WEALTH GLORY HOLDINGS LIMITED
富 譽 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8269

2016
ANNUAL REPORT

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors (the "Directors") of Wealth Glory 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 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: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Ka Wah, Albert *(Chairman)*
Mr. Hong Sze Lung *(Chief Executive Officer)*
Mr. Kwong Yuk Lap

Non-executive Directors

Mr. Lau Wan Pui, Joseph
Mr. Law Chung Lam, Nelson
Mr. Lu Xianglong

Independent Non-executive Directors

Mr. Leung Ka Tin
Mr. Tam Chak Chi
Mr. Chow Chi Fai

AUTHORISED REPRESENTATIVES

Mr. Wong Ka Wah, Albert
Mr. Lee Wai Ming

COMPLIANCE OFFICER

Mr. Wong Ka Wah, Albert

COMPANY SECRETARY

Mr. Lee Wai Ming

REGISTERED OFFICE

Cricket Square, Hutchins Drive,
P.O. Box 2681 Grand Cayman,
KY1-1111 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17/F., No. 8 Wyndham Street,
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
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Grand Cayman KY1-1110,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISERS

Michael Li & Co
19/F, Prosperity Tower
39 Queen's Road Central
Central, Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway Central
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
DBS Bank (Hong Kong) Ltd.
Bank of Communications Co., Ltd., Hong Kong Branch
Fubon Bank (Hong Kong) Limited
Nanyang Commercial Bank Limited
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Ordinary shares (Stock Code: 8269)

COMPANY WEBSITE

www.wealthglory.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Wealth Glory Holdings Limited, I am pleased to present to you the annual results of the Group for the year ended 31 March 2016 (the "Current Financial Year").

In the Current Financial Year, the Group continued to engage in the trading of natural resources and commodities; sale of packaged food and money lending. It also commenced investment in listed securities by utilizing its short term idle funds with an aim to generate additional returns. To battle against the slowing down of the trading of natural resources and commodities business and the saturating packaged food business, we strived to seek for other suitable investment opportunities to diversify our business into different spectrums. Among a variety of such investment opportunities, the Board considers the online distribution of merchandises and the sale trendy products have high potential in the Greater China.

In June 2015, the Group entered into a conditional sale and purchase agreement to acquire 51% of the equity interest in a company which through its subsidiaries owns and operates the online distribution platform, namely Letao ("Letao Acquisition"). In October 2015, the Group acquired MD Inc. Limited ("MD") which, amongst others, is engaged in design, manufacture, produce, market, sales and distribution of bags, storage cases for electronic accessories and components, trendy fashion apparels and accessories in Hong Kong and Asia markets. It also has good connection with celebrities in Taiwan and Hong Kong. Apart from MD's original business model, the Group considered that the sales channel of MD (mainly include existing outlets of co-operation brands) in its sales and distribution of trendy fashion and apparels in Hong Kong, the PRC and certain other Asia markets can be strengthened by utilizing the online distribution platforms and/or e-commerce business methodology used by such target companies. Recently, in March 2016, the Group entered into a conditional purchase agreement for the acquisition of the entire equity interest of Strategy King Holdings Limited ("SKHL") which specializes in trading of games, console games, and game-related accessories and products in Hong Kong. Given that both MD and SKHL's products are those trendy products with their target end-users/customers being the young generations, we believe that SKHL can leverage MD's advantage, especially in design, manufacture, and produce of the trendy products in the Asia region.

Although the conditional sale and purchase agreement of Letao Acquisition lapsed in May 2016, the Group will continue to identify suitable projects which possess growth potentials by its own or complementary to the Group's existing business.

Chairman's Statement

Looking forward, the Group's business environment is expected to be remained challenging. In any event, we will continue to capitalize on our strong business connections to develop our existing businesses whilst capture any arising opportunities to diversify the Group's business. Lastly, I would like to represent the Board to take this opportunity to thank the management and all of our colleagues for their dedication and support to the Group in such challenging year. I would also like to express our sincere gratitude to our customers, suppliers and business partners for their continued support.

Wong Ka Wah, Albert
Chairman

Hong Kong, 28 June 2016

Management Discussion and Analysis

FINANCIAL REVIEW

For the year ended 31 March 2016, the Group's consolidated revenue was HK$73.7 million (2015: 277.3 million), representing a decline by HK$203.6 million or 73.4% from previous year. The drop was mainly due to the slowdown in the Group's trading of natural resources and commodities during the year. Nevertheless, revenue generated from the Group's money lending business has increased from HK$1.9 million in previous year to HK$6.0 million this year. The Group's new business of trading of fashion items and camera bags also contributed approximately HK$4.8 million to the Group's overall revenue subsequent to the acquisition of this business. The Group achieved an overall gross profit of approximately HK$11.3 million for the year ended 31 March 2016 (2015: HK$6.6 million) or a growth of 71.9% which indicate a remarkable improvement from last year.

During the first quarter of the Group's financial year, the Group commenced securities investment activities by investing in securities listed in Hong Kong. It generated a net gain of approximately HK$19.5 million (2015: nil) from such activities during the year. The gain was offset by impairment loss of HK$9.5 million recognised in respect of the deposit paid in the proposed acquisition of Southernpec Singapore Storage and Logistics Limited as well as the impairment of certain property, plant and equipment amounted to HK$6.9 million and loss of HK$4.8 million arising from discounting long-term loans to an investee.

Administrative expenses and other expenses ("Operating Expenses") for the year ended 31 March 2016 amounted to HK$58.0 million as compared to HK$82.4 million in prior year. Included in the Operating Expenses were items which are non-cash in nature such as amortization of intangible assets, depreciation charges and share-based payments. Excluding such non-cash expenses, Operating Expenses would have amounted to HK$54.2 million (2015: HK$47.6 million) which represented an increase of HK$6.6 million as compared to prior year mainly due to the increase in corporate marketing fee and expenditure for corporate transactions. Apart from the aforesaid non-cash items, in previous year, there were impairments of goodwill and intangible assets of HK$29.7 million and HK$95.9 million respectively arising from the iron ore trading business. No such items were recorded in the current year.

The Group incurred finance costs for the year ended 31 March 2016 amounted to HK$3.9 million (2015: HK$20.6 million) which was mainly composed of interest payable on borrowings granted by the non-controlling shareholders of a subsidiary and effective interest on bonds issued by the Company. With the redemptions and repayments of the Group's majority portion of bonds and promissory notes since September 2014, a substantial saving in finance cost was recorded since then which resulted in such reduction in the overall finance costs.

The Group recorded a loss attributable to owners of the Company of approximately HK$49.9 million for the year as compared the amount in 2015 of approximately HK$202.6 million representing a reduction of HK$152.7 million. Such reduction was mainly attributable to (i) the improved gross profit; (ii) the net gains from investment in securities; (iii) the increase in share of profits of associates; (iv) the overall reduction in operating expenses and finance costs; and (v) the one-off impairment losses in 2015 which were non-recurring in nature.

Management Discussion and Analysis

BUSINESS REVIEW

During the year ended 31 March 2016, the Group's business was organized in five segments namely (i) Natural Resources and Commodities Segment; (ii) Packaged Food Segment; (iii) Money Lending Segment; (iv) Securities Investment Segment; and (v) Consumer Products Segment.

Natural Resources and Commodities Segment

During the year ended 31 March 2016, the aggregate revenue generated from the trading of natural resources and commodities amounted to approximately HK$48.0 million (2015: HK$260.6 million) with a segment loss of approximately HK$1.0 million (2015: HK$2.1 million).

(a) Coal Trading Business

The Group's coal trading business was operated by an associate, Goldenbase Limited (together with its subsidiaries, the "Goldenbase Group"). The Goldenbase Group has set up a new wholly-foreign owned enterprise (the "WFOE") in Qinghai Province, the PRC in carrying out coal trading business in the PRC since August 2014. The revenue generated from trading of coal products carried out by the WFOE for the year ended 31 March 2016 amounted to approximately HK$306.2 million (2015: HK$131.1 million) representing a soar of 133.6%. The Group was advised by the management of the Goldenbase Group that an aggregate of approximately 854,000 tonnes of coal was traded during the year ended 31 December 2016 (2015: 300,000 tonnes).

The Goldenbase Group recorded a net profit of HK$8.4 million for the year ended 31 March 2016 as compared to a net profit of HK$2.3 million in 2015 indicating a significant improvement in its trading performance.

Impairment Testing of Interest in associates

The Group engaged an independent valuer, Roma Appraisals Limited ('Roma Appraisal") to perform business valuation of the associate group. In determining the value in use of the investment, the Group, by making reference to the business valuation performed by Roma Appraisals, estimated the present value of the estimated future cash flows expected to arise from the operations of the associate and from its ultimate disposal, by using discount rate of 14.55% (2015: 14.6%) to discount the cash flow projections to net present values. A key assumption for the value in use calculation is the budgeted growth rate of 15%, which is determined based on management's estimation on the development of the associate in the trading of natural resources market and the historical growth. Based on the impairment testing result, no impairment was made against the interest in the associate.

The Group also engaged Roma Appraisals to perform a business valuation of the associate group last year and based on the impairment testing result, no impairment was made against the interest in associates for the year ended 31 March 2015.

Management Discussion and Analysis

(b) *Iron Ore Trading Business*

As a consequence of the persistent weak global market condition in relation to the iron ore business in the past two years, the Group's iron ore trading business was severely affected. In light of this and the uncertainty of the turnaround of such weak market condition, the Group disposed the iron ore trading business in October 2015 so that it can better allocate its resources to the Group's other business segments and/or other investment opportunities with better prospect. Details of the disposal of this business were set out in the Company's announcements dated 23 September 2015 and 12 October 2015 respectively.

(c) *Other Natural Resources and Commodities Trading Business*

During the year ended 31 March 2016, the Group continued engaging in the trading of crude palm oil via its wholly-owned subsidiary, Grand Charm Commodities Limited ("Grand Charm") and recorded a turnover of HK$48.0 million (2015: HK$258.2 million). In the past, Grand Charm has signed master trading agreements with both suppliers and customers, however, the returns from such trades are not commensurate with the resources devoted. Grand Charm has been seeking for better terms after such master trading agreements were expired in July 2014. However, given the sluggish market condition, it will be difficult though not impossible to enter into any renewed master trading agreements with better terms. Since then, Grand Charm continued carrying out the trading of crude palm oil in the form of trade-by-trade basis. As such, a substantial decline in trading volume was recorded for the year ended 31 March 2016 and it is not expected to rebound in the near future. Nevertheless, the reduction in trading volume did not have significant impact to the Group's overall profit or loss and Grand Charm will continue to take the same approach in conducting its business. The Group will continue monitoring the business environment and conditions in carrying out the related trades.

Packaged Food Segment

The operating performance of this segment reached its peak in 2011 and started to deteriorate since late 2011 when the PRC relevant authority tightened up the formalities for domestic and export sales due to the government's arising concern with the food safety scandals which led to more stringent domestic measures on food quality controls and other process to reduce the food safety risks. Consequently, it triggered delay in goods clearance procedures, caution among customers, and an overall reduction in the sales volume since then. Coupled with the escalating costs in raw materials and the downturn in global economy, the segment's performance for export sales had been significantly affected. The export sales started its downward trend since 2011 by which a drop of 19.8% in export sales was recorded in 2012 and the situation was worse off in 2013 in which a further 61% drop in export sales was recorded. On the other hand, costs in raw materials and direct labours have continued climbing up which was difficult to fully transfer all such increased costs to its customers.

To cope with the change in the geographic market mix of sales and with an aim to improve its financial results, additional production lines for production of dried noodles were installed for the PRC domestic market and had since then focused its sales domestically. Currently, the segment's sales remained stable and mainly derived from local markets in PRC. Revenue generated from this segment for the year ended 31 March 2016 amounted to approximately HK$14.8 million (2015: HK$14.8 million). However, the financial performance remained unsatisfactory. A segment loss of HK$1.9 million (2015: HK$0.5 million) was recorded in current year. Although there are ups and downs of the operating results, the segment had never been able to experience a turnaround from its loss situation since 2013 due to the various factors affecting the operating environment as mentioned above. The management of the segment had taken measures including the reduction of headcounts in order to reduce the direct labour costs. The headcount of this segment has reduced from 80 in 2011 to 60 in 2016. It commenced the online sales via an online platform, Taobao, since 2014 in order to boost up local sales at a relatively lower operating cost. Different marketing and promotion activities were organized which including the noodle recipe cooking demonstrations to consumers and special sale promotion activities on special days such as Mothers' Day etc.

Despite the measures taken, based on the observation of the management of this segment, it has experienced keen competition in the industry in the recent years. In view of nature of the products manufactured by the segment and the outcome of different marketing measures taken, the Directors believe the demand will be stable but lack of significant growth. In the light of this, the Group entered into a conditional sale and purchase agreement on 24 March 2016 with an independent third party for the disposal of the packaged food business (the "Packaged Food Disposal") at a consideration of HK$2 million. The Directors consider the Packaged Food Disposal allows the Group to exit from subsidizing the non–performing business and create a good opportunity for the Group to restructure its strategic business position and focus its resources in pursuing development opportunities of other existing businesses of the Group. At the date of this report, the completion of the Packaged Food Disposal is subject to, among others, the approval by the shareholders of the Company at the extraordinary general meeting to be held for this purpose.

Money Lending Segment

In 2014, the Group's subsidiary, Angel Fund Company Limited, was granted the money lenders license to carry on business as a money lender in Hong Kong. The Group's money lending business has been growing steadily since last year. Segment revenue, representing fee and interest income generated from money lending, has grown from HK$1.9 million in previous year to HK$6.0 million this year and the segment also experienced a turnaround from a loss of HK$1.4 million for the year ended 31 March 2015 to a profit of HK$1.0 million this year. The money lending business, which is capital-driven in nature, is still at an early stage with relatively small size of loan portfolio as compared with other market players. As at 31 March 2016, the Group has loan portfolio of approximately HK$39.8 million (2015: HK$21.7 million). According to the management's observation, there is a constant demand in the market for the business to grow subject to the availability of capital. However, in light of the uncertainty of the local properties market and the economy as a whole, the Group does not intend to expand this segment in a rapid manner.

Management Discussion and Analysis

Securities Investment Segment

During the year, the Group commenced new business operation by engaging in investment in listed securities. The business primarily focuses in investment in securities listed in Hong Kong. The Group takes into consideration of, among others, the expertise possessed by the management of the Company in the field of capital market investments. It is of the view that the securities investment operation can utilize such expertise to diversify the income stream of the Group and to optimize the return of short-term idle funds of the Group from time to time in order to enhance the value of the shares of the Company. As at 31 March 2016, the equity securities listed in Hong Kong held by the Group with fair value of HK$83.3 million are classified as held-for-trading investments. The Group recorded a net gain in this segment of HK$19.5 million for the year ended 31 March 2016 (2015: Nil) which was composed of a realized gain of HK$11.8 million (2015: Nil) and unrealized gain of HK$7.7 million (2015: Nil). Details of the Group's held-for-trading investments are set out in the section "Significant Investments". The Hong Kong stock market has experienced tremendous fluctuations in both the stock index and the stock prices of the majority of listed securities during the year. As such, the Group will adopt an approach so that the investment can achieve a reasonable return at an acceptable risk level. The Group will hold a diversified portfolio across different segment of the market. As the funds for this segment is from the idle funds from time to time, the Group may have its securities portfolio reduced gradually once its fund is due for deployment in planned fund use purposes.

Consumer Products Segment

In October 2015, the Group acquired the entire equity interests of MD Inc. Limited ("MD") which, amongst others, engaged in design, manufacture, produce, market, sales and distribution of bags, storage cases for electronic accessories and components, trendy fashion apparels and accessories in Hong Kong and Asia markets and has good connection with celebrities in Taiwan and Hong Kong. MD has been cooperating with a number of celebrity brands from Taiwan which focus on trendy fashion items among the young generations. It has entered into cooperation agreement with Subcrew International Limited for development and promotion of the brand "Subcrew" including the design, manufacture and sale of trendy fashion merchandises under the name "Subcrew" in accordance with the terms and conditions thereof. "Subcrew" is a renowned trendy fashion brand specialized in design and sale of trendy apparels and accessories with its main presence in Asia with over 50 sale outlets located in the People's Republic of China (including Hong Kong, Macau Special Administrative Region of the PRC and Taiwan) (the "PRC"), Japan and other countries in the South East Asia. As MD also has good connection with celebrities in Taiwan and Hong Kong, it can provide synergy between the celebrities and the brands whereby both can obtain wider exposure in media and different sales channels to increase recognition of the brand and the celebrities. Subsequent to the completion of the acquisition of MD and with the backing of the Group, it kicked off a number of marketing and promotion campaigns in Taiwan and various other cities in the PRC in relation to its products crossing-over with the names of certain Taiwan celebrities. MD recorded a post-acquisition revenue of HK$4.8 million (2015: Nil).

Apart from owning its own brands such as "pforpix" and "Mirza", MD will continue to cooperate with other trendy fashion brands for the possible production and marketing of crossover series of fashion merchandises. Capitalized on its connection with these brands, most of the cooperation will be in the form of profit sharing with the brands based on the products sold. With this plan, the Group believes that it will enhance its revenue base whilst would not create heavy pressure on funding needs in acquiring the brands. In a short-run, MD will make use the co-operating brands' existing outlets for sale of merchandises designed and produced by it whereas in a longer term, it will build its own online platform or acquired a suitable existing online platform for distribution of its products.

Other Businesses and Business Activities

(a) *Vehicle Distribution*

In September 2014, the Group acquired a ten-year rights of distribution, marketing and service of sports car "Gumpert Apollo" in four cities in the PRC. The Group believes that the acquisition of the distribution rights could diversify the Group's business portfolio and allow the Group to enter into the supercar market in the PRC and broaden the Group's source of income. At the date of this report, the Group's vehicles distribution business is yet to commence pending for the automaker to put its newly launched model, namely "Apollo Arrow" as appeared in the 2016 Geneva Motor Show, for factory production. As the timeline for launching this new model is moving behind schedule and accordingly, contribution from this business has been delayed. Nevertheless, having considered the prospects of the supercar market in the PRC especially the recent year's surge of high-net-worth individuals in PRC which lead to the potential increase in the demand of luxurious cars, and the aforesaid branded vehicles in particular, the Board is confident that the operation of the vehicle distributorship business will contribute positively to the Group in the future.

(b) *Restaurant Operation*

In previous year, the Group also tap into the gourmet and entertainment sector by investing in an associate which engage in the operation of a stylish restaurant under the brand of "FOVEA" providing fine dining and entertainment. The Group's equity interest in this business was diluted following a capital injection by other shareholders. As a result, the investment in this business is classified as "available-for-sale investments". Nevertheless, the management expect that the Group can still enjoy a reasonable return from this investment in long term. The restaurant is situated in a premium location – a new building at Lan Kwai Fong, the heart of Central in Hong Kong. It commenced operation in the third quarter of 2015.

(c) *Trading of Games and related Products*

On 18 March 2016, the Group entered into a conditional purchase agreement for the acquisition of the entire equity interest of Strategy King Holdings Limited ("SKHL" together with its subsidiary, the "SKHL Group") which specializes in trading of games, console games, and game-related accessories and products in Hong Kong. The Group considered the similarities of business of SKHL Group and MD in the sense that their end-users are young generations and the products are all trendy products. The operations of SKHL Group and MD may complement each other to achieve a synergy effect through (i) combine and enlarge customer base in the online and retail customer and provide potential cross selling benefit for both SKHL Group and MD's operation on each other's distribution network in different geographical focus. (SKHL Group focus in Hong Kong and MD is covering HK and other Asia Markets); (ii) crossover of products and brands through manufacturing and distributing of (a) dual brands crossover products, (b) marketing gift, and (c) promotion material for the SKHL Group through utilizing the OEM and ODM capacity of MD; and (iii) enhance marketing efficiency through the cross selling products by sharing of marketing budget and resources.

At the date of this report, the completion of this acquisition is subject to fulfillment of certain conditions precedent in the conditional purchase agreement, including, among others, the approval of shareholders at an extraordinary general meeting held to approve the proposed acquisition.

Management Discussion and Analysis

Financial Position

Net assets value of the Group as at 31 March 2016 amounted to HK$222.7 million compared to HK$100.8 million as at 31 March 2015. The increase was mainly due to the equity funds raised in the year offset by the net loss of the Group for the year.

The total non-current assets of the Group increased from HK$64.1 million as at 31 March 2015 to HK$103.3 million as at 31 March 2016. The increase was mainly due to the goodwill and intangible assets in respect of the newly acquired subsidiary, MD Inc. Limited during the year.

Net current assets as at 31 March 2016 amounted to HK$126.8 million as compared to HK$64.3 million in the previous year. The increase was mainly attributable to the held-for-trading investments of HK$83.3 million (2015: Nil) which was stated at market value at the year end date whereas the inclusion of other borrowings of HK$21.1 million from non-controlling shareholders of a subsidiary as current liabilities offset the overall increase in net current assets. Though total deposits and other receivables dropped by HK$30.0 million, total loan receivables increased by HK$18.1 million as a result of the steady growth of the money lending business. The increase in cash and cash equivalent by HK$14.6 million at year end indicate an improved cash flow in the year.

Non-current liabilities as at 31 March 2016 reduced by HK$20.2 million as the long-term other borrowings of HK$21.1 million in 2015 was included in current liability this year.

