ultimate holding company	8	8	–

Amounts due from ultimate holding company are unsecured, interest-free and repayable on demand.

26. BALANCES WITH NON-CONTROLLING SHAREHOLDERS

	2016 HK\$'000	2015 HK\$'000
Due from non-controlling shareholders of subsidiaries	123	125
Due to non-controlling shareholders of subsidiaries	1,912	1,912

At 31 March 2016 and 2015, amounts due from non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

At 31 March 2016 and 2015, amounts due to non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

The amounts due from non-controlling shareholders of subsidiaries are neither past due nor impaired.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

27. PROMISSORY NOTE

The analysis of the carrying amount of promissory note is as follows:

	2016 HK\$'000	2015 HK\$'000
Non-current		
Promissory note	36,785	-
Analysis into:		
Within 1 year	-	-
Over 1 year but less than 2 years	36,785	-
More than 2 years but not more than 5 years	-	-
	36,785	-

Significant terms and repayment schedule of promissory note:

On 9 September 2015, Glory Kind Development Limited ("Glory Kind"), a subsidiary of the Company, issued promissory note with a principal amount of HK\$36,000,000, which is secured by a charge on all the issued shares of Glory Kind, bear interest at 4% per annum and has a maturity period of 2 years from the date of issue.

Interest expense on the promissory note is calculated using the effective interest method by applying the effective interest rate of 3.92% to the liability component.

	2016 HK\$'000	2015 HK\$'000
At beginning of year	-	-
Issued during the year	36,000	-
Interest expenses (<i>note 7</i>)	785	-
At end of year	36,785	-



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

28. DEFERRED TAX

Certain subsidiaries of the Group have tax losses arising in Hong Kong in total of approximately HK\$1,842,000 and HK\$3,102,000 as at 31 March 2016 and 2015, respectively, that are available indefinitely for offsetting against their future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

According to PRC tax regulations, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

At 31 March 2016, deferred tax liabilities of approximately HK\$1,593,000 (2015: Nil) have not been provided for in the consolidated financial statements in respect of the temporary difference attributable to the undistributed profits of PRC subsidiaries 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.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. ISSUED CAPITAL

	Number of ordinary share of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 1 April 2014, 31 March 2015 and 31 March 2016	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2014, 31 March 2015 and 31 March 2016	400,000,000	4,000

30. SHARE OPTION SCHEMES

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 2 November 2013 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

30. SHARE OPTION SCHEMES (continued)

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company, in any 12-month period up to date of grant must not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

The offer of a grant of share options must be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the directors of the Company and notified to a participant and shall be at least the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

30. SHARE OPTION SCHEMES (continued)

The Scheme shall be valid and effective for a period of ten years commencing on 2 November 2014, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2016 and 2015.

31. RESERVES

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

(i) Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares and can be utilised for future bonus issue.

(ii) Other reserves

The other reserves represent the reserve arising pursuant to the Group's reorganisation. The other reserves represent the difference between the nominal value of the issued capital of its subsidiaries arising from the corporate reorganisation.

(iii) Statutory reserves

According to the PRC Company Law, the PRC subsidiaries of the Group are required to transfer 10% of their respective after-tax profit, calculated in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The statutory surplus reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of the companies, provided that the balance is maintained at a minimum level of 25% of the registered capital.

(iv) Exchange fluctuation reserves

The exchange fluctuation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserves are dealt with in accordance with the accounting policies set out in note 3 to the financial statements.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

32. PROVISION FOR REINSTATEMENT COSTS

	2016 HK\$'000	2015 HK\$'000
At beginning of year	5,948	4,893
Additional provision	2,894	1,518
Reversed during the year	–	(427)
Settled during the year	(95)	(36)
At end of year	8,747	5,948
Analysis into		
Current portion	3,508	2,409
Non-current portion	5,239	3,539
At end of year	8,747	5,948

Provision for reinstatement costs is recognised at the present value of expenditures expected to be required for the reinstatement of the properties used by the Group for its operations upon expiration of the relevant leases.

33. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at specified rate and capped at HK\$1,500 (HK\$1,250 prior to 1 June 2014) per month per person. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contribution is available to reduce the contributions payable in the future years.

The employees of the Group’s subsidiaries which are operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contribution are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The total contributions payable by the Group amounted to approximately HK\$3,471,000 for the year ended 31 March 2016 (2015: approximately HK\$2,864,000). The amount was recognised in the statement of profit or loss for the year ended 31 March 2016.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

34. DISPOSAL OF SUBSIDIARIES

On 31 August 2015, the Group disposed its entire equity interest in Holy Charm Limited (“Holy Charm”), an indirect wholly-owned subsidiary to an independent third party at a cash consideration of HK\$2,000,000.

On 18 September 2015, the Group disposed its entire equity interest in Cheerful Time Holdings Limited (“Cheerful Time”), an indirect wholly-owned subsidiary to Mr. Wu, the executive director of the Company, at a consideration of HK\$1. Inakaya (China) Limited, a wholly-owned subsidiary of Cheerful Time was disposed of accordingly.

	Holy Charm	Cheerful Time	Total
	HK\$'000	HK\$'000	HK\$'000
Net assets disposed of:			
Property, plant and equipment	1,044	–	1,044
Cash and bank balances	1,256	65	1,321
Prepayments, deposits and other receivables	225	2,014	2,239
Due from fellow subsidiaries	–	900	900
Due to related parties	–	(1,000)	(1,000)
Due to intermediate holding company	–	(9)	(9)
Due to fellow subsidiaries	–	(2,011)	(2,011)
	2,525	(41)	2,484
Gain/(loss) on disposal of subsidiaries	(525)	41	(484)
	2,000	–	2,000
Settled by cash	2,000	–	2,000

An analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2016	2015
	HK\$'000	HK\$'000
Cash consideration	2,000	–
Cash and cash equivalents disposed of	(1,321)	–
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	679	–



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

35. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2016 HK\$'000	2015 HK\$'000
JC & Associates Limited		
– purchase of food (<i>note (i)</i>)	4,246	3,044
– food processing fee (<i>note (ii)</i>)	460	–
R & C Corporate Services Limited		
– corporate service fee (<i>note (i)</i>)	524	570
Rich Base Limited		
– franchise fees (<i>note (i)</i>)	–	101
W. L. Wong & Co		
– corporate service fee (<i>note (ii)</i>)	–	9
Well-In Hotel Supplies Company Limited		
– purchase of kitchen utensils (<i>note (i)</i>)	463	718
– purchase of property, plant and equipment (<i>note (ii)</i>)	25	–
– administrative expenses (<i>note (i)</i>)	634	676

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

Unless otherwise stated, all of the above related companies are controlled by Mr. Wu and/or Ms. Wong, the executive directors of the Company.

Notes:

- (i) These related party transactions also constitute continuing connected transactions as defined in the GEM Listing Rules.
- (ii) These related party transactions also constitute connected transactions as defined in the GEM Listing Rules.
- (b) Compensation of key management personnel of the Group, including directors' and chief executive's remuneration as disclosed in note 9 to the financial statements, is as follows:

	2016 HK\$'000	2015 HK\$'000
Short term employee benefits	5,238	4,930
Post-employment benefits	52	45
	5,290	4,975



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

36. OPERATING LEASE COMMITMENTS

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to three years.

At 31 March 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 HK\$'000	2015 HK\$'000
Within one year	50,745	38,685
In the second to fifth years, inclusive	30,183	28,128
Beyond five years	–	–
	80,928	66,813

In addition, the operating lease rentals for certain restaurants are based on the higher of a fixed rental and contingent rent based on the revenue of the restaurants pursuant to the terms and conditions as set out in the respective tenancy agreements. As the future revenue of the restaurants could not be reliably determined, the minimum lease commitments are based on the fixed rental.

37. COMMITMENTS

In addition to the operating lease commitments detailed in note 36 above, the Group had the following capital commitments at the end of the reporting period.

