



中發展控股有限公司
ZHONG FA ZHAN HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability
Stock Code : 00475

ANNUAL REPORT
2014/15

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wu Hao (*Chairman*)
Mr. Hu Yangjun
Mr. Hu Yishi
Mr. Chan Wing Yuen, Hubert (*Chief Executive*)
Ms. Kwong Wai Man, Karina (*Chief Financial Officer*)

Non-executive Director

Mr. Li Wei Qi, Jacky

Independent non-executive Directors

Mr. Wu Chi Keung
Mr. Heung Chee Hang, Eric
Ms. Kwok Pui Ha

Audit Committee

Mr. Wu Chi Keung (*Chairman*)
Mr. Heung Chee Hang, Eric
Ms. Kwok Pui Ha

Remuneration Committee

Mr. Wu Chi Keung (*Chairman*)
Mr. Chan Wing Yuen, Hubert
Mr. Heung Chee Hang, Eric

Nomination Committee

Mr. Wu Chi Keung (*Chairman*)
Mr. Chan Wing Yuen, Hubert
Ms. Kwok Pui Ha

Company Secretary

Mr. Ng Kwok Kit

Head Office and Principal Place of Business in Hong Kong

23/F., Chinachem Century Tower
178 Gloucester Road
Wanchai
Hong Kong

Registered Office

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

Principal Share Registrar

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

The Hong Kong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited

Legal Advisers

K&L Gates
Angela Ho & Associates

Auditor

Deloitte Touche Tohmatsu

Company Website

www.475hk.com

Stock Code

00475

CHAIRMAN'S STATEMENT

To our Shareholders,

On behalf of the board of directors (the "Board" or "Directors") of Zhong Fa Zhan Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2015.

During the year under review, the Group principally focused on the design, manufacturing and wholesale of fine jewelry products in the People's Republic of China (the "PRC"). The increasingly severe environment of the PRC led to intensified competition, the sales of the Group thereby further declined. With sales continued to be sluggish, the Group will adhere to its approach to control operating costs and consider ways to improve its income so as to bring positive impact to the results of the Company.

The Group closely reviews its existing businesses and investment opportunities, and may consider to diversify its businesses, depending on the results of review and the existence of any appropriate opportunity, so as to expand the revenue sources of the Group. Meanwhile, we will think over and look for fund raising opportunities from time to time based on market conditions, in order to expand the Group's asset portfolio and its potential for long term growth. The Company will also establish the direction of its future business development through diversified strategies. We are confident that we can overcome such difficulties and successfully tap new business opportunities and achieve even better results.

Based on the prudent financial principle and upon the consideration towards the sustainable development of the Group, the Board does not propose the distribution of any final dividend for the 2014/15 financial year.

On behalf of the Board, I would like to extend my heartfelt gratitude to all shareholders, customers and business partners of the Company for their continuing support to the Group. I wish to also express my appreciation to the Group's directors, management and staff for their contributions and commitment to the Group over last year.

Wu Hao

Chairman and Executive Director

Hong Kong, 26 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

The sales turnover of the Group dropped by 15.5% from HK\$67.6 million to HK\$57.1 million for the year ended 31 March 2015 (the "Review Period"). Although the gross profit margin increased slightly from 10.9% to 12.6% during the Review Period, the gross profit reduced from HK\$7.4 million to HK\$7.2 million due to the shrinkage of sales turnover during the Review Period.

The Group recorded a net loss of HK\$22.2 million for the Review Period (2014: net loss of HK\$20.0 million). Basic loss per share were 7.7HK cents (2014: basic loss per share were 7.3HK cents).

Business Review

The overall demand for fine jewelry in the PRC dropped significantly in the Review Period due to the slowdown of economic development and poor consumption sentiment in the PRC. Although a slight increase in the gross profit margin was recorded due to the adoption of certain cost control measures and enhancement of production efficiency, the harsh operating environment has driven the sales turnover down by 15.5%.

We believe that the fine jewelry market in the PRC will continue to be challenging in the coming year. To cope with this unfavourable business environment, we will continue to adopt a prudent approach to minimize our direct and indirect cost for a better result. Apart from maintaining our competitiveness in the PRC fine jewelry market, during the year, we have allocated additional resources for exploring potential investment opportunities.