Liquidity and Financial Resources

The Group recorded a net cash outflow in operating activities for the year ended 31 March 2016 of HK$118.9 million, representing an increase of HK$26.3 million as compared to last year of HK$92.6 million. Increase in operating cash outflow was mainly due to the increased in held-for-trading investments as a result of the Group's commencement in securities trading activities. Investing activities used up an aggregate of HK$20.4 million (2015: HK$37.6 million) mainly as shareholders' loans to investees and non-current deposits. Cash from financing activities amounted to HK$153.6 million which was the net amount of funds raised by share placings and open offer conducted by the Company during the year and the repayment of certain bonds and promissory notes.

The Group's gearing ratio as at 31 March 2016 was approximately 7% (2015: 26%). The Group defines gearing ratio as ratio of net debt over equity plus net debt in which net debt represents total of promissory note, bonds, bank overdraft and bank and other borrowings less cash and cash equivalents. The current ratio (ratio of current assets to current liabilities) of the Group as at 31 March 2016 was approximately 4.0 (2015: 3.6) which remained steady as compared to the previous year.

As at 31 March 2016, the total banking facilities available to the Group is HK$2.9 million (2015: nil). Out of the facilities available, the Group has utilized approximately HK$1.4 million consisted of bank overdrafts and fixed loans for general working capital.

Update on Refund of Deposit

On 1 August 2014, the Company, as purchaser, entered into a memorandum of understanding ("MOU") with Southernpec Storage and Logistics Holding Limited (the "Vendor"), as vendor, for the proposed acquisition of Southernpec Singapore Storage and Logistics Limited. Pursuant to a supplemental memorandum of understanding, the Company paid a refundable deposit of HK$10 million (the "Deposit"). The MOU lapsed on 31 July 2015 and the Deposit shall be returned by the Vendor to the Company in full within three business days. However, the Vendor was failed to return the Deposit within the said period and the parties were unable to reach a consensus on the repayment schedule. Following a series of negotiations and actions (including legal proceedings against the Vendor for the recovery of the Deposit) taken against the Vendor on the delay in repayment of the Deposit, the Company has reached a settlement agreement (the "Settlement Agreement") with the Vendor. Pursuant to the Settlement Agreement, in consideration of the Company's forbearance to sue and to proceed with the legal proceedings and to withdraw/discontinue such legal proceedings against the Vendor, the Vendor irrevocably covenants with the Company that the Vendor shall pay to the Company a sum of HK$5,000,000 (the "Settlement Sum") by instalments over a period of 18 months from the date of the Settlement Agreement as the full and final settlement of the Deposit (the "Settlement"). The Company has received the first instalment of HK$500,000. However, up to date of this report, the Vendor was failed to pay the second instalment in accordance with the payment schedule stipulated in the Settlement Agreement except for the provision of a post-dated cheque with an amount equal to the second instalment. In view of the failure of receiving the Settlement Sum in accordance to the payment schedule, an amount of HK$9.5 million (being the difference of the Deposit and the amount paid by the Vendor to the Company up to the date of this report) was impaired and charged to the profit and loss for the year ended 31 March 2016. At the date of this report, the Directors are rigorously considering the taking of necessary actions, including legal actions against the Vendor for the recovery of the Deposit.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Save as disclosed in the notes 16, 33 and 34 to the consolidated financial statements, the Group did not have other material acquisitions and disposals of subsidiaries and affiliated companies.

Management Discussion and Analysis

Significant Investments

As at 31 March 2016, the Group's held-for-trading investments amounted to HK$83.3 million represented were equity investments listed in Hong Kong. Details of the significant investments are as follows:

Company Name	Fair value change	Fair value at 31 March 2016	Approximate percentage of held-for-trading investment	Approximate percentage to the Group's total asset as at 31 March 2016
	HK$'000	HK$'000		
Jia Meng Holdings Limited	3,263	12,263	14.7%	4.5%
LEAP Holdings Group Limited	3,522	9,741	11.7%	3.6%
Echo International Holdings Group Limited	123	7,610	9.1%	2.8%
Jiyi Household International Holdings Limited	533	7,283	8.7%	2.7%
UKF (Holdings) Limited	(389)	7,020	8.4%	2.6%
Deson Construction International Holdings Limited	(135)	6,960	8.4%	2.6%
Sau San Tong Holdings Limited	(833)	5,683	6.8%	2.1%
Great Harvest Maeta Group Holdings Limited	(100)	5,600	6.7%	2.1%
REF Holdings Limited	1,814	5,046	6.1%	1.9%
Easy One Financial Group Limited	(250)	4,920	5.9%	1.8%
Wan Kei Group Holdings Limited	(283)	4,769	5.7%	1.8%
Chen Xing Development Holdings Limited	546	3,551	4.3%	1.3%
Asiaray Media Group Limited	(128)	1,807	2.2%	0.7%
Jujiang Construction Group Co., Ltd.	15	1,020	1.2%	0.4%
Total	7,697	83,273	100.0%	30.6%

Financial Management and Policy and Foreign Currency Risk

The Group's finance division manages the financial risks of the Group. One of the key objectives of the Group's treasury policy is to manage its exposure to fluctuations in foreign currency exchange rates. The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group has assessed its foreign exchange rate risk exposure and has not entered into any foreign exchange hedging arrangement during the year and as at year end date. In any event, the Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Treasury Policies and Credit Risk Management

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. For those loans secured by properties and other collaterals, the Group has procedures for the identification and evaluation of the legal ownership and accurate valuation of properties or other collaterals. The loan amount to be granted to a particular client is subject to judgement made by the top management of the Group's money lending business after taking into consideration of different factors including market conditions, type of property and financial background of borrowers etc. For the valuation of the properties, the Group will make reference to either a third party valuer or the internet valuation services provided by banks in Hong Kong. The Group holds collateral against certain loan receivables in the form of mortgages over property or other assets.

The Group considers that the credit risk arising from the loan receivables is significantly mitigated by the properties and other assets held as collateral with reference to the estimated market value of the property or the relevant assets at the grant date and the on-going evaluation of the financial condition of the borrowers where appropriate. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Contingent Liabilities and Pledge of Assets

Save as disclosed in note 29 to the consolidated financial statements, the Group had no significant charges on its assets nor any significant contingent liabilities at 31 March 2016 (2015: Nil).

Commitments

As at 31 March 2016, the Group had no significant capital commitments. The operating lease commitments in respect of office premises and factory of the Group amounted to HK$8.5 million (2015: HK$4.0 million).

Material Transactions

During the year ended 31 March 2016, the Group entered into the following material transactions:

(a) On 13 April 2015, the Company entered into a placing agreement (the "April Placing Agreement") with CNI Securities Group Limited ("CNI Securities") pursuant to which CNI Securities agreed to place (the "April Placing"), on a best effort basis, up to an aggregate of 162,000,000 new shares at the placing price of HK$0.21 per share on behalf of the Company to not less than six placees who and whose ultimate beneficial owners are independent third parties. The closing price per share as quoted on the Stock Exchange on the date of the April Placing Agreement was HK$0.24. It was intended that the net proceeds from the April Placing of approximately HK$33.3 million would be used for the general working capital of the Company and settlement of certain liabilities of the Company. Completion of the April Placing took place on 24 April 2015.

The Company has utilized the net proceeds from the April Placing for payment of (i) redemption of promissory notes of aggregate principal amount and interest thereon of HK$3.3 million, (ii) the legal and professional fees of the possible acquisition of Southernpec of an aggregate amount of HK$0.6 million, (iii) loan to a related company of HK$5 million, (iv) working capital for general expenses, trading activities and other business activities of HK$12.7 million, (v) finance cost of HK$0.5 million on outstanding bond and (vi) HK$11.2 million cash deposited to the Company's investment accounts with its brokerage firms for securities investments from time to time.

(b) On 22 May 2015, the Company proposes to raise not less than approximately HK$201.2 million and not more than approximately HK$242.0 million, before expenses by way of open offer (the "May Open Offer"). It was intended that the net proceeds from the May Open Offer of approximately HK$192.9 million would be used for (i) the development of existing and future business of the Group; (ii) settlement of certain liabilities of the Company; and (iii) general working capital of the Company. On the same date, the Company entered into an underwriting agreement (the "May Underwriting Agreement ") with Enhanced Securities Limited ("ESL") pursuant to which ESL has conditionally agreed to underwrite the offer shares not subscribed by the qualifying shareholders. As a consequence of the volatility in the local securities market in early July 2015, the May Underwriting Agreement was terminated on 17 July 2015.

On the same date, the Company entered into a new underwriting agreement (the "July Underwriting Agreement") with Orient Securities Limited as underwriter in respect of a new open offer (the "July Open Offer") of not less than 1,149,572,000 offer shares and not more than 1,383,106,000 offer shares at the subscription price of HK$0.12 per offer share on the basis of one offer share for every two existing shares held on 11 August 2015. As a consequence of the volatility in the global securities market, the July Underwriting Agreement was terminated on 2 September 2015.

(c) On 23 June 2015, the Company entered into a conditional sale and purchase agreement (the "Purchase Agreement" as supplemented by the supplemental agreements dated 30 November 2015 and 31 December 2015 respectively) with Mr. Lu Xianglong, Mr. Zhu Huaipei, Mr. Wu Ruibiao and Mr. Cheung Siu Yu as vendors in relation to the proposed acquisition (the "Perfect Worth Acquisition") of 51% of the equity interest in Perfect Worth Investment Limited (the "Target Company") which through its subsidiaries owns and operates the online distribution platform, namely Letao, at an aggregate consideration of HK$204 million, which shall be satisfied by the Company by way of issuance of convertible notes in an aggregate principal amount of HK$204 million (subject to adjustments if the accumulated sales amount recorded on the online distribution platform of Letao is less than the amount as guaranteed by the vendors). The Company has the right to exercise a mandatory conversion according to the terms of the convertible notes on the maturity date. The conversion price of the convertible notes is HK$0.25 per new Share. Pursuant to the terms and conditions of the Purchase Agreement, the Target Company shall issue and the Company shall subscribe for various tranches of convertible notes at various time intervals after the completion of the Perfect Worth Acquisition with an aggregate principal amount of HK$100 million (the "CN Subscription"). As certain conditions precedent to the Perfect Worth Acquisition have not been satisfied or waived as at 22 May 2016 (being the long stop date to the completion of the Perfect Worth Acquisition) and the Purchase Agreement lapsed on same day. For details of the proposed Perfect Worth Acquisition and the CN Subscription, please refer to the announcements of the Company dated 23 June 2015, 23 October 2015, 31 December 2015, 15 January 2016, 29 February 2016 and 31 March 2016, 22 May 2016 respectively. The Agreement lapsed on 22 May 2016.

(d) On 1 August 2014, the Company and Southernpec Storage and Logistics Holdings Limited as vendor (the "Vendor") entered into a memorandum of understanding (the "MOU") (as supplemented on 9 October 2014, 30 January 2015 and 30 April 2015) in relation to the possible acquisition (the "Acquisition") of the entire equity interest in Southernpec Singapore Storage and Logistics Limited. The Company has been granted an exclusivity period by the Vendor for the negotiation of the Acquisition from the date of the MOU to 31 July 2015. Up to 31 July 2015, the Company and the Vendor were unable to reach an agreement or execute any formal legal documents for the Acquisition and accordingly the MOU has expired and lapsed.

(e) On 1 August 2014, the Company entered into an arranger agreement (the "Arranger Agreement") with Capital Pilot Limited as arranger (the "Arranger") in relation to the provision of certain services by the Arranger to the Company in connection with the Acquisition. Following the lapse of the MOU and after arm's length negotiations, the Company and the Arranger have agreed to terminate the Arranger Agreement with effect from 31 July 2015.

(f) On 9 September 2015, the Company entered into a placing agreement (the "September Placing Agreement") with Supreme China Securities Group Limited ("Supreme China") pursuant to which Supreme China agreed to place (the "September Placing"), on a best effort basis, up to an aggregate of 380,000,000 new shares at the placing price of HK$0.107 per share on behalf of the Company to not less than six placees who and whose ultimate beneficial owners are independent third parties. The closing price per share as quoted on the Stock Exchange on the date of the September Placing Agreement was HK$0.117. It was intended that the net proceeds from the September Placing of approximately HK$39.7 million would be used for the general working capital of the Company and settlement of certain liabilities of the Company. Completion of the September Placing took place on 24 September 2015.

The Company has utilized the net proceeds from the September Placing for payment of (i) legal and professional fee of HK$2 million for previous proposed open offer and investment projects including Southerpec, Letao and MD; (ii) cash consideration of HK$3 million for the acquisition of MD; (iii) money lent of HK$8.5 million; (iv) working capital for general expenses, trading activities and other business activities of HK$16.2 million; (v) HK$10 million cash deposited to the Company's investment accounts with its brokerage firms for securities investments from time to time.

(g) On 23 September 2015, the Group entered into a conditional sale and purchase agreement with the vendors ("MD Vendors") to acquire (the "MD Acquisition") the entire issued share capital of MD Inc. Limited ("MD") at a total consideration of HK$47,000,000 (the "MD Acquisition Consideration"). MD is expertized in cut and sew storage cases for electronic accessories and electronic components' design, development, production and distribution. It also specializes in sales and distribution of trendy fashion and apparels in Hong Kong and Asia markets. MD has also entered into brand cooperation agreements with a number of celebrity brands from Taiwan which focus on trendy fashion items among the young generations. It is responsible for design, manufacture, produce, distribute and market the fashion items of these brands. On the same date, the Group also entered into another conditional sale and purchase agreement with a company wholly-owned by MD Vendors to sale (the "DR Disposal") the entire issued share capital of Digital Rainbow Holdings Limited, an indirect wholly-owned subsidiary of the Company at a consideration of HK$32,000,000 (the "DR Disposal Consideration"). The MD Acquisition Consideration payable by the Group will be deemed to have been satisfied by the set-off of the DR Disposal Consideration receivable by the Group. Balance of MD Acquisition Consideration amounted to HK$15,000,000 shall be satisfied by the payment of cash in an aggregate amount of HK$3,000,000 and the issue of 60,000,000 Shares of the Company at an issue price of HK$0.20 each. The MD Acquisition and the DR Disposal were completed concurrently on 12 October 2015.

Management Discussion and Analysis

(h) On 9 November 2015, the Company entered into an underwriting agreement (the “November Underwriting Agreement”) with Koala Securities Limited and Supreme China Securities Limited as underwriters (collectively referred to as the “November Underwriters”) in respect of an open offer (the “November Open Offer”) of not less than 1,369,572,000 offer shares and not more than 1,603,106,000 offer shares at the subscription price of HK$0.07 per offer share on the basis of one offer share for every two existing shares held on 2 December 2015. The net proceeds from the November Open Offer after deducting the estimated expenses amounted to approximately HK$91.5 million which is intended to be used for financing the possible CN Subscription and/or investment opportunities as may be identified from time to time. The November Open Offer was successfully completed subsequent to the reporting date. Dealings in the Offer Shares, in the fully paid form, have been commenced on the Stock Exchange at 9:00 a.m. on 14 January 2016.

In view of the timing of the possible CN Subscription, the Company has set aside an aggregate of HK$67 million of cash out of the net proceeds by depositing to the Company’s investment accounts with its brokerage firms for securities investments in order to generate additional returns from these short term idle funds. By taking into consideration of the market value of liquid short-term investments on hand immediately after the November Open Offer which amounted to approximately HK$34.6 million and the cash set aside, the Group (i) utilized approximately HK$17.3 million for other investment projects including loans to investees and acquiring distribution rights of 3D phones etc.; (ii) lent money of approximately HK$3.5 million; and (iii) the remaining of HK$3.7 million for the general working capital including the payment of legal and professional fee of HK$2.5 million for previous and current proposed open offer and investment projects including Letao, MD, SKHL Acquisition and Disposal of the packaged food business.

(i) On 18 March 2016, the Company entered into a conditional sale and purchase agreement with an independent third party (the “Vendor” for the purchase of the entire equity interest in Strategy King Holdings Limited (“SKHL Acquisition”) which specializes in trading of games, console games, and game-related accessories and products in Hong Kong. The consideration for the SKHL Acquisition is HK$170 million, which will be satisfied upon completion by allotment and issuance of 1,752,505,102 new Shares and to be allotted and issued to the Vendor at a price of HK$0.073 per Share and the issuance of convertible bonds with a principal amount of not exceeding HK$42,067,127.53 at a conversion price of HK$0.073 (subject to the adjustments). The transaction is subject to, among others, the approval of the Company’s shareholders at the extraordinary general meeting to be held for this purpose.

(j) On 24 March 2016, the Group entered into a conditional sale and purchase agreement with an independent third party in respect of the sale of the entire equity interest in Paraburdoo Limited, a wholly-owned subsidiary of the Company, and all obligations, liabilities and debts owing or incurred by Paraburdoo Limited and its subsidiaries to the Company on or at any time prior to the completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on completion, at a consideration of HK$2 million. The transaction is subject to, among others, the approval of the Company’s shareholders at the extraordinary general meeting to be held for this purpose.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group had 81 (2015: 93) employees, including the Directors. Total staff cost for the year ended 31 March 2016 amounted to approximately HK$21.2 million (2015: HK$14.4 million). Staff remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. It comprised of monthly salaries, provident fund contributions, other allowances and discretionary share options issued based on their contribution to the Group. The Group also participates in a retirement benefit scheme for its staff in the PRC and a defined statutory mandatory provident fund scheme to its employees in Hong Kong. The Group has adopted a share option scheme of which the Board may, at its discretion, grant options to eligible participants of the share option scheme. As at the date of this report, a total of 346,168,836 share options remain unexercised.

OUTLOOK

With the completion of the MD Acquisition during the year and the proposed acquisition of SKHL both of which are targeted on young generations and trendy products, the Group believes that it will create a new facet to the Group's business. The Group expects the online business is one of the main targeted sectors the Group may pursue. Although the original proposed Letao Acquisition, which was engaged in on-line distribution platform, was lapsed, the Group will continue to identify similar projects to expand the acquired/acquiring businesses in order to enhance its shareholders' value. Meanwhile, the Group will continue its existing businesses with on-going monitoring on their performances so that resources can be allocated to appropriate business segments with the view to maximize the returns to its shareholders.

Directors and Senior Management Biographies

DIRECTORS

MR. WONG KA WAH, ALBERT, Chairman and Executive Director

Mr. Wong Ka Wah, Albert ("Mr. Wong"), aged 42, was appointed as an executive Director in August 2012 and was appointed as chief executive officer of the Company, a member of the executive committee (the "Executive Committee"), the nomination committee (the "Nomination Committee") and the remuneration committee (the "Remuneration Committee") of the Company on 11 September 2013. He resigned as Chief Executive Officer and was appointed as chairman of the Company and chairman of the Executive Committee on 18 October 2013 and was appointed as chairman of Nomination Committee on 18 November 2013. Mr. Wong has been appointed as an authorised representative and the compliance officer of the Company since September 2013. He is also a director of various subsidiaries of the Company.

Mr. Wong graduated from the Australian National University with a Bachelor degree of Commerce and is a specialist in corporate strategy and business engineering with extensive experience in the industries of fund, management, asset management, private equity, and wealth management. Prior to joining the Company, Mr. Wong held senior positions in various institutions as well as collective investment vehicles. Mr. Wong is mainly responsible for formulating the Group's business strategies, supervising and managing the Group's business development.

MR. HONG SZE LUNG, Chief Executive Officer and Executive Director

Mr. Hong Sze Lung ("Mr. Hong"), aged 44, was appointed as the Chief Executive Officer and an executive Director and a member of the Executive Committee on 18 October 2013. Mr. Hong holds directorship in a number of subsidiaries of the Company.

Mr. Hong has approximately 20 years working experience and extensive knowledge in the field of corporate finance and recovery, investments as well as corporate investor relations in Hong Kong and Mainland China. Mr. Hong had served at senior management level respectively at PricewaterhouseCoopers, a private equity investment Company as well as two companies the shares of which listed on the Main Board of the Stock Exchange, being Soundwill Holdings Limited (stock code: 878) and Silver Base Group Holdings Limited (stock code: 886). Currently, Mr. Hong was an independent non-executive director of Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited) (stock code: 0231), the shares of which are listed on the Main Board of the Stock Exchange. He is also a certified public accountant of the Hong Kong Institute of Certified Public Accountants and fellow member of the Association of Chartered Certified Accountants and a chartered financial analyst of CFA Institute. In 1995, Mr. Hong obtained a Bachelor of Arts Honours Degree in Accountancy from the Hong Kong Polytechnic University.

Directors and Senior Management Biographies

MR. KWONG YUK LAP, Executive Director

Mr. Kwong Yuk Lap ("Mr. Kwong"), aged 40, was appointed as a non-executive Director in December 2013 and re-designated as an executive Director on 1 November 2015. He is graduated from Charles Sturt University in the Australia with a Master of Science degree in information technology. Mr. Kwong also obtained a Bachelor of Science degree in electronics from The Open University of Hong Kong. Mr. Kwong has extensive experience in project engineering and project coordination in the metal and mining industry. He also provides technical advices on IT system.