	2016 HK\$'000	2015 HK\$'000
Contracted, but not provided for leasehold improvement	–	1,006
Contracted, but not provided for property, plant and equipment	5,404	–
	5,404	1,006



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

38. FINANCIAL INSTRUMENTS BY CATEGORY

	2016 HK\$'000	2015 HK\$'000
Assets as per consolidated statement of financial position		
Loans and receivables:		
– Trade receivables	1,268	1,291
– Financial assets included in prepayments, deposits and other receivables	85,595	21,872
– Due from ultimate holding company	–	8
– Due from related parties	2,680	1,943
– Due from non-controlling shareholders	123	125
– Pledged deposits	19,081	–
– Cash and cash equivalents	21,991	49,852
	130,738	75,091
Liabilities as per consolidated statement of financial position		
At amortised costs:		
– Trade payables	53,809	6,561
– Financial liabilities included in other payables and accruals	16,561	7,801
– Due to related parties	14,092	575
– Due to non-controlling shareholders	1,912	1,912
– Promissory note	36,785	–
	123,159	16,849



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, pledged deposits, promissory note and advances from related parties and non-controlling shareholders. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, trade payables, other payables and accruals and balances with ultimate holding company, non-controlling shareholders and related parties.

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

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In additions, receivable balances are monitored on an ongoing basis and the Group's exposed to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, deposits and other receivables and balances with ultimate holding company, non-controlling shareholders and related parties, arised from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at 31 March 2016 and 2015, the Group trades with a large number of diversified customers and trading terms are mainly on cash, credit card and smart card settlement, hence, there is no significant concentration of credit risk.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings. The Group currently does not have an interest rate hedging policy.

In virtue of the exposure on interest risk being minimal, the respective quantitative disclosures have not been prepared.

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in the functional currency of the group entities. The foreign currency risk is considered not material and the Group therefore does not have a foreign currency hedging policy. However, the management monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of promissory note, advances from related parties and non-controlling shareholders, and internally generated funds. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Within one year or on demand HK\$'000	In the second year HK\$'000	In the third to fifth year, inclusive HK\$'000	Total HK\$'000
As at 31 March 2016				
Trade payables	53,809	–	–	53,809
Financial liabilities included in other payables and accruals	16,561	–	–	16,561
Due to related parties	14,092	–	–	14,092
Due to non-controlling shareholders	1,912	–	–	1,912
Promissory note	–	38,880	–	38,880
	86,374	38,880	–	125,254

	Within one year or on demand HK\$'000	In the second year HK\$'000	In the third to fifth year, inclusive HK\$'000	Total HK\$'000
As at 31 March 2015				
Trade payables	6,561	–	–	6,561
Financial liabilities included in other payables and accruals	7,801	–	–	7,801
Due to related parties	575	–	–	575
Due to non-controlling shareholders	1,912	–	–	1,912
	16,849	–	–	16,849



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair values measurement

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, amounts due from/(to) ultimate holding company, related parties and non-controlling shareholders and financial liabilities included in other payables and accruals approximate to their carrying amounts due to the short-term maturities of these assets and liabilities.

Fair values hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liability for which fair values are disclosed:

As at 31 March 2016

	Fair value measurement using			Total HK\$'000
	Quoted price in active markets (Level 1) HK\$'000	Significant observation inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Promissory note	–	–	35,091	35,091

As at 31 March 2015

	Fair value measurement using			Total HK\$'000
	Quoted price in active markets (Level 1) HK\$'000	Significant observation inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Promissory note	–	–	–	–

Valuation techniques and inputs used in level 3 fair value measurements

As at 31 March 2016, the fair value of promissory note has been estimated as being the present values of future cash flows, discounted at interest rate of 5.82% per annum based the on yields of Hong Kong government bonds and treasury bills taking into account the credit spread of the Group as appropriate.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3. (2015: Nil)



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2016 and 2015.