Prospects

We believe that the upcoming year will still be a great challenge for the Company. The jewelry business in the PRC shows a difficult path ahead and with fierce competition. We find it uneasy to establish a stable customer base, leave alone expanding it. In order to go through the hard time, stringent cost control will continue to be adopted.

The Group will continuously monitor and review its business operations and financial position for the purpose of formulating business plans and strategies for its future business development. In regards to the market situation, we will consider and closely look for opportunities for fund raising activities from time to time with a view to expanding our total asset value base. Should suitable investment or business opportunities arise, the Group may consider diversifying its business with an objective to broaden its income source.

Liquidity and Financial Resources

As at 31 March 2015, the Group's net current assets and current ratio stood at HK\$23.1 million and 2.9 respectively (2014: HK\$13.5 million and 1.5 respectively). Net gearing ratio (total interest bearing borrowings net of cash at banks and in hand as a percentage of total equity) was nil as at 31 March 2015 (2014: Nil).

The Group had no bank borrowings as at 31 March 2015 (2014: Nil). The Group had no banking facilities and none of the Group's assets were pledged to banks to secure any banking facilities as at 31 March 2015 (2014: Nil).

As at 31 March 2015, the Group's cash at banks and in hand amounted to HK\$14.8 million (2014: HK\$13.4 million).

Charges on Group Assets

As at 31 March 2015, the Group did not have any charges on the Group's assets (2014: Nil).

Capital Structure

For the year ended 31 March 2015, the Group financed its liquidity requirements through cash flow as generated from operation and loan from a controlling shareholder.

Capital Commitment and Contingent Liabilities

As at 31 March 2015, the Group did not have any capital commitments (2014: Nil) and had HK\$2.2 million of operating lease commitments (2014: HK\$4.2 million).

As at 31 March 2015, the Group did not have any significant contingent liabilities (2014: Nil).

Fund Raising Activities

During the Review Period, the Company did not conduct any fund raising activities.

Material Acquisition and Disposal

During the Review Period, there was no material acquisition or disposal (including the acquisition or disposal of subsidiaries and associated companies).

Staff and Remuneration Policy

As at 31 March 2015, the Group had a total of 39 employees (2014: 51). Staff costs for the year under review was HK\$17.7 million, representing a slight increase of 0.6% as compared to 2014 of HK\$17.6 million. The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees. Other benefits include share option scheme and contribution to statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

Foreign Exchange Fluctuation and Hedges

Currently, the Group was principally based in the PRC and was not significantly exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transaction and recognized assets and liabilities. While the Group would closely monitor the volatility of the Renminbi exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2015, no forward foreign currency contracts are designated in hedging accounting relationships (2014: Nil).

DIRECTORS AND COMPANY SECRETARY

Executive Directors

Mr. Wu Hao, aged 41, is our chairman and an executive Director. He joined the Group in 2012 and is responsible for overall strategic planning and development. In 2008, Mr. Wu Hao joined Xinjiang Lian Rui Mining Company Limited* (新疆聯瑞礦業有限公司), which is principally engaged in mining resources business, and was appointed as its vice chairman in 2009. Mr. Wu Hao graduated in legal professional studies from Correspondence Institute of Party School of the Central Committee of Communist Party of China* (中共中央黨校函授學院) in 2002.

Mr. Hu Yangjun, aged 41, is an executive Director. He joined the Group in 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yangjun has corporate management experience in information technology and international trade and has worked in Zhejiang Orient Group* (浙江東方集團) and Zhejiang Ju Neng Dongfang Holdings Company Limited* (浙江巨能東方控股有限公司). Mr. Hu Yangjun was an executive director of Zheda Lande Scitech Limited (stock code: 8106) and Neo Telemedia Limited (stock code: 8167), of which the issued shares of both companies are listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Hu Yangjun is currently a member of All-China Youth Federation. Mr. Hu Yangjun graduated from Anhui Normal University.

Mr. Hu Yishi, aged 39, is an executive Director. He joined the Group in 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yishi has experience in China affairs and business. Mr. Hu Yishi is a non-executive director and the chairman of Kai Yuan Holdings Limited (stock code: 1215), the issued shares of which are listed on the Stock Exchange. Mr. Hu Yishi was previously an executive director of China Pipe Group Limited (stock code: 380) and Sun Media Group Holdings Limited (now known as Up Energy Development Group Limited (stock code: 307)), the issued shares of both companies are listed on the Stock Exchange. Mr. Hu Yishi graduated from Shanghai International Tourism Vocational Technology School.