MR. LAU WAN PUI, JOSEPH, Non-executive Director

Mr. Lau Wan Pui, Joseph ("Mr. Lau"), aged 64, was appointed as a non-executive Director in September 2013. He has extensive experience in finance and planning, marketing and international business. He is currently chairman and co-founder of Rockhound Limited, a mineral professional firm. Previously, he had successfully developed and implemented new business expansion strategies for a number of listed public companies in Hong Kong under the position as a senior executive. He was an executive director and chief executive officer of WLS Holdings Limited (stock code: 8021), the shares of which are listed on the GEM of the Stock Exchange for the period from 2002 to 2004 and was executive director of Tse Sui Luen Jewellery (International) Limited (stock code: 0417), the shares of which are listed on the Main Board of the Stock Exchange for the period from 1997 to 1999 and Build King Holdings Limited (previously known as Seapower International Holdings Limited) (stock code: 0240), the shares of which are listed on the Main Board of the Stock Exchange for the period from 1995 to 1996 and was an independent nonexecutive director of Larry Jewelry International Company Limited (stock code: 8351), the shares of which are listed on the GEM of the Stock Exchange during 10 November 2012 to 1 June 2013, and acted as its non-executive director during 1 June 2013 to 3 December 2013. He has been a director of Dynasty Gaming Inc., a company listed on the Toronto Venture Exchange, since November 2006.

Mr. Lau obtained his Bachelor of Science degree in chemistry from Concordia University and his master of business administration degree from the University of Ottawa (Canada). He is currently a Dean's Advisory Board Member of Telfer School of Management of the University of Ottawa and he was Advisory Board Member of the EMBA program under the Telfer School of Management of the University of Ottawa for the period from 1997 to 2003. He is also a member of the Chemical Institute of Canada and a member of the Canadian Institute of Mining Metallurgy and Petroleum.

MR. LAW CHUNG LAM, NELSON, Non-executive Director

Mr. Law Chung Lam, Nelson ("Mr. Law"), aged 53, was appointed as a non-executive Director in September 2013. He has over 10 years extensive experience in corporate banking sector. Mr. Law has served a senior management position in Chemical Bank (now Chase Morgan) during the 1980s. He was also working for by a subsidiary of the China State Construction Engineering Corp for 5 years at Philippines on project finance. Specialized in organization and method, he has devoted in corporate re-structuring for several industries and that included garment production, IT, construction, agricultural and minerals trading. Mr. Law is currently a director, chairman and chief financial officer of Sealand Capital Galaxy Limited (TIDM Code: SCGL), a company listed on London Stock Exchange. Mr. Law holds several directorships in certain subsidiaries of the Company.

Directors and Senior Management Biographies

MR. LU XIANGLONG, Non-executive Director

Mr. Lu Xianglong ("Mr. Lu"), aged 52, was appointed as a non-executive Director in February 2016. Mr. Lu graduated from Guangzhou Institute of Financial and Commercial Management# (廣州市財貿管理幹部學院) in the People's Republic of China specialized in Accountancy. Mr. Lu has extensive experience in finance, footwear and e-Commerce business. He served as senior management in a large state-owned financial institution and as the managing director of a company operating footwear chain stores. Mr. Lu is currently the chief executive officer of Guangzhou Letao Shengshi Network Technology Company Limited# (廣州樂淘盛勢網絡科技有限公司).

MR. LEUNG KA TIN, Independent Non-executive Director

Mr. Leung Ka Tin ("Mr. Leung"), aged 62, was appointed as an independent non-executive Director and a member of the Audit Committee in July 2014. Mr. Leung holds a diploma in financial management (a joint program of the Hong Kong Management Association and the Hong Kong Polytechnic University). Mr. Leung has 25 years of management experience in banking, treasury operation, project finance, logistics and human resource management. He was a senior management team member of various financial institutions including First Pacific Group, Nedcor Asia, BfG Germany and Delta Asia Financial Group as well as companies in the logistics and telecommunication sectors including EAS Da Tong Group and Trident Telecom Ventures Limited. Mr. Leung also has extensive experience in the corporate finance field. He served as project head for companies owning gold mines and diamond mines both in the PRC and overseas and is currently the project director of Galaxy Asset Management Limited, a renowned alternative investment company in Hong Kong.

Currently, Mr. Leung is an independent non-executive director of KEE Holdings Company Limited (stock code: 2011), the shares of which are listed on the Main Board of the Stock Exchange. He was an executive director of China Kingstone Mining Holdings Limited (stock code: 1380), the shares of which are listed on the Main Board of the Stock Exchange, during the period from 14 July 2015 to 23 December 2015 and was an independent non-executive director of Chanco International Group Limited (Stock code: 264), the shares of which are listed on the Main Board of the Stock Exchange, during the period from 21 September 2015 to 23 December 2015.

MR. TAM CHAK CHI, Independent Non-executive Director

Mr. Tam Chak Chi, aged 39, was appointed as an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee in September 2013. He holds a bachelor's degree of commerce from the University of Toronto. He has more than 10 years of experience in providing accounting, auditing and financial services and has served various senior positions at various private and listed companies (the shares of which have been listed on the Main Board and the GEM of the Stock Exchange as well as NASDAQ). He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. He was previously an independent non-executive director of Newtree Group Holdings Limited (stock code: 1323), the shares of which are listed on the Main Board of the Stock Exchange and an executive director of Seamless Green China (Holdings) Limited (stock code: 8150) and an independent non-executive director of Sky Forever Supply Chain Management Group Limited (formerly known as Rising Power Group Holdings Limited and China Neng Xiao Technology (Group) Limited) (stock code: 8047), both companies' share are listed on the GEM of the Stock Exchange. Further, he is currently the chief financial officer and company secretary of a company listed on GEM of the Stock Exchange.

Directors and Senior Management Biographies

MR. CHOW CHI FAI, Independent Non-executive Director

Mr. Chow Chi Fai ("Mr. Chow"), aged 45, was appointed as an independent non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee in September 2013. He was re-designated as the chairman of each of the Audit Committee and the Remuneration Committee on 18 November 2013. Mr. Chow is a member of the Hong Kong Institute of Certified Public Accountants. He holds a bachelor's degree in accountancy from University of South Australia. Mr. Chow is currently the company secretary and financial controller in Sino Resources Group Limited (stock code: 0223), the shares of which are listed on the Main Board of the Stock Exchange.

Senior management

Mr. Lee Wai Ming ("Mr. Lee"), aged 48, is the company secretary and financial controller of the Company and is responsible for the Group's financial planning and management, company secretarial and corporate governance matters. He joined the Group in October 2013. He is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in auditing and accounting field. Prior to joining the Group, Mr. Lee had served various senior positions at various private and listed companies (the shares of which have been listed on the Growth Enterprise Market of the Stock Exchange). He had also served as a professional accountant in the audit department of an international audit firm for over 10 years

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in details of the Directors' information subsequent to the date of the interim report of the Company for the six months ended 30 September 2015 are set out below:

Name	Details of Changes
Mr. Lu Xianglong	• Appointed as a non-executive Director with effect from 24 February 2016. Mr. Lu Xianglong has entered into a letter of appointment with the Company for a term of one year commencing from 24 February 2016, which may be terminated by either party by giving the other party not less than one month's prior notice in writing. He shall hold office until the next annual general meeting of the Company and thereafter be subject to retirement by rotation and re-election every year at the Company's annual general meetings in accordance with the articles of association of the Company and the relevant provisions of the GEM Listing Rules. He is entitled to an annual remuneration of HK$120,000 which is determined after arm's length negotiation between both parties with reference to his duties and responsibilities to be undertaken with the Company.
Mr. Leung Ka Tin	• Resigned as executive director of China Kingstone Mining Holdings Limited* (stock code: 1380) with effect from 23 December 2015.
	• Resigned as independent non-executive director of Chanco International Group Limited* (stock code: 264) with effect from 23 December 2015.
	• Appointed as independent non-executive director of KEE Holdings Company Limited* (stock code: 2011) with effect from 17 February 2016.

* The shares of these companies are listed on the Stock Exchange

Directors' Report

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and sale of fresh and dried noodles; investment in coal trading business; trading of natural resources and commodities; development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products; investment in securities; and money lending business.

The principal activities and other particulars of the principal subsidiaries of the Company as at 31 March 2016 are set out in note 42 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by operating segments is set out in note 6 to the financial statements.

RESULTS AND FINANCIAL POSITION

The Group's results for the year ended 31 March 2016 and the state of affairs of the Group are set out in the financial statements on pages 47 to 122. The state of affairs of the Company as at 31 March 2016 are set out in note 43 to the financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2016 is set out in "Chairman's Statement" and "Management Discussion and Analysis" on page 3 and pages 5 to 18 respectively of this annual report.

The Group recognizes its responsibility of protection to the environment from its business activities. It is committed to minimise the impact of the activities on the environment by identifying and managing such impacts in the course of conducting its business. The Group evaluates its operations and ensure they are as efficient as possible. It promotes staff awareness of environmental issues such as maximization of energy conservation by establishing guidelines for efficient use of resources. It adopts green measures including the recycling of paper and the encouragement of paperless operations. It gradually upgrades the use of energy efficient items such as LED lightings and ensures the efficient use of air-conditioning.

The Group also committed itself to enhance corporate governance. It recognizes the importance of compliance with regulatory requirements by performing on-going review of new enacted laws and regulations relevant to the Group's business. In the meantime, it promotes employee benefits and development and maintains a good relationship with its customers and suppliers.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 31 to the financial statements.

RESERVES

The movements in the reserves of the Company and the Group during the year are set out in note 43 to the financial statements and in the consolidated statement of changes in equity on page 51 respectively.

DIVIDENDS

The Board did not declare an interim dividend and did not recommend the payment of the final dividend in respect of the year ended 31 March 2016 (2015: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 15 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is available for distributions or payment of dividends to shareholders of the Company subject to the provisions of the articles of association (the "Articles of Association") of the Company, provided that immediately following the distribution of dividends, the Company is able to pay off its debts as and when they fall due in the ordinary course of business.

DIRECTORS

The Directors of the Company who held office during the year and up to the date of this report were:

Executive Directors

Mr. Wong Ka Wah, Albert *(Chairman)*
Mr. Hong Sze Lung *(Chief Executive Officer)*
Mr. Kwong Yuk Lap

Non-executive Directors

Mr. Lau Wan Pui, Joseph
Mr. Law Chung Lam, Nelson
Mr. Lu Xianglong (appointed with effect from 24 February 2016)

Independent Non-executive Directors

Mr. Chow Chi Fai
Mr. Tam Chak Chi
Mr. Leung Ka Tin

In accordance with Article 83(3) of the Company's Articles of Association, Mr. Lu Xianglong shall retire from office at the forthcoming annual general meeting, whereas in accordance with Articles 84(1) and 84(2) of the Company's Articles of Association, Mr. Wong Ka Wah, Albert, Mr. Kwong Yuk Lap and Mr. Leung Ka Tin shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

All other existing Directors shall continue in office.

Biographical details of all the Directors are set out on pages 19 to 22 of this annual report.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' prior notice in writing served by either party on the other.

The Non-executive Directors, except for Mr. Lu Xianglong, and the Independent Non-executive Directors have been appointed for a term of three years in accordance with their respective appointment letters, which may be terminated by not less than two months' prior notice in writing served by either party on the other. Mr. Lu Xianglong has been appointed for a term of one year in accordance with his appointment letter, which may be terminated by not less than one month's prior notice in writing served by either party on the other.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting 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.

Particulars of the emoluments of the Directors on a named basis for the year are set out in note 10 to the financial statements.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expense which they or any of them may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND SHARE OPTIONS

As at 31 March 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Aggregate long positions in shares or underlying shares

Name of Directors	Capacity of interests	Number of shares held	Approximate percentage of total issued shares
Mr. Wong Ka Wah, Albert	Beneficial owner	15,405,000	0.37%
Mr. Hong Sze Lung	Beneficial owner	15,405,000	0.37%
Mr. Kwong Yuk Lap	Beneficial owner	4,108,000	0.10%
Mr. Lau Wan Pui, Joseph	Beneficial owner	3,081,000	0.07%
Mr. Law Chung Lam, Nelson	Beneficial owner	2,054,000	0.05%
Mr. Chow Chi Fai	Beneficial owner	1,027,000	0.02%
Mr. Leung Ka Tin	Beneficial owner	1,027,000	0.02%

Save as disclosed above, as at 31 March 2016, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosures on the share options granted to the Directors in the section headed "Directors' and Chief Executive's Interests in Shares and Share Options" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company or any of its subsidiaries, or its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

At no time during the year ended 31 March 2016 had the Company or any of its subsidiaries, and the controlling shareholders or any of its subsidiaries entered into any contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2016, so far as was known to the Directors, the interests and short positions of the persons (other than the interests and short positions of the Directors or chief executive of the Company as disclosed above) in the shares and/or underlying shares of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company are set out below:

Aggregate long positions in shares or underlying shares

Name of shareholder	Capacity of interests	Number of shares in interest	Approximate percentage of total issued shares
Azure Sea Developments Limited	Beneficial owner	2,328,767,123	56.68%
Mr. Lam Hak Ha *(Note)*	Interest in controlled corporation/Beneficial owner	2,342,215,223	57.00%

Note:
Azure Sea Developments Limited is the vendor under the sale and purchase agreement dated 18 March 2016 entered into by the Company in respect of the proposed acquisition of the entire equity interests in Strategy King Holdings Limited. Pursuant to the agreement, the Company shall issue consideration shares and convertible bonds to the vendor upon completion. The 2,328,767,123 shares represents the aggregate of the consideration shares and the conversion shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds by the vendor. The entire issued share capital of Azure Sea Developments Limited was beneficially owned by Lam Hak Ha Jasper ("Mr. Lam"). As at the Latest Practicable Date, Mr. Lam also owns 816,000 Shares and 12,632,100 share options granted by the Company.

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 37 to the financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURE

Share options are granted to the Directors under the Scheme. Details of the Company's share option scheme are set out in note 37 to the financial statements.

Save as disclosed above, at no time during the year was the Company, its subsidiaries or its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACT

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

EMOLUMENT POLICY

The emolument policy for the employees of the group is formulated on the basis of their merit, qualifications and competence and it is the Group's policy to compensate each employee fairly and equitably.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 37 to the financial statements.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Director, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the Independent Nonexecutive Directors are independent.

CONNECTED TRANSACTIONS

During the year, the Group had the following connected transaction:

The Group has provided financial assistance amounted to HK$320,000 at date of inception of the financial assistance to Mr. Law Chung Lam, Nelson, a non-executive director of the Company and directors of certain subsidiaries of the Group. The transaction was a continuing connected transaction (as defined in the GEM Listing Rules) which was exempted from reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

Save as disclosed above, the Directors are not aware of any other connected transactions of the Group that shall be disclosed in this annual report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

Directors' 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, there is sufficient public float in the issued share capital of the Company pursuant to the GEM Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's five largest customers accounted for approximately 72.7% of the Group's revenue and the largest customer included therein accounted for approximately 28.5% of the Group's revenue.

During the year, the Group's five largest suppliers accounted for approximately 92.9% of the Group's purchases and the largest supplier included therein accounted for approximately 75.0% of the Group's purchases.

At all times during the year, none of the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors, owned more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers and suppliers.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes are set out in note 36 to the financial statements.

GROUP FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 123 of this annual report.

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

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out in pages 31 to 44 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Those events after the reporting period are set out in note 41 to the financial statements.

INDEPENDENT AUDITOR

In February 2014, RSM Nelson Wheeler resigned as auditor of the Company and Deloitte Touche Tohmatsu was appointed by the Board to fill in such casual vacancy. Deloitte Touche Tohmatsu offered themselves for re-appointment as auditor of the Company at the annual general meeting of the Company held on 7 August 2015 and such re-appointment was approved by the Shareholders at that meeting. Save as disclosed above, there have been no other changes of auditor in the past three years.

The financial statements for the year ended 31 March 2016 have been audited by Deloitte Touche Tohmatsu, the external auditor of the Company. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the independent auditor of the Company for the ensuing year will be proposed at the forthcoming annual general meeting of the Company.

REVIEW OF ANNUAL REPORT

This annual report for the year ended 31 March 2016 has been reviewed by the Audit Committee of the Company, which was of the opinion that the information contained therein had complied with the disclosure requirements of the GEM Listing Rules, and that adequate disclosures had been made.

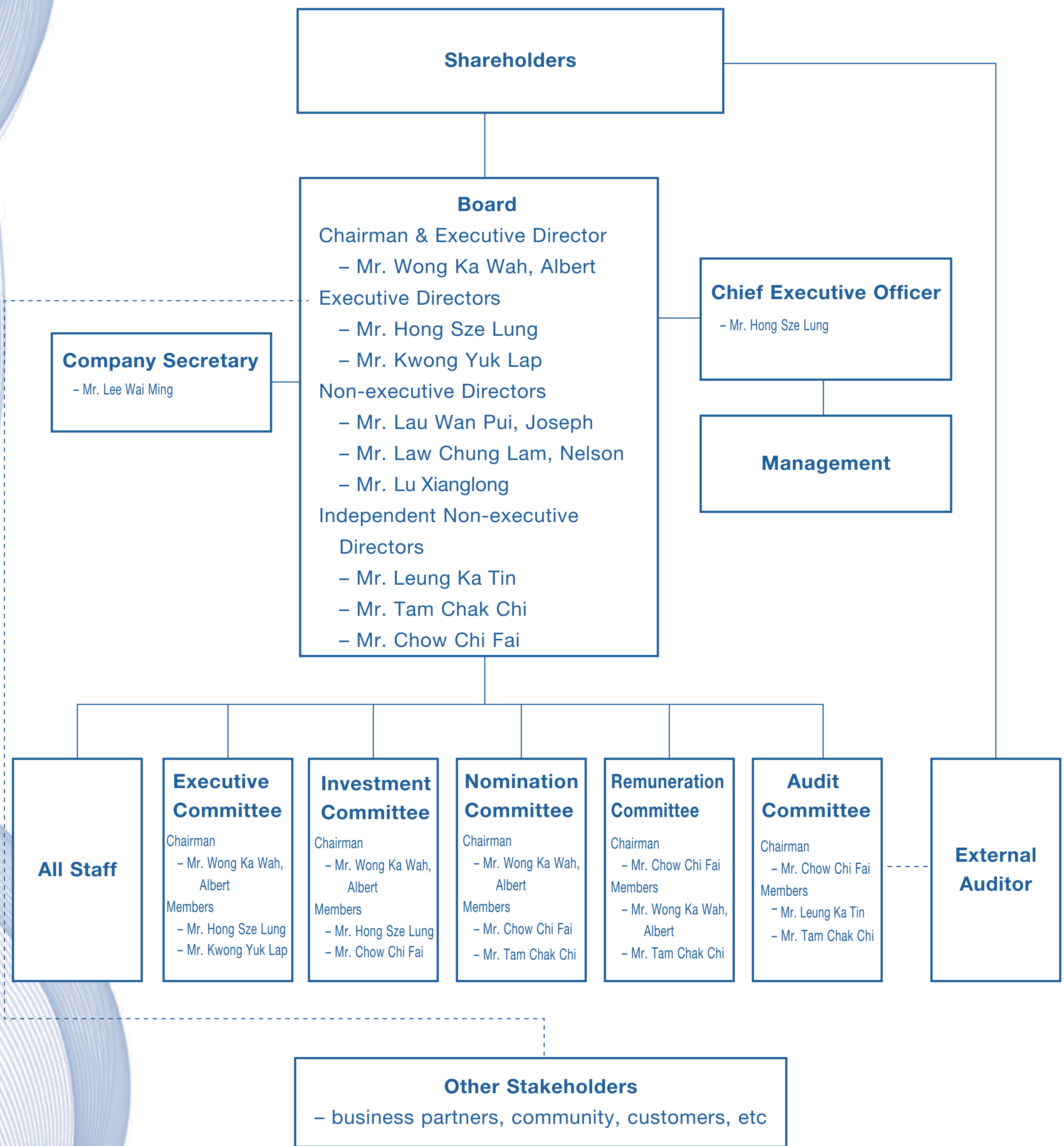
By order of the Board
Wong Ka Wah, Albert
Chairman

Hong Kong, 28 June 2016

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 March 2016.

CORPORATE GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to protect the interests of shareholders and enhance shareholder value. The Company acknowledges the important role of its Board in providing effective leadership and direction to the Group's business, and ensuring accountability, transparency, fairness and integrity of the Company's operations.

Throughout the year ended 31 March 2016, the Company has complied with all the code provisions (the "CG Code") on Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules except for certain deviations as explained below.

In respect of the code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend the general meetings of the Company. Two of the independent non-executive Directors were unable to attend the annual general meeting of the Company held on 7 August 2015 due to other business engagements.

The Board will continue to monitor and review the corporate governance principle and practices to ensure compliance.

THE BOARD OF DIRECTORS

Responsibilities and Delegation

The Board is responsible for establishing policies, strategic direction, providing leadership in creating value and overseeing the Company's financial performance on behalf of the shareholders. The Board is also responsible for supervising the management of the Group and has delegated the responsibility for day-to-day operations and management of the Group's businesses to the management.

Matters Reserved by the Board

The Board reserves for its decisions major strategic and business matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, Board composition and remuneration, corporate governance matters, and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary and the senior management, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making reasonable request to the Board.

Division of Roles of the Board and the Management

The Board has delegated a schedule of responsibilities to the Chief Executive Officer and senior management of the Company. These responsibilities include, but not limited to, implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company.

The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions being entered into by the foregoing officers and senior management.