The Group monitors capital using a gearing ratio, which is expressed as a percentage of total debts over capital. The gearing ratios as at the end of the reporting period were as follows:

	2016 HK\$'000	2015 HK\$'000
Due to related parties	14,092	575
Due to non-controlling shareholders	1,912	1,912
Promissory note	36,785	-
Total debts	52,789	2,487
Total equity	90,352	85,015
Total capital	143,141	87,502
Gearing ratio	37%	3%

40. EVENT AFTER THE REPORTING PERIOD

On 3 March 2016, Jiang Shan Shi Tong Jing Guang Fu Limited ("Tong Jing"), an indirect wholly-owned subsidiary of the Company, and Jiang Shan Shi Ming Crystal Limited ("Shi Ming") entered into an agreement, pursuant to which Tong Jing has conditionally agreed to acquire and Shi Ming has conditionally agreed to sell the assets at the consideration of approximately RMB4,073,000 (equivalents to approximately HK\$4,888,000). The transaction completed on 1 April 2016.



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSET		
Investments in subsidiaries	59,606	59,591
CURRENT ASSETS		
Due from subsidiaries	32,139	18,460
Cash and cash equivalents	44	16,095
Total current assets	32,183	34,555
CURRENT LIABILITIES		
Accruals	2,370	99
Due to subsidiaries	9,315	9,300
Due to related parties	10	–
Due to ultimate holding company	–	10
Total current liabilities	11,695	9,409
NET CURRENT ASSETS	20,488	25,146
Net assets	80,094	84,737
EQUITY		
Issued capital	4,000	4,000
Reserves (note)	76,094	80,737
Total equity	80,094	84,737

Approved and authorised for issue by the Board of Directors on 22 June 2016.

Wu Jian Nong
Director

Shen Meng Hong
Director



Notes to the Financial Statements (continued)

For the year ended 31 March 2016

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary to the Company's reserve is as follows:

	Share premium HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2014, 31 March 2015 and 1 April 2015	27,847	59,591	(6,701)	80,737
Loss for the year	-	-	(4,643)	(4,643)
At 31 March 2016	27,847	59,591	(11,344)	76,094

The Company's other reserve represents the difference between the fair value of the shares of Glory Kind Development Limited acquired pursuant to the Corporate Reorganisation on 31 October 2013 over the nominal value of the Company's shares issued in exchange therefore.

42. COMPARATIVE FIGURES

Certain comparative figures are reclassified to confirm with the current year's presentation.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 June 2016.



Five Years' Financial Summary

A summary of the consolidated results and of the Group for each of the two years ended 31 March 2012 and 2013 and of the assets, liabilities as at 31 March 2012 and 2013 have been extracted from the Company's prospectus. The consolidated results of the Group for the years ended 31 March 2014, 2015 and 2016 and the consolidated assets and liabilities of the Group as at 31 March 2014, 2015 and 2016 are set out in the audited financial statements.

RESULTS

	Year ended 31 March				
	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
REVENUE	402,685	254,689	238,751	246,072	260,437
PROFIT/(LOSS) BEFORE TAX	12,093	2,534	(1,419)	15,507	21,024
Income tax expense	(7,243)	(1,833)	(1,839)	(3,836)	(3,909)
PROFIT/(LOSS) FOR THE YEAR	4,850	701	(3,258)	11,671	17,115
Profit/(Loss) attributable to:					
Owners of the Company	5,078	539	(5,976)	9,971	13,522
Non-controlling interests	(228)	162	2,718	1,700	3,593
	4,850	701	(3,258)	11,671	17,115

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
TOTAL ASSETS	434,763	109,518	108,572	84,670	89,403
TOTAL LIABILITIES	(344,411)	(24,503)	(23,408)	(60,070)	(63,884)
	90,352	85,015	85,164	24,600	25,519
EQUITY:					
Equity attributable to owners of the Company	85,975	80,410	79,871	15,597	16,221
Non-controlling interests	4,377	4,605	5,293	9,003	9,298
	90,352	85,015	85,164	24,600	25,519