Mr. Chan Wing Yuen, Hubert ("Mr. Hubert Chan"), aged 57, is our chief executive and an executive Director. He joined the Group in 2011 and is responsible for business policy formulation and execution. Mr. Hubert Chan is a member of the Chinese People's Political Consultative Conference — Heilongjiang Province Committee in the PRC. Mr. Hubert Chan spent over ten years with the Stock Exchange. Mr. Hubert Chan has been an executive director of Noble House (China) Holdings Limited (stock code: 8246) since August 2014, the issued shares of which are listed on the GEM of the Stock Exchange, and an independent non-executive director of Tian Ge Interactive Holdings Limited (stock code: 1980) since June 2014, the issued shares of which are listed on the Stock Exchange. Mr. Hubert Chan was a director of Guangdong Investment Limited (stock code: 270), Rising Development Holdings Limited (now known as China Smarter Energy Group Holdings Limited (stock code: 1004)), Interchina Holdings Company Limited (now known as EverChina Int'l Holdings Company Limited) (stock code: 202) and China Pipe Group Limited (stock code: 380), all companies of which shares are listed on the Stock Exchange. Mr. Hubert Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Hubert Chan is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and is also a member of the Hong Kong Securities Institute and the Hong Kong Institute of Directors.

* translation for identification purpose only

Ms. Kwong Wai Man, Karina (“Ms. Karina Kwong”), aged 45, is our chief financial officer and an executive Director. She joined the Group in 2013. Ms. Karina Kwong holds a bachelor’s degree in business administration from the Simon Fraser University, Canada, and is a member of the American Institute of Certified Public Accountants and Hong Kong Securities and Investment Institute. Ms. Karina Kwong has been an executive director of Noble House (China) Holdings Limited (stock code: 8246) since August 2014, the issued shares of which are listed on the GEM of the Stock Exchange. Ms. Karina Kwong has extensive experience in accounting, financial management and corporate finance. Ms. Karina Kwong worked for sizable organizations in various industries as senior executives in both Canada and Hong Kong. Ms. Karina Kwong was an executive director of Sheng Yuan Holdings Limited (stock code: 851) and Kai Yuan Holdings Limited (stock code: 1215), the shares of both companies are listed on the Stock Exchange. Ms. Karina Kwong had previously served as an executive director and non-executive director of Grandmass Enterprise Solution Limited (now known as Grand Peace Group Holdings Limited (stock code: 8108)), the shares of which is listed on the GEM of the Stock Exchange. Ms. Karina Kwong has resigned as the executive director of Sheng Yuan Holdings Limited (stock code: 851) with effect from 1 August 2014.

Non-executive Director

Mr. Li Wei Qi, Jacky (“Mr. Jacky Li”), aged 43, was appointed as a non-executive Director in November 2011. Mr. Jacky Li has experience in the financial services field. Mr. Jacky Li is currently vice president of the marketing department of Emperor Bullion Investments (Asia) Limited, Emperor Futures Limited, Emperor Securities Limited and Emperor Wealth Management Limited. Mr. Jacky Li is a licensed representative under the Securities and Futures Ordinance (the “SFO”) to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities, a licensed representative of the Professional Insurance Brokers Association to carry on long term insurance (including linked long term insurance) and general insurance regulated activities, a licensed representative of the Mandatory Provident Fund Schemes Authority to carry on related regulated activities and an account executive registered with The Chinese Gold & Silver Exchange Society. Mr. Jacky Li was previously vice president of the marketing department of Tanrich Futures Limited and was a person licensed by the Securities and Futures Commission for dealing and advising in futures contracts and asset management.