Corporate Governance Report

Board Composition

As at 31 March 2016, the Board consists of the following Directors:–

Executive Directors

Mr. Wong Ka Wah, Albert *(Chairman of the Board, the Executive Committee, the Nomination Committee and the Investment Committee)*
Mr. Hong Sze Lung *(Chief Executive Officer)*
Mr. Kwong Yuk Lap

Non-executive Directors

Mr. Lau Wan Pui, Joseph
Mr. Law Chung Lam, Nelson
Mr. Lu Xianglong (Appointed on 24 February 2016)

Independent Non-executive Directors

Mr. Chow Chi Fai *(Chairman of the Audit Committee and the Remuneration Committee)*
Mr. Tam Chak Chi
Mr. Leung Ka Tin

The list of all Directors (by category) is set out under the section headed "Corporate Information" in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time. The biographical details of the Directors are set out under the section headed "Directors and Senior Management Biographies" in this annual report.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the effective leadership of the Group. A balanced composition of Executive Directors, Non-executive Directors and Independent Non-executive Directors is maintained to ensure independence and effective management.

The Company has complied with the requirements under Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules during the year. Rule 5.05A requires a listed issuer to appoint independent non-executive directors ("INED") representing at least one-third of the Board. Rule 5.05(1) requires that every board of directors of a listed issuer must include at least three INEDs and Rule 5.05(2) requires that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise. All INEDs must also meet the guidelines for assessment of their independence set out in Rule 5.09 of the GEM Listing Rules.

Independency

The Company has received the annual confirmation from the Independent Non-executive Directors in respect of their independence pursuant to the requirements of the GEM Listing Rules. The Company considers all Independent Non-executive Directors as independent.

Relationships

All Directors do not have any financial, business, family or other material/relevant relationships with each other, and in particular, none exist between the Chairman and the Chief Executive Officer.

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are segregated and not performed by the same individual to avoid power being concentrated on any one individual.

The Chairman of the Board is Mr. Wong Ka Wah, Albert, who provides leadership for the Board and ensures effective running in all aspects. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely and constructive manner and appropriate briefing on issues arising at the Board meetings.

The Chief Executive Officer is Mr. Hong Sze Lung, who is in charge of the Company's day-to-day management and operations and focuses on implementing objectives, policies and strategies approved and delegated by the Board.

Appointment, Re-election and Removal of Directors

Each of the Executive Directors has entered into a service agreement with the Company for a term of three years. The Company has also issued a letter of appointment to each of the Non-executive Directors (except for Mr. Lu Xianglong) and the Independent Non-executive Directors for a term of three years. Mr. Lu Xianglong was appointed for a term of one year.

In accordance with the Company's Articles of Association, one-third of the Directors are subject to retirements at each annual general meeting and all the Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings of the Company. Any new Director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the next following general meeting and any new director appointed by the Board as an addition to the existing Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting.

Pursuant to the aforesaid provisions of the Company's Articles of Association, Mr. Lu Xianglong, Mr. Wong Ka Wah, Albert, Mr. Kwong Yup Lap and Mr. Leung Ka Tin, shall retire at the forthcoming 2016 annual general meeting of the Company and, being eligible, will offer themselves for re-election at the meeting. The Company's circular for the coming annual general meeting will contain detailed information of all retiring Directors pursuant to the GEM Listing Rules.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. The Company has established a Nomination Committee, which is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of Independent Non-executive Directors. Details of the Nomination Committee and its work performed are set out in the "Board Committees" section below.

Corporate Governance Report

Continuous Professional Development

Every newly appointed Director receives a comprehensive and formal induction upon his appointment to ensure that he has a proper understanding of operations and business of the Group and the statutory and regulatory obligations of a director of a listed company. The Group provides continuing briefings and professional development to refresh the Directors' knowledge and skills, and updates all Directors on the latest developments in relation to the GEM Listing Rules and other applicable regulatory requirements to ensure compliance as well as to enhance their awareness of good corporate practices.

The Directors understand the need to continue developing and refreshing their knowledge and skills for making contributions to the Company. The Company provides regular updates, changes and developments relating to the Group's business and the legislative and regulatory requirements to the Directors.

The Directors are encouraged to enroll in relevant professional development program to ensure that they are aware of their responsibilities under the legal and regulatory requirements. For the year ended 31 March 2016, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills by attending conferences, seminars and in-house briefing. The company has provided to the Directors with materials on risk management, ESG Reporting and updates on financial reporting and tax, etc.

Board Practices and Conduct of Meetings

The Board members meet regularly and at least 4 regular Board meetings a year are held at approximately quarterly intervals to discuss business development as well as the overall strategy of the Company. Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. Apart from formal meetings, matters requiring Board approval were arranged by means of circulation of written resolutions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chairman, the Chief Executive Officer and other relevant senior management normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary assists the Chairman in preparing the agenda for each Board meeting, keeping minutes of Board meeting and meetings of Board Committees, and ensures that all applicable rules and regulations are complied. Draft Board minutes are circulated to all Directors for their respective comments as soon as possible after the meeting. The minutes of each Board meeting and Board Committees meeting have been kept by the Company Secretary and are open for inspection at any given time on reasonable notice by any Directors.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Directors' Attendance Records

The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

The attendance record of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and shareholders' general meetings during the year ended 31 March 2016 is set out in the following table:

Meetings held between 1 April 2015 and 31 March 2016

Directors	Board Meetings *(attendance/ total no. of meetings held)*	Audit Committee Meetings *(attendance/ total no. of meetings held)*	Remuneration Committee Meetings *(attendance/ total no. meetings held)*	Nomination Committee Meetings *(attendance/ of total no. of meetings held)*	Shareholders' General Meetings *(attendance/ total no. of meetings held)*
Executive Directors					
Mr. Wong Ka Wah, Albert	23/23	N/A	4/4	2/2	1/1
Mr. Hong Sze Lung	23/23	N/A	N/A	N/A	1/1
Mr. Kwong Yuk Lap *(Note 1)*	23/23	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. Lau Wan Pui, Joseph	23/23	N/A	N/A	N/A	1/1
Mr. Law Chung Lam, Nelson	23/23	N/A	N/A	N/A	1/1
Mr. Lu Xianglong *(Note 2)*	3/3	N/A	N/A	N/A	0/0
Independent Non-executive Directors					
Mr. Tam Chak Chi	23/23	4/4	4/4	2/2	0/1
Mr. Chow Chi Fai	23/23	4/4	4/4	2/2	1/1
Mr. Leung Ka Tin	23/23	4/4	N/A	N/A	0/1

Notes:

1. Redesignated as executive Director on 1 November 2015
2. Appointed on 24 February 2016

Corporate Governance Report

Directors' Securities Transactions

The Company has adopted its securities dealing code regarding Directors' dealings in the Company's securities by the Directors, senior personnel and certain employees of the Group (who are likely to be in possession of unpublished inside information in relation to the Company or its securities) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). Specific enquiry has been made of the Directors and all of them have confirmed that they have complied with the required standards set out in the Required Standard of Dealings and the Own Code throughout the year ended 31 March 2016.

No incident of non-compliance of the Required Standard of Dealings by the Directors and relevant employees was noted by the Company.

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

BOARD COMMITTEES

The Board has established five Board Committees, namely, the Executive Committee, the Investment Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board Committees have been established with defined written terms of reference, which are available to shareholders upon request. All the Board Committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board Committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include (i) to develop and review the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of the Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and (v) to review the Company's compliance with the CG Code and disclosures in the corporate governance report.

Executive Committee

The Executive Committee comprises all the Executive Directors with Mr. Wong Ka Wah, Albert acting as the chairman of the Executive Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

Audit Committee

The Audit Committee comprises a total of three members, namely, Mr. Chow Chi Fai (Chairman), Mr. Tam Chak Chi and Mr. Leung Ka Tin, all of whom are Independent Non-executive Directors, with written terms of reference.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an INED) is an INED who possesses appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The principal role and function of the Audit Committee are to:

(i) review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditor before submission to the Board;

(ii) review the relationship with the external auditor by reference to the work performed by the external auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditor; and

(iii) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

For the year ended 31 March 2016, the Audit Committee met four times with the relevant senior management of the Company, and one of which with the external auditor and performed, inter alias, the following major tasks:

– Reviewed and discussed the interim, quarterly and annual financial statements, results announcements and reports for the year ended 31 March 2015, three months ended 30 June 2015, six months ended 30 September 2015 and nine months ended 31 December 2015, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Reviewed and discussed the internal control system of the Group;

– Discussed and recommended of the appointment of external auditor; and

– Reviewed and approved the remuneration and terms of engagement of external auditor.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

Corporate Governance Report

Remuneration Committee

The Remuneration Committee comprises a total of three members, namely, Mr. Chow Chi Fai (Chairman), Mr. Tam Chak Chi and Mr. Wong Ka Wah, Albert and two of whom are Independent Non-executive Directors, with written terms of reference.

The principal role and function of the Remuneration Committee are to:

(i) make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration;

(ii) determine the remuneration packages of Executive Directors and senior management and make recommendation to the Board of the remuneration of Non-executive Directors; and

(iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Details of the remuneration of each Director of the Company for the year ended 31 March 2016 are set out in note 10 to the financial statements contained in this annual report.

For the year ended 31 March 2016, four meetings of the Remuneration Committee has been held to perform, inter alias, the following major tasks:

– Reviewed and recommended the development procedure for the remuneration policy;

– Reviewed the performance and approved the current remuneration package of Executive Directors and senior management of the Group; and

– Recommended the packages of Non-executive Directors.

Nomination Committee

The Nomination Committee comprises a total of three members, namely, Mr. Wong Ka Wah, Albert (Chairman), Mr. Chow Chi Fai and Mr. Tam Chak Chi, the latter two of whom are Independent Non-executive Directors, with written terms of reference.

The principal role and function of the Nomination Committee are to:

(i) review the Board composition;

(ii) develop and formulate relevant procedures for the nomination and appointment of Directors;

(iii) identify qualified individuals to become members of the Board;

(iv) monitor the appointment and succession planning of Directors; and

(v) assess the independence of Independent Non-executive Directors.

For the year ended 31 March 2016, the Nomination Committee met twice and performed, inter alias, the following major tasks:

- Reviewed and discussed of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;
- Recommended on the appointment of a Non-executive Director;
- Assessed the re-designation of a Non-executive Director to an Executive Director;
- Assessed of the independence of the existing Independent Non-executive Directors; and
- Recommended on the re-appointment of retiring Directors at the 2015 annual general meeting of the Company pursuant to the Company's Articles of Association.

The Company recognises the importance of board diversity which is beneficial for the enhancement of the Company's performance. During the year, the Nomination Committee reviewed the diversity of the Board from perspectives, including gender, age, professional and educational background, business experience, length of service and directorship with other listed companies. The Nomination Committee considered that the Board possessed a balance of skill and expertise and a diverse mix appropriate for the business of the Company.

INVESTMENT COMMITTEE

The investment committee of the Company was established in August 2015. The investment committee is responsible for formulating investment policies and the reviewing of major proposed investments to be conducted by the Group.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES

Under Statutes, Rules and Regulations

All Directors, collectively and individually, are aware of their responsibilities to the shareholders of the Company for the conduct, business activities and development of the Company and shall perform their responsibilities in accordance with the CG Code. They have a proper understanding of the operations and business of the Company and are fully aware of their responsibilities under statutes and common laws, the GEM Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

Annual Report and Accounts

The Directors acknowledge their responsibility to prepare financial statements which give a true and fair view.

Accounting Policies

The Directors consider that in preparing the financial statements the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Listing Rules, the Companies Ordinance and the applicable accounting standards.

Safeguarding Assets

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

Going Concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and has no material uncertainties and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

INTERNAL CONTROLS

The Board has overall responsibility for maintaining an adequate internal control system to safeguard the interests of the Company's shareholders and the Group's assets and, with the support of the Audit Committee, for reviewing the effectiveness of such system on an annual basis.

The Board has conducted review of the effectiveness of the internal control system of the Group covering different aspects including financial, operational, compliance and risk management. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

EXTERNAL AUDITOR AND INDEPENDENT AUDITOR'S REMUNERATION

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

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year ended 31 March 2016, the total fee paid and payable to Deloitte Touche Tohmatsu in relation to the audit and other services for the financial year ended 31 March 2016, amounted to HK$1,200,000 and HK$930,000 respectively. The sum for other service included the service rendered in connection with the accountant's report two proposed major acquisitions and a proposed major disposal transactions and the open offer conducted by the Company.

COMPANY SECRETARY

Mr. Lee Wai Ming has been appointed by the Board as the company secretary of the Company since October 2013 who is accessible by all Directors for advice and services with a view of ensuring that Board procedures are followed. The Company Secretary is also responsible for the overall corporate governance and compliance with the continuing obligations of the GEM Listing Rules, Companies Ordinance and the SFO, including timely dissemination of announcements and information relating to the Group to the market and ensuring that proper notification of Directors' dealings in securities of the Group is made. During the year ended 31 March 2016, Mr. Lee has duly complied with the relevant professional training requirement under Rule 5.15 of the GEM Listing Rules. Mr. Lee's qualification has been set out under the section "Directors and Senior Management Biographies".

COMPLIANCE OFFICER

Mr. Wong Ka Wah, Albert, the Compliance Officer appointed pursuant to Rule 5.19 of the GEM Listing Rules, is responsible for advising on and assisting the Board in implementing procedures to ensure that the Company complies with the GEM Listing Rules and other relevant laws and regulations applicable to the Company; and responding promptly and efficiently to all enquiries directed at him by the Stock Exchange. Mr. Wong's qualification has been set out under the section "Directors and Senior Management Biographies".

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Insurance cover has been taken out for Directors' and Officers' Liability to provide adequate cover, as determined by the Board, in respect of the Board members and senior management members of the Company. The insurance coverage is reviewed on an annual basis.

Corporate Governance Report

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has adopted a shareholder communication policy with the objective of ensuring that the shareholders of the Company and potential investors are provided with ready, equal, and timely access to balanced and comprehensible information about the Company.

The Company has established a number of channels to communicate with the shareholders of the Company as follows:

(i) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www. hkex.com.hk and the Company's website at www.wealthglory.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the shareholders of the Company to make comments and exchange views with the Directors and senior management; and

(v) the Company's branch share registrar in Hong Kong serves the shareholders of the Company in respect of share registration, dividend payment and related matters.

The Company has arranged for the notice to shareholders for annual general meeting of the Company to be sent at least 20 business days before the meeting and to be sent at least 10 business days for all other general meetings. The chairpersons of the Board and of the Audit Committee, Remuneration Committee and Nomination Committee, or in their absence, other members of the respective Board Committees, were invited to attend the annual general meeting of the Company to answer questions from Shareholders. External auditor was also invited to attend the annual general meeting of the Company to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. Separate resolutions were proposed by the chairman of general meetings in respect of each substantial issue, including the election of individual Directors. The poll results were posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

During the year ended 31 March 2016, there was no significant change in the Company's memorandum and articles of association. A copy of the latest consolidated version of the memorandum and articles of association of the Company is posted on the websites of the Company and the Stock Exchange.

Shareholders and investors may also write directly to the Company's principal place of business in Hong Kong at 17/F., No. 8 Wyndham Street, Central, Hong Kong or via email to info@wealthglory.com for any inquiries. Inquiries are dealt with in an informative and timely manner.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. Besides, various rights of shareholders, including the right to propose resolutions, are contained in the Articles of Association.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and the Articles of Association of the Company and the poll voting results will be posted on the GEM website "www.hkgem.com" and the Company's website "www.wealthglory.com" after the relevant shareholders' meetings. Extraordinary general meeting may be convened by the Board on requisition of shareholders of the Company holding not less than one-tenth of the paid up capital of the Company or by such shareholders of the Company who made the requisition (the "Requisitionists") (as the case may be) pursuant to Article 58 of the Company's Articles of Association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders of the Company should follow the requirements and procedures as set out in such Article on convening an extraordinary general meeting. Shareholders of the Company may put forward proposals at general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders of the Company may send written enquiries to the Company. Shareholders of the Company may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF WEALTH GLORY HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Wealth Glory Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 122, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagements, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Revenue	6	**73,658**	277,294
Cost of sales		**(62,315)**	(270,695)
Gross profit		**11,343**	6,599
Other income	7	**1,096**	639
Other gains and losses, net	8	**(1,606)**	–
Impairment loss recognised in respect of goodwill		**–**	(29,657)
Impairment loss recognised in respect of intangible assets		**–**	(95,935)
Share of profits of associates		**2,787**	775
Selling expenses		**(1,203)**	(1,112)
Administrative expenses		**(36,363)**	(33,567)
Other expenses		**(21,668)**	(48,882)
Finance costs	9	**(3,892)**	(20,572)
Loss before taxation		**(49,506)**	(221,712)
Taxation	11	**36**	18,551
Loss for the year	12	**(49,470)**	(203,161)
Other comprehensive expense:			
Item that may be subsequent reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(156)**	(78)
Total comprehensive expense for the year		**(49,626)**	(203,239)
(Loss) profit for the year attributable to:			
Owners of the Company		**(49,893)**	(202,603)
Non-controlling interests		**423**	(558)
		(49,470)	(203,161)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(50,049)**	(202,681)
Non-controlling interests		**423**	(558)
		(49,626)	(203,239)
		HK cents	HK cents (restated)
Loss per share	14		
Basic and diluted		**1.72**	11.49

Consolidated Statement of Financial Position

At 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	15	**1,448**	9,987
Interests in associates	16	**21,784**	19,108
Loans to associates	16	**-**	5,754
Loans receivables	22	**5,735**	240
Deposits and other receivables	23	**14,740**	10,000
Goodwill	17	**34,279**	–
Intangible assets	18	**20,992**	19,000
Available-for-sale investments	20	**4,329**	–
		103,307	64,089
Current assets			
Inventories	19	**5,833**	875
Held-for-trading investments	20	**83,273**	–
Trade receivables	21	**3,774**	1,803
Loans receivables	22	**34,083**	21,485
Prepayments, deposits and other receivables	23	**12,207**	46,956
Loans to associates	16	**5,754**	8,701
Cash and cash equivalents	24	**23,969**	9,379
		168,893	89,199
Current liabilities			
Trade payables	25	**1,883**	1,284
Accruals and other payables		**7,063**	6,767
Bank overdrafts	26	**255**	–
Bank borrowings	26	**1,185**	–
Promissory note	27	**–**	3,299
Bonds	28	**10,623**	13,539
Other borrowings	29	**21,062**	–
		42,071	24,889
Net current assets		**126,822**	64,310
Total assets less current liabilities		**230,129**	128,399

Consolidated Statement of Financial Position

At 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current liabilities			
Bonds	28	**7,040**	6,576
Other borrowings	29	**–**	21,061
Deferred tax liabilities	30	**395**	–
		7,435	27,637
Net assets		**222,694**	100,762
Capital and reserves			
Share capital	31	**41,087**	21,371
Reserves		**181,399**	79,579
Total attributable to owners of the Company		**222,486**	100,950
Non-controlling interests		**208**	(188)
Total equity		**222,694**	100,762

The consolidated financial statements on pages 47 to 122 were approved and authorised for issue by the Board of Directors on 28 June 2016 and are signed on its behalf by:

Wong Ka Wah, Albert
Chairman and Executive Director

Hong Sze Lung
Executive Director and Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to the owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Warrants reserve HK$'000	Merger reserve HK$'000 (Note a)	Share-based payment reserve HK$'000	Translation reserve HK$'000	Legal reserve HK$'000 (Note b)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2014	13,491	168,514	6,039	(4,246)	17,313	(556)	485	(132,197)	68,843	220	69,063
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(78)	–	–	(78)	–	(78)
Loss for the year	–	–	–	–	–	–	–	(202,603)	(202,603)	(558)	(203,161)
Total comprehensive expense for the year	–	–	–	–	–	(78)	–	(202,603)	(202,681)	(558)	(203,239)
Issue of shares upon placing	7,740	216,399	–	–	–	–	–	–	224,139	–	224,139
Issue of shares upon exercise of share options	140	3,500	–	–	–	–	–	–	3,640	–	3,640
Transaction costs attributable to issue of shares	–	(8,626)	–	–	–	–	–	–	(8,626)	–	(8,626)
Transfer upon exercise of share options	–	1,777	–	–	(1,777)	–	–	–	–	–	–
Transfer upon lapse of share options	–	–	–	–	(98)	–	–	98	–	–	–
Recognition of equity-settled share based payments	–	–	–	–	15,635	–	–	–	15,635	–	15,635
Transfer upon lapse of warrants	–	–	(2,512)	–	–	–	–	2,512	–	–	–
Change in shareholding in subsidiary without losing control	–	–	–	–	–	–	–	–	–	150	150
At 31 March 2015	**21,371**	**381,564**	**3,527**	**(4,246)**	**31,073**	**(634)**	**485**	**(332,190)**	**100,950**	**(188)**	**100,762**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**(156)**	**–**	**–**	**(156)**	**–**	**(156)**
(Loss) profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(49,893)**	**(49,893)**	**423**	**(49,470)**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**–**	**–**	**(156)**	**–**	**(49,893)**	**(50,049)**	**423**	**(49,626)**
Issue of shares upon placing	**5,420**	**69,260**	**–**	**–**	**–**	**–**	**–**	**–**	**74,680**	**–**	**74,680**
Issue of shares upon acquisition of a subsidiary	**600**	**6,360**	**–**	**–**	**–**	**–**	**–**	**–**	**6,960**	**–**	**6,960**
Issue of shares by rights issue	**13,696**	**82,174**	**–**	**–**	**–**	**–**	**–**	**–**	**95,870**	**–**	**95,870**
Transaction costs attributable to issue of shares	**–**	**(5,925)**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,925)**	**–**	**(5,925)**
Change in shareholding in subsidiary without losing control	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(27)**	**(27)**
At 31 March 2016	**41,087**	**533,433**	**3,527**	**(4,246)**	**31,073**	**(790)**	**485**	**(382,083)**	**222,486**	**208**	**222,694**

Notes:

(a) The merger reserve of the Group arose as a result of the reorganisation of the Group implemented in preparation for the listing on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

(b) Legal reserve represented reserve retained in accordance with the Article 377 of the Macau Commercial Code for the entities incorporated in Macau. The legal reserve represented the amount set aside from the consolidated statement of profit or loss and other comprehensive income and is not distributable to the owners.