Independent Non-executive Directors

Mr. Wu Chi Keung (also known as Mr. Edward Wu), aged 58, was appointed as an independent non-executive Director in November 2011. Mr. Edward Wu has experience in the financial audit field and was a partner of Deloitte Touche Tohmatsu. Mr. Edward Wu is currently an independent non-executive director of Huabao International Holdings Limited (stock code: 336), China Medical System Holdings Limited (stock code: 867), YuanShengTai Dairy Farm Limited (stock code: 1431) and Jinchuan Group International Resources Co., Ltd (stock code: 2362) respectively, all companies of which shares are listed on the Stock Exchange. He was also an independent non-executive director of China Renji Medical Group Limited (stock code: 648), JF Household Furnishings Limited (stock code: 776), GreaterChina Professional Services Limited (stock code: 8193) and Link Holdings Limited (stock code: 8237), the shares of all the companies are listed on the Stock Exchange. Mr. Edward Wu graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in accountancy. He is an associate of the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Edward Wu has been appointed as the independent non-executive director of Link Holdings Limited (stock code: 8237) with effect from 20 June 2014. He has resigned as the independent non-executive director of GreaterChina Professional Services Limited (stock code: 8193), China Renji Medical Group Limited (stock code: 648) and Link Holdings Limited (stock code: 8237) with effect from 2 July 2014, 15 July 2014 and 3 October 2014 respectively.

Mr. Heung Chee Hang, Eric ("Mr. Eric Heung"), aged 47, was appointed as an independent non-executive Director in November 2011. Mr. Eric Heung is a practising solicitor in Hong Kong. Mr. Eric Heung is currently a partner of Tung, Ng, Tse & Heung, Solicitors and is an independent non-executive director of China Environmental Resources Group Limited (stock code: 1130), a company of which shares are listed on the Stock Exchange. He was also an independent non-executive director of Gold Tat Group International Limited (stock code: 8266), a company of which shares are listed on the GEM of the Stock Exchange. Mr. Eric Heung graduated with a degree in laws from the University of Leicester, England and was admitted as a solicitor of the Supreme Court of Hong Kong. Mr. Eric Heung has been appointed as the independent non-executive director of China Environmental Resources Group Limited (stock code: 1130) with effect from 16 January 2015. He has resigned as the independent non-executive director of Gold Tat Group International Limited (stock code: 8266) with effect from 3 March 2015.

Ms. Kwok Pui Ha (also known as Ms. Tracy Kwok), aged 46, was appointed as an independent non-executive Director in November 2011. Ms. Tracy Kwok is the group financial controller of CITIC International Assets Management Limited, a private equity investment and asset management company. Ms. Tracy Kwok had worked with Deloitte Touche Tohmatsu and has experience in financial management and accounting with companies the shares of which are listed on the Stock Exchange. Ms. Tracy Kwok graduated with a bachelor degree in accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong) and is a fellow member of the HKICPA, an Associate of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Securities Institute.

Company Secretary

Mr. Ng Kwok Kit (also known as Mr. Eric Ng), aged 30, is the financial controller and company secretary of the Group (the "Company Secretary"). He joined the Group in 2012 and is responsible for the financial and accounting and company secretarial matters of the Group. Mr. Eric Ng graduated with a bachelor degree in finance from the Hong Kong Baptist University. Mr. Eric Ng is a member of the HKICPA. He had worked with Deloitte Touche Tohmatsu and has over 8 years' experience in auditing and accounting.

REPORT OF THE DIRECTORS

Directors of the Company are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2015.

Principal Activities

The Group is principally engaged in the design, manufacture and wholesale of fine jewelry products in the PRC. The principal activities of the Company's subsidiaries are set out in note 1 to the financial statements.

Results and Dividends

The results of the Group for the year ended 31 March 2015 and the state of affairs of the Group as at that date are set out in the financial statements on pages 28 to 64 of this Annual Report.

The Board did not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: Nil).

Closure of Register of Members

The register of members will be closed from Friday, 4 September 2015 to Tuesday, 8 September 2015 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the forthcoming annual general meeting to be held on 8 September 2015 (the "Annual General Meeting"), all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 2 September 2015, since Thursday, 3 September 2015 was declared to be a public holiday.

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 65 of this Annual Report.

Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Subsidiaries

Particulars of the Group's principal subsidiaries are set out in note 25 to the financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 13 to the financial statements.

Borrowings

The Group had no bank borrowings and no banking facilities as at 31 March 2015.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 19 to the financial statements.

Directors

The Directors during the year and up to the date of this Annual Report are:

Executive Directors:

Mr. Wu Hao (*Chairman*)

Mr. Hu Yangjun

Mr. Hu Yishi

Mr. Chan Wing Yuen, Hubert (*Chief Executive*)

Ms. Kwong Wai Man, Karina (*Chief Financial Officer*)

Non-executive Director:

Mr. Li Wei Qi, Jacky

Independent non-executive Directors:

Mr. Wu Chi Keung

Mr. Heung Chee Hang, Eric

Ms. Kwok Pui Ha

In accordance with Article 87 of the articles of association of the Company, Mr. Chan Wing Yuen, Hubert, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha shall retire from office by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

The biographical details of the Directors are set out under the section "Directors and Company Secretary" of this Annual Report.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") from each of the independent non-executive Directors and the Company considers such Directors to be independent.