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(49,506)**	(221,712)
Adjustments for:		
Impairment loss recognised in respect of goodwill	**–**	29,657
Impairment loss in respect of intangible assets	**–**	95,935
Impairment loss recognised in respect of other receivables	**9,500**	–
Impairment loss recognised in respect of property, plant and equipment	**6,894**	–
Change in fair value of held-for-trading investments	**(19,519)**	–
Loss on loan to an investee	**4,756**	–
Depreciation of property, plant and equipment	**1,648**	1,768
Amortisation of intangible assets	**2,218**	17,482
Share of profits of associates	**(2,787)**	(775)
Interest expense	**3,892**	20,572
Interest income	**(6,558)**	(2,436)
Imputed interest income from loans to investees	**(539)**	–
Share-based payments	**–**	15,635
Operating cash flows before movements in working capital	**(50,001)**	(43,874)
Decrease (increase) in inventories	**120**	(30)
Increase in held-for-trading investments	**(63,754)**	–
Decrease in trade receivables	**1,164**	8,626
Increase in loans receivable	**(18,093)**	(21,725)
Decrease (increase) in prepayments, deposits and other receivables	**6,437**	(31,496)
Decrease in trade payables	**(1,744)**	(8,515)
Increase in accruals and other payables	**941**	2,455
Net cash used in operation	**(124,930)**	(94,559)
Interest received from money lending operation	**6,036**	1,931
NET CASH USED IN OPERATING ACTIVITIES	**(118,894)**	(92,628)
INVESTING ACTIVITIES		
Acquisition of intangible assets	**(1,600)**	(20,000)
Loan to an associate	**(299)**	(8,701)
Repayment from an associate	**500**	466
Loans to investees	**(11,198)**	–
Purchase of property, plant and equipment	**(46)**	(15)
Deposits paid for acquisition	**–**	(10,000)
Advances to third parties	**(4,500)**	–

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Interest received		**22**	505
Net cash outflow on acquisition of a subsidiary	33	**(2,374)**	–
Cash outflow on disposal of subsidiaries	34	**(916)**	–
Purchase of available-for-sale investments		**(2)**	–
Proceed from change in shareholding in a subsidiary without losing control		**–**	150
NET CASH USED IN INVESTING ACTIVITIES		**(20,413)**	(37,595)
FINANCING ACTIVITIES			
Repayment of bank borrowings		**(1,309)**	–
Repayment of bonds		**(3,000)**	(91,000)
Repayment of promissory note		**(3,080)**	(23,000)
New other borrowings raised		**–**	20,000
Acquisition of additional interests in a subsidiary		**(27)**	–
Issue of shares upon placing	31	**74,680**	227,779
Issue of shares upon rights issue	31	**95,870**	–
Issue of bonds and warrants		**–**	3,000
Issue of promissory note		**–**	3,080
Transaction costs attributable to issue of shares, bonds and warrants		**(5,925)**	(8,626)
Interest paid		**(3,562)**	(10,403)
NET CASH FROM FINANCING ACTIVITIES		**153,647**	120,830
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**14,340**	(9,393)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**9,379**	18,850
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(5)**	(78)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**23,714**	9,379
REPRESENTED BY:			
Bank balances and cash		**23,969**	9,379
Bank overdrafts		**(255)**	–
		23,714	9,379

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

1. GENERAL

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the Growth Enterprise Market of the Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information to the annual report.

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 42.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

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

In the current year, the Group has applied the following amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

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

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers[1]
Amendments to HKAS 1	Disclosure initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[2]
Amendments to HKAS 27	Equity method in separate financial statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[2]

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

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods to be determined
[4] Effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided HKFRS 15 is also adopted

HKFRS 9 Financial instruments

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

Key requirements of HKFRS 9 are described below:

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

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

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

HKFRS 9 Financial instruments (cont'd)

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

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

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have impact on amounts reported in respect of the Group's available-for-sale financial assets which are currently stated at cost less impairment and will be measured at fair value upon adoption as well as the impairment of financial assets will be provided on expected credit loss model to reflect changes in credit risk since initial recognition. Presently, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

HKFRS 15 "Revenue from contracts with customers"

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

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

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

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

HKFRS 15 "Revenue from contracts with customers" (cont'd)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 16 Leases

HKFRS 16, which will be effective for annual periods beginning on or after 1 January 2019 and will supersede HKAS 17 Leases, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments.

Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 – Property, Plant and Equipment, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

As set out in note 35, total operating lease commitment of the Group in respect of leased premises as at 31 March 2016 amounted to HK$8,527,000. The directors of the Group do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Except as described above, the directors of the Company anticipates that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The provisions of the new Hong Kong Companies Ordinance 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 Hong Kong Companies Ordinance 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 Hong Kong Companies Ordinance or Listing Rules but not under the new Hong Kong Companies Ordinance or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;
- has exposure, or rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

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

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the Group's ownership interests in existing subsidiaries

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

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

Business combinations

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Interests in associates

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

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

An investment in an associate is accounted for using the equity method from the date of which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Interests in associates (cont'd)

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

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

Revenue recognition

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition (cont'd)

Deposits received from purchases prior to meeting the above criteria for revenue recognition are included in consolidated statement of financial position under current liabilities.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Intangible assets acquired separately

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised as and included in profit or loss under the finance costs in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

Taxation

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss.

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

Exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Retirement benefit costs

Payments to state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held-for-trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near term; or

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

Financial assets (cont'd)

Financial assets at FVTPL (cont'd)

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in other gains and losses, net. Fair value is determined in the manner described in note 5.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables or financial assets at FVTPL.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, loans receivables, other receivables and deposits, loans to associates and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

Impairment of financial assets

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

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables and loans receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables and loans receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the trade receivables and loans receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

Financial liabilities and equity instruments

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

Equity instruments

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

Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments are equity instruments. The fair value of warrants at initial recognition are recognised in equity (warrants reserve). The warrants reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants. When the warrants are still not exercised at the expiry date, the amount previously recognised in the warrants reserve will be transferred to accumulated losses.

Financial liabilities

Financial liabilities including trade payables, accruals and other payables, bank overdrafts, bank borrowings, promissory note, bonds and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Derivative financial instruments

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments are recognised as derivative financial instruments with the exception of contracts that were entered into and continued to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as expense immediately if the share options granted will vest immediately, with a corresponding increase in equity (share-based payment reserve).

When the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses.

The Group recognises an expense for the services rendered by employees and when these services are received. When the employees began rendering their services in respect of a particular grant of share option prior to the grant date of that grant, the Group estimates the grant date fair value of the equity instrument by estimating the fair value of the equity instrument at the end of the reporting period for the purposes of recognising the services received. Once the date of grant has been established, the Group revises the earlier estimate to the grant date fair value of equity instrument.

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share-based payment reserve), when the counterparties render services, unless the services qualify for recognition as assets.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment of goodwill, property, plant and equipment and intangible assets

Determining whether goodwill, property, plant and equipment and intangible assets are impaired requires an estimation of recoverable amounts of the property, plant and equipment, intangible assets or the respective cash generating units ("CGU") in which the goodwill, property, plant and equipment and intangible assets belong, which is the higher of value in use and fair value less costs of disposal. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the assets or CGUs and a suitable discount rate in order to calculate the present value. The discount rate represents a rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. During the year ended 31 March 2016, the Group recognised impairment losses in respect of goodwill of nil (2015: HK$29,657,000), property, plant and equipment of HK$6,894,000 (2015: nil) and intangible assets of nil (2015: HK$95,935,000), respectively. As at 31 March 2016, the carrying amounts of goodwill, property, plant and equipment and intangible assets are HK$34,279,000, HK$1,448,000 and HK$20,992,000 (2015: nil, HK$9,987,000 and HK$19,000,000), respectively.

Impairment of interests in associates

Determining whether interests in associates are impaired requires an estimation of the recoverable amount of the respective associates which is higher of value in use and fair value less cost of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the associates, suitable discount rates and the proceeds on ultimate disposal of the associates. Where the actual future cash flows are less than or more than expected or upon the management's revision of estimated cash flows due to change in conditions, facts and circumstances, a material impairment loss or reversal of impairment loss may arise. As at 31 March 2016, the carrying amount of interests in associates is HK$21,784,000 (2015: HK$19,108,000) including accumulated impairment loss of HK$35,441,000 (2015: HK$35,441,000). Details of the value in use calculation are disclosed in note 16.

Allowances for bad and doubtful debts

When there is objective evidence that trade receivables, loans receivables, loans to associates and loans to investees may be impaired, the Group estimates the future cash flows of those balances. The amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original effective interest rate (i.e. the effective interest rate computed on initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. At 31 March 2016, the carrying amounts of trade receivables, loans receivables, loans to associates and loans to investees are HK$3,774,000, HK$39,818,000, HK$5,754,000 and HK$11,654,000 (2015: HK$1,803,000, HK$21,725,000, HK$14,455,000 and nil), respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the relevant assets, after taking into account their estimated residual value, if any. The Group reviews the estimated useful lives of the assets annually in order to determine the amount of depreciation expenses to be recorded during the periods. The useful lives are based on the Group's historical experience with similar assets taking into account anticipated technological changes. The depreciation expenses for future periods would be adjusted if there are significant changes from previous estimates. At 31 March 2016, the carrying amount of property, plant and equipment is HK$1,448,000 (2015: HK$9,987,000).

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016	2015
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**88,333**	81,008
Held-for-trading investments	**83,273**	–
Available-for-sale investments	**4,329**	–
Financial liabilities		
Amortised cost	**49,028**	52,460

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, held-for-trading investments, trade receivables, loans receivables, other receivables and deposits, loans to associates, cash and cash equivalents, trade payables, accruals and other payables, bank overdrafts, bank borrowings, promissory note, bonds and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and price risk), credit risk and liquidity risk and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain cash and cash equivalents, trade receivables and trade payables of the Group are denominated in foreign currencies which are different from functional currencies of respective group entities. As at 31 March 2016 and 2015, cash and cash equivalents, trade receivables and trade payables of respective group entities denominated in foreign currencies were immaterial. The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

5. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Market risk (cont'd)

(ii) Interest rate risk

The Group's cash flow interest rate risk primarily relates to the variable-rate cash and cash equivalents as well as floating-rate bank overdrafts and bank borrowings (note 26). The Group is also exposed to fair value interest rate risk in relation to its fixed-rate loans to associates (note 16), fixed-rate loans receivables (note 22), fixed-rate loans to investees (note 23), fixed-rate bank borrowings (note 26), fixed-rate promissory note (note 27), fixed-rate bonds (note 28) and fixed-rate other borrowings (note 29). The Group currently does not have interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Dollar Prime rate arising from the Group's Hong Kong dollar denominated borrowings.

The management considers that the Group's exposure to cash flow interest rate risk on variable-rate cash and cash equivalents, variable-rate bank overdrafts and bank borrowings as a result of the change of market interest rate is insignificant due to its short-term maturity and thus no sensitivity analysis is prepared for interest rate risk.

(iii) Price risk

The Group is exposed to price risk through its natural resources trading business of which their prices fluctuate directly with the commodity price (i.e. price of magnetite sand concentrate and palm oil). The commodity price is affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuation in commodity prices may have favourable or unfavourable impacts to the Group. The management considered that the price risk is mitigated through entering into corresponding contracts with customers and the Group's pricing policy in relation to the suppliers' and customers' contracts. Accordingly, the exposure of the Group to price risk is considered insignificant by the management of the Group and hence no sensitivity analysis is presented.

The Group is exposed to equity price risk through its investments in listed and unlisted equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted on the Stock Exchange. In addition, the Group has delegated the financial controller of the Group to monitor the price risk and will consider hedging the risk exposure should the need arise.

5. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Market risk (cont'd)

(iii) Price risk (cont'd)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period excluding available-for-sale investments measured at cost less impairment. For sensitivity analysis purpose, the sensitivity rate is set as 10% as a result of the volatile financial market.

If the prices of the respective equity instruments had been 10% higher/lower, the loss for the year ended 31 March 2016 would decrease/increase by HK$8,327,000 (2015: nil) as a result of the change in fair value of held-for-trading investments.

Credit risk

As at 31 March 2016, the Group's credit risk is primarily attributable to trade receivables, loans receivables, refundable deposit paid for acquisition of an entity, loans to associates, loans to investees and cash and cash equivalents. As at 31 March 2015, the Group's credit risk is primarily attributable to trade receivables, loans receivables, refundable deposit paid for acquisition of an entity, loans to associates and cash and cash equivalents.

As at 31 March 2016 and 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has significant concentration of credit risk on loans to associates as the credit risk is attributable to one counterparty (2015: two counterparties) at 31 March 2016. The Group also had concentration of credit risks on loans receivables, loans to investees and refundable deposit paid for acquisition of an entity of HK$39,818,000 (2015: HK$21,725,000), HK$11,654,000 (2015: nil) and HK$500,000 (2015: HK$10,000,000), respectively as at 31 March 2016. The directors of the Company continuously monitors the credit quality and financial conditions of these counterparties and the level of exposure to ensure the follow-up action is taken to recover the debt.

As at 31 March 2016, held-for-trading investments of HK$80,446,000 (2015: nil) are held under a broker's custodian account.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

5. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Liquidity risk

The Group manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank and other borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate	Within 1 year or repayable on demand	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at the end of the reporting period
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2016							
Trade payables	**–**	**1,883**	**–**	**–**	**–**	**1,883**	**1,883**
Accruals and other payables	**–**	**6,980**	**–**	**–**	**–**	**6,980**	**6,980**
Bank overdrafts	**6.56**	**255**	**–**	**–**	**–**	**255**	**255**
Bank borrowings							
– fixed-rate	**9.57**	**681**	**–**	**–**	**–**	**681**	**681**
– floating-rate	**6.75**	**504**	**–**	**–**	**–**	**504**	**504**
Bonds	**5.2**	**11,200**	**–**	**10,000**	**–**	**21,200**	**17,663**
Other borrowings	**12.0**	**22,400**	**–**	**–**	**–**	**22,400**	**21,062**
		43,903	**–**	**10,000**	**–**	**53,903**	**49,028**
At 31 March 2015							
Trade payables	–	1,284	–	–	–	1,284	1,284
Accruals and other payables	–	6,701	–	–	–	6,701	6,701
Promissory note	10.0	3,435	–	–	–	3,435	3,299
Bonds	5.8	13,800	–	–	10,000	23,800	20,115
Other borrowings	12.0	2,400	22,400	–	–	24,800	21,061
		27,620	22,400	–	10,000	60,020	52,460

5. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Bank borrowings with a repayment on demand clause are included in the "within 1 year or repayable on demand" time band in the above maturity analysis. As at 31 March 2016, the aggregate carrying amounts of these bank borrowings was amounted to HK$1,185,000 (2015: nil). Taking into account the Group's financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

For the purpose of managing liquidity risk, management reviews the expected cash flows information of the Group's bank borrowings based on the scheduled repayment dates set out in the bank borrowings agreements and set out in the table below:

	Weighted average effective interest rate	Within 1 year	Between 1 to 2 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000
Bank borrowings:					
At 31 March 2016					
– fixed-rate	9.57	631	125	756	681
– floating-rate	6.75	354	177	531	504
		985	302	1,287	1,185

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

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's held-for-trading investments are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

5. FINANCIAL INSTRUMENTS (CONT'D)

Fair value measurements of financial instruments (cont'd)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (cont'd)

Financial assets	Fair value as at 31 March 2016	Fair value hierarchy	Valuation technique and key inputs
Held-for-trading investments – listed securities	HK$83,273,000 (2015: nil)	Level 1	Quoted share prices in an active market

There is no transfer between different levels of the fair value hierarchy for the year ended 31 March 2016.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold and services provided by the Group, net of discounts and sales related taxes for both years.

Segment revenue and results

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers (the "CODM"), for the purposes of resource allocation and performance assessment.

On 12 October 2015, the Company acquired the entire issued share capital of MD Inc. Limited ("MD"), which engaged in the sale of consumer products. Accordingly, a new operating segment is established. During the year ended 31 March 2016, the Group also engaged in another new operating segment, investment in securities in Hong Kong.

In addition, because the distribution of sports cars and 3D phone operations are still in the preparation stage and no revenue is generated during the year, these operations are not included in the internal reports provided to the CODM and hence not considered as operating segments.

6. REVENUE AND SEGMENT INFORMATION (CONT'D)

Segment revenue and results (cont'd)

During the year ended 31 March 2016, the Group's reportable and operating segments are therefore as follows:

(a) the natural resources and commodities business segment engages in the trading of natural resources and commodities including but not limited to iron ore concentrate, coal and crude palm oil etc. ("Natural Resources and Commodities");

(b) the manufacturing and trading of packaged food (i.e. noodles) ("Packaged Food");

(c) the money lending business ("Money Lending");

(d) the investments in securities in Hong Kong ("Investments in Securities"); and

(e) the trading of fashion items and camera bags ("Trading of Consumer Products").

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

	Revenue For the year ended		Segment (loss) profit For the year ended	
	31.3.2016	31.3.2015	**31.3.2016**	31.3.2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Natural Resources and Commodities	**48,014**	260,613	**(978)**	(2,108)
Packaged Food	**14,760**	14,750	**(1,879)**	(499)
Money Lending	**6,036**	1,931	**993**	(1,377)
Investment in Securities	**–**	–	**19,519**	–
Trading of Consumer Products	**4,848**	–	**(1,436)**	–
Total	**73,658**	277,294	**16,219**	(3,984)
Interest income			**1,061**	505
Amortisation of intangible assets			**(2,218)**	(17,482)
Impairment loss recognise in respect of goodwill			**–**	(29,657)
Impairment losses recognise in respect of intangible assets			**–**	(95,935)
Impairment loss recognised in respect of other receivables			**(9,500)**	–
Impairment loss recognised in respect of property, plant and equipment			**(6,894)**	–
Loss on loan to an investee			**(4,756)**	–
Share of profits of associates			**2,787**	775
Unallocated corporate expenses			**(44,819)**	(56,423)
Finance costs			**(1,386)**	(19,511)
Loss before taxation			**(49,506)**	(221,712)

6. REVENUE AND SEGMENT INFORMATION (CONT'D)

Segment revenue and results (cont'd)

All of the segment revenue reported above is from external customers.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment (loss) profit represents the (loss incurred) profit earned by each segment without allocation of interest income, amortisation of intangible assets, impairment losses recognised in respect of goodwill, intangible assets, other receivables and property, plant and equipment, loss on loan to an investee, share of profits of associates, unallocated corporate expenses and certain finance costs. This is the measure reported to the Group's CODM for the purpose of resource allocation and performance assessment. The CODM only focuses on monitoring segment performances without reviewing segment assets and liabilities. Accordingly, no segment assets and segment liabilities are presented.

Other segment information

For the year ended 31 March 2016

	Natural resources and commodities	Packaged Food	Money Lending	Investment in Securities	Trading of Consumer Products	Total	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment results:								
Depreciation of property, plant and equipment	–	1,416	–	–	–	1,416	232	1,648
Finance costs	–	–	2,428	–	78	2,506	1,386	3,892

For the year ended 31 March 2015

	Natural resources and commodities	Packaged Food	Money Lending	Total	Unallocated	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment results:						
Depreciation of property, plant and equipment	–	1,533	–	1,533	235	1,768
Finance costs	–	–	1,061	1,061	19,511	20,572

6. REVENUE AND SEGMENT INFORMATION (CONT'D)

Revenue from major products and services

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

	2016 HK$'000	2015 HK$'000
Sales of:		
Crude palm oil	**48,014**	258,158
Packaged Food	**14,760**	14,750
Other natural resources products	**–**	2,455
Fashion items and camera bags	**4,848**	–
Interest income from money lending business	**6,036**	1,931
	73,658	277,294

Geographical information

The Group's revenue from external customers and information about non-current assets by geographical location of the customers and assets (excluding financial assets) respectively are detailed below:

	Revenue from external customers		Non-current assets	
	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000
Hong Kong	**7,986**	1,736	**63,589**	19,654
The People's Republic of China (the "PRC") (except Hong Kong)	**17,658**	16,783	**18,000**	28,441
Indonesia	**48,014**	258,158	**–**	–
Others	**–**	617	**–**	–
	73,658	277,294	**81,589**	48,095

Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of total sales of the Group, deriving revenue from the Group's reportable and operating segment, are as follows:

	2016 HK$'000	2015 HK$'000
Customer A	**20,978**[1]	110,684[1]
Customer B	**13,091**[1]	93,393[1]
Customer C	**13,945**[1]	54,081[1]

[1] These revenue are derived from the Group's Natural Resources and Commodities segment.