Directors' Service Contracts

None of the Directors proposed for re-election at the 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.

Directors' Emoluments

Details of the remuneration of the Directors for the year ended 31 March 2015 are set out in note 10 to the financial statements.

Share Option Scheme

The Group has approved and adopted a share option scheme on 26 February 2007 for the Directors, its employees and other eligible participants with a view to provide an incentive to or as a reward for their contribution to the Group.

Details of the share option scheme and the calculation of the fair value of the Share Options are set out in note 20 to the financial statements. Details of the movements of share options granted, exercised or lapsed during the year under review and outstanding as at 31 March 2015 are as follows:

	Number of share options					Exercise period (both dates inclusive)	Exercise price HK\$	Closing price immediately before the date of grant HK\$
	At 1 April 2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2015			
Directors:								
Mr. Wu Hao	2,736,000	—	(2,736,000)	—	—	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Hu Yangjun	2,736,000	—	(2,736,000)	—	—	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Hu Yishi	2,736,000	—	(2,736,000)	—	—	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Chan Wing Yuen, Hubert	2,736,000	—	—	—	2,736,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Li Wei Qi, Jacky	2,736,000	—	(2,736,000)	—	—	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Wu Chi Keung	270,000	—	—	—	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Heung Chee Hang, Eric	270,000	—	—	—	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Ms. Kwok Pui Ha	270,000	—	—	—	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Total Directors	14,490,000	—	(10,944,000)	—	3,546,000			
Employees	4,150,000	—	(3,800,000)	(50,000)	300,000	27 June 2012 to 30 December 2016	1.53	1.53
Total Employees	4,150,000	—	(3,800,000)	(50,000)	300,000			
Other Grantees	5,400,000	—	(5,400,000)	—	—	27 June 2012 to 30 December 2016	1.53	1.53
Total Other Grantees	5,400,000	—	(5,400,000)	—	—			
Total All Categories	24,040,000	—	(20,144,000)	(50,000)	3,846,000			

Directors' Interests in Contracts of Significance

Save as disclosed in the section headed connected transactions below, no contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests and Short Positions in Shares

As at 31 March 2015, the interests and short positions of the Directors and their associates in the shares and underlying shares of the Company (the "Shares") as recorded in the register to be kept under Section 352 of the SFO were as follows:

Long Positions

Ordinary Shares of HK\$0.01 each

Name of Director	Capacity	Number of issued ordinary Shares held (Including underlying shares) (Note 1)	Percentage of the issued ordinary share capital of the Company
Mr. Hu Yangjun	(Note 2)	207,454,000	70.62%
Mr. Hu Yishi	(Note 3)	207,454,000	70.62%
Mr. Wu Hao		2,736,000	0.93%
Mr. Chan Wing Yuen, Hubert	(Note 4)	2,736,000	0.93%
Mr. Li Wei Qi, Jacky		2,736,000	0.93%
Mr. Wu Chi Keung	(Note 5)	270,000	0.09%
Mr. Heung Chee Hang, Eric	(Note 5)	270,000	0.09%
Ms. Kwok Pui Ha	(Note 5)	270,000	0.09%

Notes:

- (1) The share options granted by the Company to Directors which are outstanding as shown under the section "Share Option Scheme" of this Annual Report have been included in the long positions of respective Directors.
- (2) Mr. Hu Yangjun had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited ("Resources Rich"), a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.
- (3) Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.
- (4) Mr. Chan Wing Yuen, Hubert had a direct interest of 2,736,000 Shares which are outstanding share options granted by the Company to subscribe for 2,736,000 Shares at exercise price of HK\$1.53 per Share.
- (5) Each of Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha had a direct interest of 270,000 Shares which are outstanding share options granted by the Company to subscribe for 270,000 Shares at exercise price of HK\$1.53 per Share.

Save as disclosed above, as at 31 March 2015, no interest and short position in the Shares or underlying Shares were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executives of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Save as disclosed above, at no time during the year was the Company or its holding companies, or any of its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Connected Transactions

No connected transaction has been conducted during the year.