7. OTHER INCOME

	2016	2015
	HK$'000	HK$'000
Bank interest income	22	5
Interest income from loan to an associate	500	500
Imputed interest income from loans to investees	539	-
Others	35	134
	1,096	639

8. OTHER GAINS AND LOSSES, NET

	2016	2015
	HK$'000	HK$'000
Change in fair value of held-for-trading investments	19,519	–
Net foreign exchange gain	25	–
Impairment loss recognised in respect of other receivables	(9,500)	–
Impairment loss recognised in respect of property, plant and equipment	(6,894)	–
Loss on loan to an investee (note 23(ii))	(4,756)	–
	(1,606)	–

9. FINANCE COSTS

	2016	2015
	HK$'000	HK$'000
Interests on bank overdrafts and bank borrowings	78	–
Interests on other borrowings	2,428	1,061
Effective interests on promissory note	38	4,425
Effective interests on bonds	1,348	15,086
	3,892	20,572

10. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive emoluments

The emoluments paid or payable to each of the 9 (2015: 9) directors were as follows:

	For the year ended 31 March 2016				
	Directors' fees HK$'000	Salaries and allowances HK$'000	Bonus HK$'000 (Note 1)	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive directors					
Mr. Wong Ka Wah, Albert	–	2,625	1,350	18	3,993
Mr. Hong Sze Lung (Note 4)	–	1,313	1,870	18	3,201
Mr. Kwong Yuk Lap (Note 2)	–	250	–	8	258
Non-executive directors					
Mr. Kwong Yuk Lap (Note 2)	105	–	–	–	105
Mr. Lau Wan Pui, Joseph	180	–	–	–	180
Mr. Law Chung Lam, Nelson	180	480	–	18	678
Mr. Lu Xianglong (Note 3)	12	–	–	–	12
Independent non-executive directors					
Mr. Leung Ka Tin	240	–	–	–	240
Mr. Tam Chak Chi	240	–	–	–	240
Mr. Chow Chi Fai	240	–	–	–	240
Total emoluments	1,197	4,668	3,220	62	9,147

Notes:

(1) Incentive performance bonus for the year ended 31 March 2016 was determined by the remuneration committee having regard to the performance and duties of directors and the Group's operating results.

(2) Mr. Kwong Yuk Lap was re-designated as an executive director on 1 November 2015.

(3) Mr. Lu Xianglong was appointed on 24 February 2016.

(4) Mr. Hung Sze Lung is also the chief executive and his emoluments disclosed above include those for services rendered by him as the chief executive.

10. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' EMOLUMENTS (CONT'D)

Directors' and chief executive emoluments (cont'd)

For the year ended 31 March 2015

	Directors' fees HK$'000	Salaries and allowances HK$'000	Bonus HK$'000 (Note 1)	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive directors						
Mr. Wong Ka Wah, Albert	–	2,500	600	–	18	3,118
Mr. Hong Sze Lung (Note 4)	–	1,250	600	–	18	1,868
Non-executive directors						
Mr. Lau Wan Pui, Joseph	180	–	–	–	–	180
Mr. Law Chung Lam, Nelson	180	300	–	–	9	489
Mr. Kwong Yuk Lap	180	–	–	156	–	336
Independent non-executive directors						
Mr. Leung Ka Tin (Note 2)	166	–	–	78	–	244
Mr. Tam Chak Chi	240	–	–	–	–	240
Mr. Chow Chi Fai	240	–	–	–	–	240
Mr. May Tai Keung, Nicholas (Note 3)	80	–	–	–	–	80
Total emoluments	1,266	4,050	1,200	234	45	6,795

Notes:

(1) Incentive performance bonus for the year ended 31 March 2015 was determined by the remuneration committee having regard to the performance and duties of directors and the Group's operating results.

(2) Mr. Leung Ka Tin was appointed on 23 July 2014.

(3) Mr. May Tai Keung, Nicholas was resigned on 31 July 2014.

(4) Mr. Hung Sze Lung was also the chief executive and his emoluments disclosed above include those for services rendered by him as the chief executive.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company. No directors of the Company waived any emoluments during the years ended 31 March 2016 and 2015.

10. DIRECTORS', CHIEF EXECUTIVE AND EMPLOYEES' EMOLUMENTS (CONT'D)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2015: three) were directors of the Company whose emoluments are set out above. The emoluments of the remaining two (2015: two) individuals are as follows:

	2016	2015
	HK$'000	HK$'000
Salaries, bonus and other benefits	**3,266**	1,794
Contributions to retirement benefits schemes	**18**	35
Share-based payments	**–**	231
	3,284	2,060

Their emoluments were within the following bands:

	2016	2015
	Number of employees	Number of employees
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**2**	–

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals during the years ended 31 March 2016 and 2015 as an inducement to join or upon joining the Group or as compensation for loss of office.

11. TAXATION

	2016	2015
	HK$'000	HK$'000
Tax credit comprise of:		
Deferred tax credit (note 30)	**36**	18,551

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

11. TAXATION (CONT'D)

No provision for Hong Kong Profits Tax has been made for both years as the Group did not generate any assessable profits arising in Hong Kong.

According to the current applicable laws of the Macau Special Administrative Region, Macau Complementary Tax is calculated at a progressive rate from 9% to 12% (2015: 9% to 12%) on the estimated assessable profits for the year with the first two hundred thousand Patacas ("MOP") assessable profits being free from tax. However, Greenfortune (Macao Commercial Offshore) Limited ("Greenfortune"), wholly-owned subsidiary of the Company, operating in Macau during the year is in compliance with the Decree-Law No. 58/99/M of Macau Special Administrative Region, and thus, the profits generated by the subsidiary is exempted from the Macau Complementary Tax. No provision for profits tax in Macau has been made for both years as the Group did not generate any assessable profits arising in Macau.

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

	2016	2015
	HK$'000	HK$'000
Loss before taxation	**(49,506)**	(221,712)
Tax at the income tax rate of 16.5% (2015: 16.5%)	**8,168**	36,582
Tax effect of expenses not deductible for tax purposes	**(6,892)**	(13,809)
Tax effect of income not taxable for tax purposes	**93**	17
Tax effect of the tax losses not recognised	**(1,793)**	(4,394)
Tax effect of share of results of an associate	**460**	128
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	27
Taxation for the year	**36**	18,551

12. LOSS FOR THE YEAR

	2016 HK$'000	2015 HK$'000
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**1,200**	1,200
Cost of inventories recognised as an expense	**62,315**	270,695
Depreciation of property, plant and equipment	**1,648**	1,768
Amortisation an intangible assets (included in other expenses)	**2,218**	17,482
Operating lease rentals in respect of land and buildings	**4,229**	3,588
Staff costs including directors' emoluments		
– Salaries, wages and other benefits	**19,811**	12,465
– Share-based payments	**–**	620
– Contributions to retirement benefits schemes	**1,401**	1,265
Total staff costs	**21,212**	14,350
Share-based payments to consultants (included in other expenses)	**–**	15,015
Legal and professional fees for corporate transactions (included in other expenses)	**7,426**	1,838
Sponsorship and marketing fee for corporate activities (included in other expenses)	**7,470**	3,010

13. DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: nil).

14. LOSS PER SHARE

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

	2016 HK$'000	2015 HK$'000
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(49,893)**	(202,603)

	2016	2015 (restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,895,308,362**	1,763,272,318

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 March 2015 have been restated to reflect the impact of rights issue in January 2016.

The computation of diluted loss per share for the years ended 31 March 2016 and 2015 do not assume the exercise of the Company's share options and warrants as they would reduce loss per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2014	2,299	12,592	2,411	370	17,672
Additions	–	9	6	–	15
Disposals	–	(10)	–	–	(10)
At 31 March 2015	2,299	12,591	2,417	370	17,677
Effect of foreign exchange difference	(38)	(73)	(51)	(14)	(176)
Additions	–	5	41	–	46
Disposals	–	(3)	–	–	(3)
At 31 March 2016	2,261	12,520	2,407	356	17,544
DEPRECIATION AND IMPAIRMENT					
At 1 April 2014	1,084	2,858	1,868	122	5,932
Provided for the year	341	1,240	120	67	1,768
Eliminated on disposals	–	(10)	–	–	(10)
At 31 March 2015	1,425	4,088	1,988	189	7,690
Effect of foreign exchange difference	(28)	(53)	(44)	(8)	(133)
Provided for the year	338	1,135	110	65	1,648
Impairment	–	6,894	–	–	6,894
Eliminated on disposals	–	(3)	–	–	(3)
At 31 March 2016	1,735	12,061	2,054	246	16,096
CARRYING VALUES					
At 31 March 2016	526	459	353	110	1,448
At 31 March 2015	874	8,503	429	181	9,987

The above items of property, plant and equipment are depreciated on straight-line basis to their residual values at the following rates per annum:

Leasehold improvements	10% – 20%
Plant and machinery	10% – 20%
Furniture and equipment	10% – 20%
Motor vehicles	20%

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

During the year ended 31 March 2016, there was unexpected unfavorable performance in the Packaged Food business which was due to the escalating costs in raw materials and direct labour and downturn in global economy. The Group decides to cease the Packaged Food Business and the management conducted an impairment assessment of the property, plant and equipment of the Packaged Food Business. The recoverable amount is the higher of value in use and fair value less costs of disposal. An impairment loss of HK$6,894,000 has been recognised for the property, plant and equipment as the recoverable amount is less than the carrying amount.

16. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES

	2016 HK$'000	2015 HK$'000
Costs of investments in associates		
Unlisted	**100,274**	100,274
Share of post-acquisition results and other comprehensive expenses	**(43,049)**	(45,725)
Less: Impairment loss	**(35,441)**	(35,441)
	21,784	19,108
Loans to associates (Non-current assets)	**-**	5,754
Loans to associates (current assets)	**5,754**	8,701
Total	**5,754**	14,455

16. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES (CONT'D)

As at 31 March 2016 and 2015, the Group had interests in the following associate:

Name of entity	Form of business structure	Country of incorporation/ establishment	Principal place of operation	Class of share held	Proportion of equity interest held by the Group		Proportion of voting power held by the Group		Principal activities
					2016	2015	2016	2015	
					%	%	%	%	
Goldenbase	Incorporated	Republic of Seychelles	Hong Kong	Registered capital	33.3	33.3	33.3	33.3	Investment holdings
Joyful Ease	Incorporated	British Virgin Islands	Hong Kong	Registered capital	N/A (Note)	49	N/A (Note)	49	Investment holdings
Subsidiaries of Goldenbase									
Royal Dragon Corporation Limited	Incorporated	Hong Kong	Hong Kong	Ordinary shares	33.3	33.3	33.3	33.3	Investment holdings
Royal Wish Resources Trading Limited	Incorporated	Hong Kong	Hong Kong	Ordinary shares	33.3	33.3	33.3	33.3	Coal trading
青海富譽恒盈資源有限公司	Incorporated	PRC	PRC	Registered capital	33.3	33.3	33.3	33.3	Coal trading
Subsidiaries of Joyful Ease									
Joy Access Corporation Limited	Incorporated	Hong Kong	Hong Kong	Ordinary shares	N/A (Note)	49	N/A (Note)	49	Operation of club and investments
FOVEA Club (HK) Limited	Incorporated	Hong Kong	Hong Kong	Ordinary shares	N/A (Note)	49	N/A (Note)	49	Operation of club and investments

Note: On 17 August 2015, the Group's equity interest in Joyful Ease was diluted from 49% to 19% as a result of capital injection by other shareholders to Joyful Ease. On the same day, the Group irrevocably surrendered its rights to vote at both meetings of shareholders and directors relating to financial and operating decisions of Joyful Ease. Against this background, the directors of the Company consider that the Group does not have significant influence on Joyful Ease as the board of directors of Joyful Ease is dominated by the controlling shareholder, and the Group merely has protective rights in attending the board meetings to oversee the daily operations carried out by Joyful Ease. Therefore, the investment in Joyful Ease is classified as "available-for-sale investment" in the consolidated statement of financial position.

The loan to Goldenbase Limited ("Goldenbase") of HK$5,754,000 (2015: HK$5,754,000) is unsecured, interest-bearing at 10% (2015: 10%) per annum and repayable on or before 27 September 2016. Therefore, the amount is classified as current assets (2015: non-current assets) as at 31 March 2016.

16. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES (CONT'D)

As at 31 March 2015, the loan to Joyful Ease of HK$8,701,000 was unsecured, interest-free. The directors of the Company expected that the repayment would took place within twelve months from the end of the reporting period, and hence the amount was classified as a current asset. During the year ended 31 March 2016, the amount due from Joyful Ease Limited ("Joyful Ease") of HK$9,000,000 is reclassified to prepayments, deposits and other receivables upon derecognition of Joyful Ease as interest in an associate (note 23(ii)).

The Group has not provided for impairment loss on loans to associates after assessment of the financial position and the future business development of the associates and the amounts are still considered recoverable as at 31 March 2016 and 2015.

The summarised consolidated financial information in respect of the Group's associates are set out below:

All of these associates are accounted for using the equity method in these consolidated financial statements.

Goldenbase and its subsidiaries

	2016	2015
	HK$'000	HK$'000
Current assets	**62,059**	39,721
Non-current assets	**2,606**	3,035
Current liabilities	**(56,281)**	(42,132)

	Year ended 31 March 2016	Year ended 31 March 2015
	HK$'000	HK$'000
Revenue	**306,220**	341,426
Profit for the year	**8,361**	2,326
Other comprehensive expense for the year	**(338)**	–
Profit and total comprehensive income for the year	**8,023**	2,326

There are no significant restrictions on the ability of Goldenbase to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

16. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES (CONT'D)

Goldenbase and its subsidiaries (cont'd)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interests in Goldenbase recognised in the consolidated financial statements:

	2016	2015
	HK$'000	HK$'000
Net assets of Goldenbase	**8,384**	624
Proportion of the Group's equity interests in Goldenbase	**33.3%**	33.3%
Group's share of net assets of Goldenbase	**2,794**	208
Others	**657**	567
Goodwill	**18,333**	18,333
Carrying amount of the Group's interests in Goldenbase	**21,784**	19,108

Joyful Ease and its subsidiary

As disclosed in Note above, Joyful Ease ceased to be an associate of the Group on 17 August 2015. The financial information disclosed below represents the results of Joyful Ease prior to the disposal.

	2016	2015
	HK$'000	HK$'000
Current assets	**N/A**	1,726
Non-current assets	**N/A**	9,469
Current liabilities	**N/A**	(11,642)
Net liabilities	**N/A**	(447)

	1.4.2015 to 17.8.2015	1.4.2014 to 31.3.2015
	HK$'000	HK$'000
Revenue	**–**	–
Loss and total comprehensive expense for the period/year	**(3,444)**	(447)

There are no significant restrictions on the ability of Joyful Ease to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

16. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES (CONT'D)

Joyful Ease and its subsidiary (cont'd)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interests in Joyful Ease recognised in the consolidated financial statements:

	2016	2015
	HK$'000	HK$'000
Net liabilities of Joyful Ease	**N/A**	(447)
Proportion of the Group's equity interests in Joyful Ease	**N/A**	49%
Carrying amount of the Group's interests in Joyful Ease	**N/A**	–
The unrecognised share of loss of Joyful Ease for the year	**N/A**	(219)

The directors of the Company carried out impairment review during the years ended 31 March 2016 and 2015 on the carrying amount of its interest in Goldenbase individually as a single asset by comparing its recoverable amount based on the higher of value in use and fair value less costs of disposal with its carrying amount. In determining the value in use of the investment, the Group, by making reference to a business valuation performed by Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group, estimated the present value of the estimated future cash flows expected to arise from the dividend to be received from the associate and from its ultimate disposal, by using discount rate of 14.55% (2015: 14.6%) to discount the cash flow projections to net present values. No impairment loss was recognised during the years ended 31 March 2016 and 2015.

17. GOODWILL

	HK$'000
COST	
At 1 April 2014 and 31 March 2015	29,657
Acquisition of a subsidiary (note 33)	34,279
Disposal of subsidiaries (note 34)	(29,657)
At 31 March 2016	34,279
IMPAIRMENT	
At 1 April 2014	–
Impairment loss recognised	29,657
At 31 March 2015	29,657
Disposal of subsidiaries (note 34)	(29,657)
At 31 March 2016	–
CARRYING VALUES	
At 31 March 2016	34,279
At 31 March 2015	–

For the purpose of impairment testing during the year ended 31 March 2016, goodwill has been allocated to the CGU of sale of consumer products business segment. The recoverable amount of the CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-years period and discount rate of 11.06%, The growth rate is based on the budgeted growth rate of 3%, which is determined by management's expectations for the market development, and does not exceed the average long-term growth rate for the relevant industry. Other key assumption of the value in use calculation is based on the budgeted cash inflow/outflows which include budgeted sales and gross margin on respective products from the CGU. No impairment on goodwill was considered necessary during the year ended 31 March 2016 and management believes that any reasonably possible change in any of the assumption would not cause the carrying amount of the CGU to exceed the recoverable amount of the CGU as at 31 March 2016.

During the year ended 31 March 2015, the global market price of iron ore concentrate had been decreased from approximately US$120 per tonne in early April 2014 to approximately US$52 per tonne in late March 2015. The significant decrease in market price and the excessive global supply of iron ore concentrate affected the initiative of potential customers and suppliers in carrying out trades. Also, the Group was unable to sign additional trading contracts in iron ore concentrate, the management considered that there was no future cash flow generated from the CGU of trading of iron ore concentrate and a full impairment on goodwill of HK$29,657,000 was recognised during the year ended 31 March 2015.

18. INTANGIBLE ASSETS

	Distribution right in 3D phone	Customer relationship	Distribution rights in sports cars	Trading contracts in magnetite sand concentrate ("Trading Contracts")	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
At 1 April 2014	–	–	–	125,000	125,000
Purchase	–	–	20,000	–	20,000
At 31 March 2015	–	–	20,000	125,000	145,000
Purchase	1,600	–	–	–	1,600
Acquisition of a subsidiary (note 33)	–	2,610	–	–	2,610
Disposal of subsidiaries (note 34)	–	–	–	(125,000)	(125,000)
At 31 March 2016	1,600	2,610	20,000	–	24,210
AMORTISATION AND IMPAIRMENT					
At 1 April 2014	–	–	–	12,583	12,583
Amortisation	–	–	1,000	16,482	17,482
Impairment loss recognised	–	–	–	95,935	95,935
At 31 March 2015	–	–	1,000	125,000	126,000
Amortisation	–	218	2,000	–	2,218
Disposal of subsidiaries (note 34)	–	–	–	(125,000)	(125,000)
At 31 March 2016	–	218	3,000	–	3,218
CARRYING AMOUNTS					
At 31 March 2016	1,600	2,392	17,000	–	20,992
At 31 March 2015	–	–	19,000	–	19,000

During the year ended 31 March 2016, Bright Billion Holdings Limited ("Bright Billion"), a wholly-owned subsidiary of the Company, signed another distribution agreement with a supplier, pursuant to which, Bright Billion was appointed as an authorised distributor and granted the right of distribution, marketing and service of a 3D phone "FOVEA" in India at a consideration of HK$1,600,000 in cash. The distribution right in 3D phone has finite useful lives and are amortised on a straight-line basis over 5 years.

18. INTANGIBLE ASSETS (CONT'D)

The intangible assets of customer relationship is acquired from the acquisition of a subsidiary during the year ended 31 March 2016 and is amortised on a straight-line basis over 6 years.

Trading Contracts represented contracts on the estimated profit margin to be derived from customer agreement and suppliers' agreements on trading of magnetite sand concentrate. Amortisation for contract based intangible assets with finite useful lives in which the trading volume for the related transaction cannot be reliably estimated is provided on a straight-line basis over the contract period.

During the year ended 31 March 2015, the global market price of iron ore concentrate has been decreased from approximately US$120 per tonne in early April 2014 to approximately US$52 per tonne in late March 2015. Given that the Trading Contracts with suppliers and customer are priced based on the prevailing market price at the date of the relevant transaction, the decrease in market price of iron ore concentrate affected the initiative of the trading parties in the transaction in particular the terms including in the Trading Contracts were no longer favourable to the suppliers. The suppliers have delayed the supply of iron ore concentrate because the suppliers' cost of mining and production outweigh the selling price as stated in the suppliers' agreements. In February 2015, the suppliers renegotiated the revised trading terms with the Group and accordingly, the Group also renegotiated with the customer in formulating a revised trading term so as to resume the business. No agreement was entered into with customer and suppliers on the revised timetable to resume the trading and selling/purchase price of the iron ore concentrate during the year ended 31 March 2015.

The management took into consideration of the subsequent iron ore concentrate price and the inability to obtain sufficient information to satisfy itself the ability of the customer and suppliers to resume the trading of iron ore concentrate, management decided to make a full impairment of HK$95,935,000 against the remaining carrying amount of Trading Contracts during the year ended 31 March 2015.

During the year ended 31 March 2015, Bright Billion signed a distribution agreement with a supplier pursuant to which Bright Brillion was appointed as an authorised distributor and granted the rights of distribution, marketing and service of sports cars "Gumpert Apollo" for 10 years at a consideration of HK$20,000,000 in cash. The distribution rights have finite useful lives and are amortised on a straight-line basis over 10 years.

During the year ended 31 March 2016, there is a production delay by the supplier and delayed the commencement of distribution of sports cars business. As at 31 March 2016, the directors of the Company are still in the process of negotiation with the supplier for the extension of the license period and continue to amortise the distribution rights over the contractual period. The directors of the Company therefore reassessed the value of distribution rights in sports cars. For the purpose of impairment testing of distribution rights in sports cars during the year ended 31 March 2016, the recoverable amount of distribution rights in sports cars has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budget approved by management covering the remaining contract term and a discount rate of 13.81%. The key assumption of the value in use calculation of distribution rights in sports cars is based on the budgeted cash inflows/outflows that the distribution rights will be earned or expenses incurred through products sold.

19. INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials	**545**	612
Work in progress	**133**	38
Finished goods (Note)	**5,155**	225
	5,833	875

Note: Finished goods include a demo sports car with cost of HK$5,000,000 (2015: nil) as at 31 March 2016. In the opinion of the directors, the demo sports car is expected to be realised after one year.

20. AVAILABLE-FOR-SALE INVESTMENTS/HELD-FOR-TRADING INVESTMENTS

	2016 HK$'000	2015 HK$'000
Available-for-sale investments		
Unlisted equity securities	**4,329**	–

The unlisted available-for-sale equity investment is measured at fair value at initial recognition upon deemed disposal of Joyful Ease (details set out in note 16) on 17 August 2015. The fair value of investment in Joyful Ease is negligible which is approximate to its carrying value as at the date of deemed disposal.

In addition, on 20 January 2016, the Group entered into shareholders' agreements with an independent third party pursuant to which both parties agreed to invest into a company incorporated in Hong Kong, namely Ocean Group (Asia) Limited ("Ocean Group"). According to the agreements, the Group is required to pay HK$10,000,000, representing investment cost of HK$2,000 and shareholder's loan of HK$9,998,000. The contribution represents 20% equity interest in Ocean Group. The directors of the Company consider that the Group does not have significant influence in Ocean Group based on the fact that the Group is not entitled to vote at shareholders meeting and does not have the right to appoint director. Therefore, the investment in Ocean Group of HK$2,000 is classified as "available-for-sale investment" in the consolidated statement of financial position. The shareholder's loan is unsecured, interest free and provided to the investee based on percentage shareholding of respective shareholders. The directors of the Company expect that the shareholder's loan will be repaid after five years from the end of the reporting period, and hence the amount is classified as a non-current asset. Such non-current interest-free loan to investee is adjusted to its fair value. At initial recognition, the fair value adjustment of HK$4,327,000 is capitalised to the cost of available-for-sale investments using effective interest rate of 11.96% per annum.

	2016 HK$'000	2015 HK$'000
Held-for-trading investments		
Listed securities:		
Equity securities listed in Hong Kong	**83,273**	–

21. TRADE RECEIVABLES

The Group's credit terms on Packaged Food business generally range from 30 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The Group allows an average credit period of 30 days to its customers from Trading of Consumer Products business. An ageing analysis of the trade receivables presented based on the invoice date (which is approximate the revenue recognition date) at the end of the reporting period is presented below.

	2016	2015
	HK$'000	HK$'000
0 – 90 days	**3,774**	1,746
91 – 180 days	**–**	57
	3,774	1,803

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. 100% (2015: 97%) of trade receivables that are neither past due nor impaired have strong credit quality. These customers have no default of payment in the past and have good credit rating attributable under the credit review procedures used by the Group, including profitability, liquidity, financial leverage and operational performance quality of the counterparties.

The Group has a policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the credit creditworthiness and the past collection history of each client.

Included in the Group's trade receivables are debtors with aggregate carrying amount of nil (2015: HK$57,000), which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the trade receivable and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is nil (2015: 105 days).

Ageing of trade receivables which are past due but not impaired

	2016	2015
	HK$'000	HK$'000
91 – 180 days	**–**	57

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The trade receivables past due but not provided for as at the end of the reporting period were either subsequently settled or no historical default of payments was noted by the respective customers. Concentration of credit risk arising from trade receivables is limited due to the customer base being large and unrelated. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

22. LOANS RECEIVABLES

	2016 HK$'000	2015 HK$'000
Unsecured fixed-rate loans receivables	**22,292**	3,801
Secured fixed-rate loans receivables	**17,526**	17,924
Total	**39,818**	21,725
Analysed as:		
Non-current	**5,735**	240
Current	**34,083**	21,485
Total	**39,818**	21,725

As at 31 March 2016 and 2015, secured loans receivables are secured by the residential properties pledged.

The exposure of the Group's fixed-rate loans receivables to interest rate risks and their contractual maturity dates are as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**34,083**	21,485
More than one year, but not exceeding five years	**5,735**	240
	39,818	21,725

The Group seeks to apply strict control over its outstanding loans receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The loans receivable had contractual maturity dates between six months to a year (except for the one with maturity period of 5 years) as at 31 March 2016 and 2015. The interest rate for the fixed-rate loans receivable was ranged from 10% to 42% (2015: 10% to 42%) per annum.

Included in the Group's loans receivables are borrowers with aggregate carrying amount of approximately HK$12,322,000 (2015: nil), which are past due as at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the loans receivables and the amounts are still considered recoverable. An amount of HK$8,351,000 (2015: nil) was secured by the respective residential properties pledged. The average age of these receivables is 132 days (2015: nil).

22. LOANS RECEIVABLES (CONT'D)

Ageing of loans receivables which are past due but not impaired

	2016 HK$'000	2015 HK$'000
0 to 90 days	**8,351**	–
Over 180 days	**3,971**	–
	12,322	–

There is no concentration of credit risk on loans receivables as the exposure spread over a number of customers.

The above loan receivables are arising from the money lending business.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Non-current assets:		
Refundable deposits paid for acquisition of an entity (Note i)	**–**	10,000
Other receivables and deposits	**3,086**	–
Loans to investees (Note ii)	**11,654**	–
	14,740	10,000
Current assets:		
Deposits paid for purchases (Note iii)	**3,000**	32,369
Refundable deposits paid for acquisition of an entity (Note i)	**500**	–
Other receivables, deposits and prepayments	**8,707**	14,587
	12,207	46,956

Notes:

(i) On 1 August 2014, the Company signed a memorandum of undertaking ("MOU") with an independent third party (the "Vendor A") in relation to the possible acquisition of 100% equity interest in Southernpec Singapore Storage and Logistics Limited, which is principally engaged in chartering of vessels in the PRC, Hong Kong, Singapore and the Southeast Asia region. On 9 October 2014, the Company signed a supplemental MOU with the Vendor A that the Company agrees to pay HK$10,000,000 in cash to the Vendor A as a refundable deposits. The acquisition was subsequently suspended and the Company was under negotiation with the Vendor A for the recovery of deposit. On 17 March 2016, the Company has reached a settlement agreement (the "Settlement Agreement") with the Vendor A. Pursuant to the Settlement Agreement, the Vendor A irrevocably covenants the Company that the Vendor A shall pay to the Company a sum of HK$5,000,000 by instalments over a period of 18 months from the date of the Settlement Agreement as the full and final settlement of the deposit. As at 31 March 2016, an amount of HK$500,000 (2015: nil) is classified as current assets, which is expected to be settled within twelve months after the end of reporting period. The management considered the recoverability of remaining balance of HK$9,500,000 (2015: nil) as remote, accordingly, full impairment of this HK$9,500,000 (2015: nil) was made during the year ended 31 March 2016.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONT'D)

Notes: (cont'd)

(ii) The balance represents shareholder's loans to Joyful Ease and Ocean Group of which are unsecured and interest-free.

The directors of the Company expect that the shareholder's loan to Joyful Ease with principal amount of HK$9,000,000 will be repaid after five years from the date of derecognition of interest in Joyful Ease to available-for-sale investments, and hence the amount is classified as a non-current asset. Such non-current interest-free loan to investee is adjusted for revised estimates and HK$4,241,000 is debited to profit or loss using effective interest rate of 13.63% per annum, and the balance as at 31 March 2016 is HK$5,163,000.

The directors of the Company expect that another shareholder's loan to Joyful Ease with principal amount of HK$1,200,000 will be repaid after five years from the first day of drawdown, and hence the amount is classified as a non-current asset. Such non-current interest-free loan to investee is adjusted for revised estimates and HK$515,000 is debited to profit or loss using effective interest rate of 11.88% per annum, and the balance as at 31 March 2016 is HK$688,000.

The directors of the Company expect that the shareholder's loan to Ocean Group with principal amount of HK$9,998,000 will be repaid after five years from the first day of drawdown, and hence the amount is classified as a non-current asset. Such non-current interest-free loan to investee is adjusted for revised estimates and HK$4,327,000 is debited to available-for-sale investments using effective interest rate of 11.96% per annum, and the balance as at 31 March 2016 is HK$5,803,000.

(iii) As at 31 March 2015, included in the deposits paid for purchases were amount due from a director of a subsidiary of HK$5,477,000 for the Group paid deposits for purchases from suppliers through that director of a subsidiary.

24. CASH AND CASH EQUIVALENTS

The balance include bank balances which receive variable interest at an average rate of 1% (2015: 1%) per annum. Included in the bank balances was an amount of HK$1,995,000 (2015: HK$1,653,000) denominated in RMB, which is not freely convertible into other currencies.

25. TRADE PAYABLES

The following is an ageing analysis of trade payable presented based on the invoice date at the end of the reporting period.

	2016	2015
	HK$'000	HK$'000
0 – 90 days	**1,883**	1,255
91 – 180 days	**–**	29
	1,883	1,284

The credit period ranged from 90 days to 120 days.

26. BANK OVERDRAFTS/BANK BORROWINGS

As at 31 March 2016, bank overdrafts carried interest at average market rates of 6.56% per annum as at 31 March 2016.

As at 31 March 2016, all the bank borrowings contain a repayment on demand clause and accordingly the balance is shown under current liabilities. The following table details the amounts due which are based on scheduled repayment dates set out in the loan agreements:

	2016	2015
	HK$'000	HK$'000
Carrying amount repayable:		
Within one year	**888**	–
Within a period of more than one year but not exceeding two years	**297**	–
	1,185	–

As at 31 March 2016, the unsecured bank borrowings are guaranteed by the directors of a subsidiary and unsecured bank borrowings with an amount of HK$834,000 are guaranteed by the government of the Hong Kong Special Administrative Region.

Bank borrowings comprise:

	2016	2015
	HK$'000	HK$'000
Fixed-rate bank borrowings	**681**	–
Floating-rate bank borrowings	**504**	–
	1,185	–

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	2016	2015
Effective interest rate (per annum):		
Fixed-rate bank borrowings	**9.49% – 9.64%**	N/A
Floating-rate bank borrowings	**6.75%**	N/A

27. PROMISSORY NOTE

	HK$'000
At 1 April 2014	18,794
Issue during the year	3,080
Interest charged to profit or loss	4,425
Repayment	(23,000)
At 31 March 2015	3,299
Interest charged to profit or loss	38
Interest paid	(257)
Repayment	(3,080)
At 31 March 2016	–

In 2014, the Group issued promissory note with principal amount of HK$23,000,000 for acquisition of entire equity interest of Digital Rainbow Holdings Limited ("Digital Rainbow"). The promissory note carried no interest and was repayable on 6 March 2015. The promissory note was initially recognised at fair value of HK$16,627,000 with effective interest rate of 24.225%. The promissory note was subsequently measured at amortised cost. During the year ended 31 March 2015, the Group incurred imputed interest on promissory note of HK$4,206,000 to profit or loss. The promissory note was repaid during the year ended 31 March 2015.

During the year ended 31 March 2015, the Group issued promissory note with principal amount of HK$3,080,000 to an independent third party. The promissory note carried interest of 10% per annum and was repayable on 7 July 2015. During the year ended 31 March 2016, the Group incurred interest on this promissory note of HK$38,000 (2015: HK$219,000) to profit or loss. The promissory note was repaid during the year ended 31 March 2016.

28. BONDS

	HK$'000
At 1 April 2014	103,432
Bond issued on 11 April 2014	3,000
Effective interest expense	15,086
Interest paid	(10,403)
Early repayment	(91,000)
At 31 March 2015	20,115
Effective interest expense	1,348
Interest paid	(800)
Repayment	(3,000)
At 31 March 2016	17,663

28. BONDS (CONT'D)

	2016 HK$'000	2015 HK$'000
Analysed by:		
Current	**10,623**	13,539
Non-current	**7,040**	6,576
	17,663	20,115

On 6 September 2013, the Company issued a bond with principal amount of HK$80,000,000 to an independent third party. According to the terms of the bond, the maturity date was two years from the issue date. At the maturity date, the Company can elect at its discretion to extend the term for another one year. The bond carried interest at 20% per annum (the "Initial Interest Rate") during the first 24 months and thereafter at progressive interest rate by an addition of 2% per annum to the Initial Interest Rate for every 3 months in the event of an extension of the maturity date of the bond. The Company can also redeem part or all of the bonds any time during the repayment term at principal amount and interest accrued up to redemption date. The extension option and early redemption option (collectively the derivative components) are considered not closely related to the host debt component. Both the host debt component and the derivative component have been valued as at 6 September 2013 on the basis carried out at that date by Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group. In the opinion of the directors, the fair value of derivative components of this bond is insignificant. At initial recognition, the bonds of HK$73,136,000 is recognised based on fair value of HK$76,473,000 after deducting the transaction cost incurred of HK$3,337,000 resulting with the effective interest rate of the bonds is 25.77% per annum. The Company issued 130,000,000 warrants to the then bondholder together with the bond issued. Details of the warrants are disclosed in note 32. During the year ended 31 March 2015, the Company redeemed the bond with principal amount of HK$80,000,000.

On 18 September 2013, 18 October 2013 and 28 November 2013, the Company also issued unsecured bonds to independent third parties with principal amounts of HK$10,000,000, HK$11,000,000 and HK$10,000,000, respectively and with coupon rates of 5%, 5% and 5.33% per annum respectively. The aggregate consideration of these bonds amounted to HK$27,000,000 which has been netted with the fully prepaid interest of HK$4,000,000. The effective interest rates of these bonds ranged from 5% to 6.594%. The maturity dates of the bonds ranged from 2 years to 7.5 years. During the year ended 31 March 2015, the Company redeemed the bond with principal amount of HK$11,000,000 upon maturity. Upon the maturity of another bond with principal amount of HK$10,000,000 on 18 September 2015, the Company extended the maturity date to 17 September 2016, carried at an interest of 12% per annum.

On 11 April 2014, the Company issued unsecured bond to an independent third party with principal amount of HK$3,000,000. The effective interest rate of this bond was 10%. The maturity date of this bond was 1 year. The bond was redeemed during the year ended 31 March 2016.

Bond issued on 6 September 2013 was secured by 39.23% shares of the Company and guaranteed by Eminent Along Limited and Ease Chance International Limited, the wholly-owned subsidiaries of the Company. The pledge was released upon repayment. All other bonds are unsecured.

29. OTHER BORROWINGS

	2016 HK$'000	2015 HK$'000
Other borrowings:		
– Secured and due within one year	**21,062**	–
– Secured and due over one year but less than two years	**–**	21,061
	21,062	21,061
Analysed by:		
Current	**21,062**	–
Non-current	**–**	21,061
	21,062	21,061

The other borrowings of HK$21,062,000 (2015: HK$21,061,000) are granted by the non-controlling shareholders of a subsidiary of the Company, which bears fixed-rate interests of 12% per annum and repayable in October 2016. Therefore, the amounts are classified as current liabilities (2015: non-current liabilities) as at 31 March 2016. The other borrowings are secured by the loans receivables of HK$18,440,000 (2015: HK$21,424,000) as at 31 March 2016.

30. DEFERRED TAXATION

The following are the major deferred tax asset and liability recognised and movements thereon during the current and prior years:

	Unrealised gain on securities trading HK$'000	Tax losses HK$'000	Accelerated tax depreciation HK$'000	Intangible assets HK$'000	Total HK$'000
At 1 April 2014	–	–	3	18,548	18,551
Credit to profit or loss (note 11)	–	–	(3)	(18,548)	(18,551)
At 31 March 2015	–	–	–	–	–
Acquisition of a subsidiary (note 33)	–	–	–	431	431
Charge (credit) to profit or loss (note 11)	1,270	(1,270)	–	(36)	(36)
At 31 March 2016	1,270	(1,270)	–	395	395

30. DEFERRED TAXATION (CONT'D)

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$75,469,000 (2015: HK$66,620,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. As at 31 March 2016, the unrecognised tax losses of approximately HK$1,990,000, HK$1,351,000, HK$456,000, HK$499,000 and HK$133,000 will expire on 31 March 2017, 2018, 2019, 2020 and 2021 respectively. As at 31 March 2015, the unrecognised tax losses of approximately HK$2,016,000, HK$1,990,000, HK$1,351,000, HK$456,000 and HK$499,000 will expire on 31 March 2016, 2017, 2018, 2019 and 2020 respectively. Other tax losses may be carried forward indefinitely.

31. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2014	2,000,000	20,000
Increase in authorised share capital (Note a)	2,000,000	20,000
At 31 March 2015	4,000,000	40,000
Increase in authorised share capital (Note b)	6,000,000	60,000
At 31 March 2016	10,000,000	100,000
Issued and fully paid:		
At 1 April 2014	1,349,144	13,491
Issue of shares upon exercise of options	14,000	140
Issue of shares upon placing (Note c)	774,000	7,740
At 31 March 2015	2,137,144	21,371
Issue of shares upon placing (Note d)	542,000	5,420
Issue of shares upon acquisition of a subsidiary (Note e)	60,000	600
Issue of shares upon rights issue (Note f)	1,369,572	13,696
At 31 March 2016	4,108,716	41,087

31. SHARE CAPITAL (CONT'D)

Notes:

(a) Pursuant to the ordinary resolution of annual general meeting of the Company passed on 3 September 2014, the Company's authorised share capital was increased from HK$20,000,000 to HK$40,000,000 by the additional 2,000,000,000 authorised number of shares.

(b) Pursuant to the ordinary resolution of annual general meeting of the Company passed on 7 August 2015, the Company's authorised share capital was increased from HK$40,000,000 to HK$100,000,000 by the additional 6,000,000,000 authorised number of shares.

(c) On 3 September 2014, 29 September 2014 and 3 December 2014, the Company entered into placing agreements pursuant to which the Company had agreed to allot and issue and the subscribers had agreed to subscribe for 237,000,000 shares, 317,000,000 shares and 220,000,000 shares in cash at the placing price of HK$0.270, HK$0.297 and HK$0.30 per share, respectively. The premium on issue of shares, amounting to approximately HK$207,773,000, net of share issue expenses, was credited to the Company's share premium account.

(d) On 24 April 2015 and 24 September 2015, the Company entered into placing agreements pursuant to which the Company has agreed to allot and issue and the subscribers have agreed to subscribe for 162,000,000 shares and 380,000,000 shares in cash at the placing price of HK$0.21 and HK$0.107 per share, respectively. The premium on issue of shares, amounting to approximately HK$67,602,000, net of share issue expenses, was credited to the Company's share premium account.

(e) On 12 October 2015, the Company issued an aggregate of 60,000,000 shares upon acquisition of the entire equity interest of MD. Details are set out in note 33. The premium on issue of shares, amounting to approximately HK$6,335,000, net of share issue expenses, was credited to the Company's share premium account.

(f) On 6 January 2016, the Company issued 1,369,572,000 ordinary shares by way of rights issue at a price of HK$0.07 per rights share on the basis of 1 right share for every two shares held. The premium on issue of shares, amounting to approximately HK$77,932,000, net of share issue expenses, was credited to the Company's share premium account.

32. WARRANTS

On 6 September 2013, the Company issued 130,000,000 warrants to the bondholder who subscribed for bonds with principal amount of HK$80,000,000 on the same date as referred to note 28. The warrants are transferable and each warrant carries the right to subscribe for one ordinary share of the Company at HK$0.24 per share at any time with maturity of 3 years from the date of issue. The fair values of the warrants as at the date of issue amounted to HK$3,527,000 were determined by reference to valuations performed by Roma Appraisals Limited, an independent professional qualified valuer not connected with the Group. The exercise price per share was adjusted to HK$0.216 per share upon the completion of the rights issue on 6 January 2016.

On 7 March 2014, the Company issued 38,456,000 warrants to the subscriber of the Company's shares. The warrants were transferable and each warrant carried the right to subscribe for one ordinary share of the Company at HK$0.26 per share at any time with maturity of 1 year from the date of issue. The fair values of these warrants as the date of issue amounted to HK$2,512,000 were determined by reference to valuations performed by Roma Appraisals Limited, an independent professional qualified valuer not connected with the Group. All these warrants were lapsed during the year ended 31 March 2015.

33. ACQUISITION OF A SUBSIDIARY

On 12 October 2015, the Group acquired entire equity interest in MD from two independent third parties (the "Vendor B") at a consideration of HK$36,207,000. This acquisition has been accounted for using the acquisition method. MD is principally engaged in the Trading of Consumer Products business. In the opinion of directors of the Company, the acquisition of MD is an opportunity for the Group to diversify its existing business.

Deemed consideration transferred

	HK$'000
Cash	3,000
Shares issued (Note (i))	6,960
Fair value of equity interest in Digital Rainbow	-
Assignment of loan to Vendor B (Note (ii))	26,247
Total	36,207

Notes:

(i) The amount represents the fair value of 60,000,000 ordinary shares of the Company in issue immediately prior to the acquisition determined by reference to the published closing market price of HK$0.116 per share at the date of the acquisition, i.e. 12 October 2015.

(ii) The amount represents the receivable from group company of HK$26,247,000 after provision for impairment loss of HK$3,286,000 prior to the loan assignment.

Acquisition-related costs amounting to approximately HK$351,000 have been excluded from the consideration transferred and have been recognised as an expense in the same period, included in other expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2016.

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Intangible assets	2,610
Inventories	119
Trade receivables	3,199
Prepayments, deposits and other receivables	1,026
Cash and cash equivalents	930
Trade payables	(2,387)
Accruals and other payables	(340)
Bank overdrafts	(304)
Bank borrowings	(2,494)
Deferred tax liabilities	(431)
Net assets acquired	1,928

33. ACQUISITION OF A SUBSIDIARY (CONT'D)

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	36,207
Less: Net assets acquired	(1,928)
Goodwill arising on acquisition	34,279

Goodwill arose in the acquisition of MD because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of future market development in the Trading of Consumer Products. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising of the acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition:

	HK$'000
Cash consideration paid	3,000
Less: cash and cash equivalents acquired	(626)
	2,374

Included in the loss for the year is HK$1,488,000 attributable to the additional business generated by MD. Revenue for the year includes HK$4,330,000 generated from MD.

Had the acquisition been effected at the beginning of the reporting period, total Group's revenue for the year ended 31 March 2016 would have been HK$91,382,000 and the total amount of loss of the Group for the year would have been HK$49,772,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the reporting period, nor is it intended to be a projection of the results.

34. DISPOSAL OF SUBSIDIARIES

On 12 October 2015, following to the acquisition of MD, the Group disposed of the entire equity interest in Digital Rainbow to a Company owned by the Vendor B, which will be deemed to have been satisfied by the set-off of the payment of an equivalent amount receivable by the Vendor B in respect of the acquisition of MD by the Group as set out in note 33. The net assets of Digital Rainbow and its subsidiary at the date of disposal were as follows:

Deemed consideration received:

	HK$'000
Partial consideration payable for acquisition of MD used to offset	-

Analysis of assets and liabilities over which control was lost:

	HK$'000
Prepayments, deposits and other receivables	26,247
Cash and cash equivalents	916
Accruals and other payables	(916)
Amount due to group company	(29,533)
Net liabilities disposed of (Being gain on disposal of subsidiaries)	(3,286)

Net effect on disposal of subsidiaries:

	HK$'000
Gain on disposal of subsidiaries	3,286
Impairment loss on amount due from group company (note 33)	(3,286)
Net effect on disposal of subsidiaries	–

Cash outflow arising on disposal:

	HK$'000
Cash and cash equivalents disposed	916

35. LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**4,605**	3,023
In the second to fifth year inclusive	**3,922**	1,023
	8,527	4,046

Operating lease payments represent rentals payable by the Group for offices and factory. Leases are negotiated for terms of 2 to 15 years (2015: 2 to 15 years) and rentals are fixed over lease terms.

36. RETIREMENT BENEFITS SCHEMES

The Group makes contributions to Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Both the Group and the employees contribute a fixed percentage of the relevant payroll to the MPF Scheme. Effective from 1 June 2014, the cap of contribution amount had been changed from HK$1,250 to HK$1,500 per employee per month.

The PRC employees of the Group are members of a state-managed retirement benefit scheme operated by the local government, including provision of housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury insurance and pregnancy insurance. Pursuant to the existing schemes, the Group contributes 7%, 5%, 17%, 2%, 0.5% and 0.5% of the basic salary of its employees to the housing provident fund, medical insurance, retirement insurance, unemployment insurance, labour injury and pregnancy insurance respectively.

Employees employed by the Group's operations in Macau are members of government-managed retirement benefits schemes operated by the Macau government. The Macau operations are required to pay a monthly fixed contribution to the retirement benefits schemes to fund the benefits.

The employer's contribution to the MPF Schemes and various benefits schemes in the PRC and Macau is disclosed in note 12.

37. SHARE OPTION SCHEMES

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 26 September 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 10 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and vests immediately and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

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

37. SHARE OPTION SCHEMES (CONT'D)

Details of the share options outstanding during the year are as follows:

				Number of options Outstanding						
Name	Date of grant	Exercisable period (Note d)	Exercise price per share (HK$) (Note f)	Outstanding as at 1 April 2014	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding as at 31 March 2015	Adjustment (Note e)	Outstanding as at 31 March 2016
Directors:										
Mr. Wong Ka Wah, Albert	15 April 2014 (Note b)	15 April 2014 to 20 February 2019	0.253	–	15,000,000	–	–	15,000,000	405,000	15,405,000
Mr. Hong Sze Lung	15 April 2014 (Note b)	15 April 2014 to 20 February 2019	0.253	–	15,000,000	–	–	15,000,000	405,000	15,405,000
Mr. Lau Wan Pui, Joseph	15 April 2014 (Note b)	15 April 2014 to 20 February 2019	0.253	–	5,000,000	–	(2,000,000)	3,000,000	81,000	3,081,000
Mr. Law Chung Lam, Nelson	15 April 2014 (Note b)	15 April 2014 to 20 February 2019	0.253	–	5,000,000	–	(3,000,000)	2,000,000	54,000	2,054,000
Mr. Kwong Yup Lap	15 April 2014 (Note b)	15 April 2014 to 20 February 2019	0.253	–	2,000,000	–	–	2,000,000	54,000	2,054,000
	13 October 2014	13 October 2014 to 12 October 2016	0.360	–	2,000,000	–	–	2,000,000	54,000	2,054,000
Mr. Chow Chi Fai	15 April 2014 (Note b)	15 April 2014 to 20 February 2019	0.253	–	1,000,000	–	–	1,000,000	27,000	1,027,000
Mr. Leung Ka Tin	13 October 2014	13 October 2014 to 12 October 2016	0.360	–	1,000,000	–		1,000,000	27,000	1,027,000
Mr. Tam Chak Chi	15 April 2014 (Note b)	15 April 2014 to 20 February 2019	0.253	–	1,000,000	–	(1,000,000)	–	–	–
Mr. May Tai Keung, Nicholas (Note a)	15 April 2014 (Note b)	15 April 2014 to 20 February 2019	0.253	–	1,000,000	–	(1,000,000)	–	–	–
Employees	11 July 2011	11 July 2011 to 10 July 2016	0.346	10,000,000	–	–	–	10,000,000	270,000	10,270,000
	15 April 2014 (Note b)	15 April 2014 to 20 February 2019	0.253	–	17,000,000	–	(7,000,000)	10,000,000	270,000	10,270,000
	13 October 2014	13 October 2014 to 12 October 2016	0.360	–	5,000,000	–	–	5,000,000	135,000	5,135,000
Consultants (Note c)	11 July 2011	11 July 2011 to 10 July 2016	0.346	10,000,000	–	–	–	10,000,000	270,000	10,270,000
	17 February 2014	17 February 2014 to 16 February 2019	0.234	39,000,000	–	–	–	39,000,000	1,053,000	40,053,000
	15 April 2014 (Note b)	15 April 2014 to 20 February 2019	0.253	–	36,000,000	(1,000,000)	–	35,000,000	945,000	35,945,000
	14 July 2014	14 July 2014 to 13 July 2016	0.263	–	36,900,000	–	–	36,900,000	996,300	37,896,300
	13 October 2014	13 October 2014 to 12 October 2016	0.360	–	150,168,000	–	–	150,168,000	4,054,536	154,222,536
				59,000,000	293,068,000	(1,000,000)	(14,000,000)	337,068,000	9,100,836	346,168,836
Exercisable at the end of the year				59,000,000				337,068,000		346,168,836

37. SHARE OPTION SCHEMES (CONT'D)

Notes:

(a) Mr. May Tai Keung, Nicholas resigned as independent non-executive director of the Company on 31 July 2014.

(b) These share options were conditionally granted to directors of the Company, employees and consultants of the Group. Such grants are subject to the approval of the proposed refreshment by the shareholders at the extraordinary general meeting. The proposed grants were approved by shareholders at the extraordinary general meeting on 15 April 2014.

(c) The Group granted share options to these consultants for the provision of consultancy services rendered by the consultants include, among others, coordination of natural resources trading projects, advice on acquisition and advice on corporate financing. In the opinion of the directors, the fair value of the services rendered was measured by reference to the fair value of share options granted. On 21 February 2014, the Group proposed to grant an aggregate of 36,000,000 share options to the consultants of the Company for services rendered during the year ended 31 March 2014 which vested immediately and was approved by the shareholders on 15 April 2014 regarding the proposed refreshment of the existing scheme mandate limit under the share option scheme of the Company.

(d) These share options are vested immediately upon the grant date. The weighted average closing price of the shares on the date immediately before 15 April 2014, 14 July 2014 and 31 October 2014 and the dates on which the options were granted was HK$0.233, HK$0.270 and HK$0.330 per share, respectively.

(e) The numbers of share options were adjusted upon the completion of the rights issue on 6 January 2016.

(f) The exercise price per share option was adjusted upon the completion of the rights issue on 6 January 2016.

The fair values of options granted on 13 October 2014 and 14 July 2014 determined at using the Binominal model approximately were HK$12,202,000 and HK$3,433,000, respectively. The fair value of options granted and approved by shareholders on 15 April 2014 was HK$11,575,000.

The following assumptions were used to calculate the fair values of share options:

	13.10.2014	14.7.2014	15.4.2014 (Note i)	15.4.2014 (Note ii)
Grant date share price	HK$0.330	HK$0.270	HK$0.330	HK$0.233
Exercise price	HK$0.370	HK$0.270	HK$0.260	HK$0.260
Option life	2 years	2 years	5 years	5 years
Expected volatility (Note iii)	67.217%	64.832%	65.057%	63.359%
Dividend yield	–	–	–	–
Risk-free interest rate (Note iv)	0.565%	0.291%	1.239%	1.295%

37. SHARE OPTION SCHEMES (CONT'D)

Notes:

(i) On 21 February 2014, the Group proposed to grant an aggregate of 62,000,000 share options to the directors and employees of the Company for services rendered during the year ended 31 March 2014. The assumptions were used to calculate the estimated fair values of 62,000,000 share options amounting to HK$8,045,000. The grant date was established upon the approval of shareholders on the refreshment of the existing scheme mandate limit on 15 April 2014. The fair values based on the established grant date had no difference as previous estimated.

(ii) The assumptions were used to calculate the fair values of 36,000,000 share options amounting to HK$3,530,000 granted to consultants.

(iii) Expected volatility for options was based on historical daily price movements of the Company over a historical period of 5 years.

(iv) The risk-free rate was determined by reference to the yield of 5-year Hong Kong Exchange Fund Notes.

The Binominal model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varied with different variables of certain subjective assumptions.

During the year ended 31 March 2015, an amount of share-based payment expenses in respect of the Company's share options of HK$15,635,000 had been recognised in the consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment recognised in the Group's share-based payment reserve. During the year ended 31 March 2016, there is no share option granted or exercised.

38. RELATED PARTY TRANSACTIONS

(a) Apart from the loans to associates and other borrowings as disclosed in notes 16 and 29, respectively, during the year, the Group has entered into followings transactions between related parties:

	2016	2015
	HK$'000	HK$'000
Loan interest income from an associate	**500**	500
Consultancy expenses paid to a related party (Note)	**–**	180
Finance costs paid/payable to non-controlling shareholders of a subsidiary	**2,428**	1,061

Note: Mr. Lau Wan Pui, Joseph is a non-executive director of the Company and a beneficial owner and a director of the related party.

(b) Compensation of key management personnel

The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them during the year are set out in note 10 to the consolidated financial statements.

39. MAJOR NON-CASH TRANSACTION

As set out in note 33, the assignment of loan to Vendor B of HK$26,247,000 for acquisition of equity interest in MD is a non-cash transaction.

During the year ended 31 March 2016, the acquisition of motor vehicles was settled by deposit paid in prior year.

40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes bank overdrafts, bank borrowings, promissory note, bonds and other borrowings disclosed in notes 26, 27, 28 and 29, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital and reserves.

The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through new share issues, repurchase of shares and the issue of new debt or the redemption of the existing debt.

The Group's overall strategy remains unchanged from prior year.

41. EVENTS AFTER THE REPORTING PERIOD

(i) On 18 March 2016, the Company entered into a sale and purchase agreement with an independent third party (the "Vendor C") pursuant to which the Vendor C has conditionally agreed to sell and the Company has conditionally agreed to purchase the entire equity interest of Strategy King Holdings Limited and the consideration will be satisfied by allotment and issuance of 1,752,505,102 shares by the Company and issuance of the convertible bonds with principal amount of HK$42,067,128 Strategy King Holdings Limited and its subsidiary is principally engaged in trading of games, console games, and games-related accessories and products in Hong Kong. Such transaction has not been completed at the date of these consolidated financial statements were authorised for issuance.

(ii) On 24 March 2016, the Company entered into a sale and purchase agreement with an independent third party pursuant to which the Company has conditionally agreed to sell and the counterparty agreed to purchase the entire issued share capital in and the shareholder's loan due by Paraburdoo Limited and its subsidiaries ("Paraburdoo Group") for a cash consideration of HK$2,000,000. Paraburdoo Group is principally engaged in manufacturing and trading of packaged food. Upon completion, Paraburdoo Limited and its subsidiaries will cease to be subsidiaries of the Company. The transaction is subject to shareholders' approval in extraordinary general meeting to be held on 11 July 2016. Such transaction has not been completed at the date of these consolidated financial statements were authorised for issuance.

(iii) On 17 June 2016, the Company entered into a sale and purchase agreement with an independent third party ("Vendor D") pursuant to which the Vendor D agreed to sell and the Company agreed to purchase convertible bonds with principal amount of US$1,000,000 issued by a listed company in Hong Kong from Vendor D. The consideration shall be satisfied by assignment of the loans receivables with principal amount of HK$3,500,000 with accrued interest receivables together by the Company to Vendor D upon completion. The transaction was completed on 17 June 2016. The Group is in the process of assessing the financial impact of this transaction.

41. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

(iv) On 23 June 2015, 30 November 2015 and 31 December 2015, the Company entered into sale and purchase agreements (the "Agreements") with four independent third parties pursuant to which the Company agreed to purchase an aggregate of 51% equity interest in Perfect Worth Investments Limited (the "Acquisition") and the consideration will be satisfied by allotment and issuance of convertible bonds with principal amount of HK$204,000,000 by the Company. Perfect Worth Investments Limited and its subsidiaries are principally engaged in the business of online distribution of footwear in the PRC. Since certain conditions precedent to the Acquisition have not been satisfied or waived as at 22 May 2016 and the Agreements have lapsed on 22 May 2016. The Agreements shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms of the Agreements.

42. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company at 31 March 2016 and 31 March 2015.

Name of subsidiary	Place of incorporation/ registration	Paid up issued/ registered share capital	Effective percentage of issued share capital/registered capital held by the Company 2016 %	2015 %	Principal activities
Billion Revenue Holdings Limited	British Virgin Islands ("BVI")	US$1 ordinary	100	100	Investment holding
Bliss Castle Investment Limited	BVI	US$1 ordinary	100	100	Investment holding
Chance Winning Limited	BVI	US$50,000 ordinary	100	100	Investment holding
Digital Rainbow	BVI	US$10,000 ordinary	– (Note 1)	100	Investment holding
Eminent Along Limited	BVI	US$100 ordinary	100	100	Investment holding
Silver Summit Investment	BVI	US$100 ordinary	100	100	Investment holding

42. PARTICULARS OF SUBSIDIARIES (CONT'D)

Name of subsidiary	Place of incorporation/ registration	Paid up issued/ registered share capital	Effective percentage of issued share capital/registered capital held by the Company 2016 %	2015 %	Principal activities
Speedy Track Inc.	BVI	US$1 ordinary	100	100	Investment holding
Angel Fund Company Limited	Hong Kong	HK$1,000,000 ordinary	60	60	Money lending
Bright Billion	Hong Kong	HK$1 ordinary	100	100	Vehicle distribution
Ease Chance International Limited	Hong Kong	HK$10,000 ordinary	– (Note 1)	100	Iron ore concentrate trading
Grand Charm Commodities Company Limited	Hong Kong	HK$1,000 ordinary	100	100	Palm oil trading
Liu Nik International Trading Limited	Hong Kong	HK$10,000 ordinary	100	70	Inactive
Pacific Asset International Limited	Hong Kong	HK$10,000 ordinary	100	100	Investment holding
Success Link Trading Limited	Hong Kong	HK$2 ordinary	100	100	Sales of foods packed
Wealth Glory Global Trading Limited	Hong Kong	HK$1,000,000 ordinary	100	100	Inactive
Paraburdoo	BVI	US$30,000 ordinary	100	100	Investment holding
Greenfortune	Macau	MOP1,000,000 ordinary	100	100	Wholesales of packed foods

42. PARTICULARS OF SUBSIDIARIES (CONT'D)

Name of subsidiary	Place of incorporation/ registration	Paid up issued/ registered share capital	Effective percentage of issued share capital/registered capital held by the Company		Principal activities
			2016	2015	
			%	%	
Shui Ye (Shanghai) Foods Limited (Note 2)	PRC	US$2,000,000 ordinary	100	100	Manufactory and sales of packed foods
MD	Hong Kong	HK$2 ordinary	100	–	Trading of consumer products
Gold Sun Trading & Development Limited	Hong Kong	HK$100 ordinary	51	–	Trading of consumer products

Notes:

(1) Digital Rainbow and its subsidiary, Ease Chance International Limited, are disposed of during the year ended 31 March 2016. Details are set out in note 34.

(2) This subsidiary is wholly foreign owned enterprise in the PRC.

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

At the end of the reporting period, the Company has non-controlling interests that are not material to the Group that no further disclosures on the financial information of these individually immaterial subsidiaries with non-controlling interests are presented.

43. FINANCIAL INFORMATION OF THE COMPANY

	2016 HK$'000	2015 HK$'000
Non-current assets		
Property, plant and equipment	**447**	654
Interests in subsidiaries (Note)	**90,641**	90,641
Loan to an associate	**–**	5,754
Deposits and other receivables	**6,937**	–
	98,025	97,049
Current assets		
Held-for-trading investments	**83,273**	–
Prepayments, deposits and other receivables	**4,337**	27,084
Amounts due from subsidiaries	**6,516**	18,499
Loans to associates	**5,754**	8,701
Cash and cash equivalents	**18,590**	4,506
	118,470	58,790
Current liabilities		
Accruals and other payables	**2,345**	3,587
Promissory note	**–**	3,299
Bonds	**10,623**	13,539
	12,968	20,425
Net current assets	**105,502**	38,365
Total assets less current liabilities	**203,527**	135,414
Non-current liabilities		
Bonds	**7,040**	6,576
Net assets	**196,487**	128,838
Capital and reserves		
Share capital	**41,087**	21,371
Reserves	**155,400**	107,467
Total equity	**196,487**	128,838

Note: As at 31 March 2015, included in interests in subsidiaries of HK$86,878,000 was an amount due from a subsidiary amounting to HK$86,878,000, which was capitalised to investment cost on 1 April 2015.

43. FINANCIAL INFORMATION OF THE COMPANY (CONT'D)

	Share premium	Warrants reserve	Share-based payment reserve	Contribution surplus	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2014	168,514	6,039	17,313	17,065	(148,037)	60,894
Loss and total comprehensive expense for the year	–	–	–	–	(180,335)	(180,335)
Issue of shares upon placing	216,399	–	–	–	–	216,399
Issue of shares upon exercise of options	3,500	–	–	–	–	3,500
Transaction costs attributable to issues of shares	(8,626)	–	–	–	–	(8,626)
Transfer upon exercise of share options	1,777	–	(1,777)	–	–	–
Transfer upon lapse of share options	–	–	(98)	–	98	–
Recognition of equity-settled share-based payments	–	–	15,635	–	–	15,635
Transfer upon lapse of warrants	–	(2,512)	–	–	2,512	–
At 31 March 2015	381,564	3,527	31,073	17,065	(325,762)	107,467
Loss and total comprehensive expense for the year	–	–	–	–	(103,936)	(103,936)
Issue of shares upon placing	69,260	–	–	–	–	69,260
Issue of shares upon acquisition of a subsidiary	6,360	–	–	–	–	6,360
Issue of shares by rights issue	82,174	–	–	–	–	82,174
Transaction costs attributable to issues of shares	(5,925)	–	–	–	–	(5,925)
At 31 March 2016	533,433	3,527	31,073	17,065	(429,698)	155,400

Financial Summary

RESULTS

	For the year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**73,658**	277,294	316,634	48,292	104,434
(Loss) profit attributable to owners of the Company	**(49,893)**	(202,603)	(159,407)	(13,872)	7,728

ASSETS AND LIABILITIES

	At 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	272,200	153,288	223,951	152,199	115,238
Total liabilities	(49,506)	(52,526)	(154,888)	(4,545)	(10,462)
Total equity	227,694	100,762	69,063	147,654	104,776