Substantial Shareholders' Interests and Short Positions in Shares

As at 31 March 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors and their associates, the following shareholders have notified the Company of relevant interests in the issued share capital of the Company:

Long Positions

Ordinary Shares of HK\$0.01 each

Name of Shareholder	Capacity	Number of issued ordinary Shares held	Percentage of the issued ordinary share capital of the Company
Resources Rich	(Note 1)	204,718,000	69.69%
Mr. Hu Yangjun	(Note 2)	207,454,000	70.62%
Mr. Hu Yishi	(Note 3)	207,454,000	70.62%
Ms. Zhang Qi	(Note 4)	207,454,000	70.62%
Ms. Lin Min, Mindy	(Note 5)	207,454,000	70.62%

Notes:

- (1) 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.
- (2) Mr. Hu Yangjun had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.
- (3) Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.
- (4) Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the 207,454,000 Shares which Mr. Hu Yangjun is interested in pursuant to the SFO.
- (5) Ms. Lin Min, Mindy is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the 207,454,000 Shares which Mr. Hu Yishi is interested in pursuant to the SFO.

Save as disclosed above, as at 31 March 2015, no other parties, other than the Directors whose interests are set out in the section “Directors’ Interests and Short Positions in Shares” above, had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Refreshment of Scheme Mandate Limit under the Share Option Scheme

The Company adopted a share option scheme (the “Share Option Scheme”) pursuant to a written resolution of the sole shareholder of the Company passed on 26 February 2007 (the “Date of Adoption”). The Share Option Scheme will remain in force for a period of 10 years from the Date of Adoption. The purpose of the Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

The refreshment of the Share Option Scheme mandate limit was approved by the Shareholders at the extraordinary general meeting held on 13 February 2015 (the “EGM”), based on 293,754,000 Shares in issue as at the date of the EGM, the Company was allowed to grant further options under the Share Option Scheme of up to a total of 29,375,400 Share Options, representing 10% of the Shares in issue as at the date of EGM. Share options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme) will not be counted for the purpose of calculating the Share Option Scheme Mandate Limit as “refreshed”. As at 31 March 2015, apart from the Share Option Scheme, the Company had no other share option scheme in force.

Major Customers and Suppliers

Analysis of the percentages of purchases and sales for the year ended 31 March 2015 attributable to the Group’s major suppliers and customers are as follows:

Purchases

— the largest supplier	43%
— five largest suppliers combined	94%

Sales

— the largest customer	14%
— five largest customers combined	51%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company’s share capital) had an interest in the major suppliers or customers noted above.

Purchase, Sale or Redemption of the Company’s Listed Shares

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed shares during the year ended 31 March 2015.

Employee Retirement Benefit

Particulars of the retirement scheme of the Group are set out in note 23 to the financial statements.

Corporate Governance

A report on the principal corporate governance practice adopted by the Company is set out in pages 17 to 25 of this Annual Report.

Pre-Emptive Rights

There are no pre-emptive or similar rights under the Cayman Island law or the memorandum and articles of association of the Company which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

As at the date of this Annual Report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

Directors' Interest in Competing Business

As at 31 March 2015, none of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

Auditor

The financial statements have been audited by Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Annual General Meeting to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wu Hao

Chairman and Executive Director

Hong Kong, 26 June 2015

CORPORATE GOVERNANCE REPORT

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize effective internal control, accountability and transparency of the Board and are adopted in the best interest of the Company and its shareholders.

Compliance with the Corporate Governance Code

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Listing Rules. The Company has applied the principles and complied with all the applicable code provisions set out in the Code throughout the year ended 31 March 2015 except for the deviation from code provision A.6.7 as explained below.

Directors’ Attendance

Under code provision A.6.7, independent non-executive Directors and non-executive Director should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to other business engagement and work commitments, one of the independent non-executive Directors and a non-executive Director were unable to attend the EGM and one of the independent non-executive Directors was unable to attend the Company’s annual general meeting held on 22 August 2014.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2015. The details of the interests and short positions of the Directors and their associates in the Shares are set out in the “Report of the Directors”.

Board of Directors

The Board sets directions and formulates overall strategies of the Group, monitors its overall performance and maintains effective supervision over the management running the Group through relevant committees of the Board. In particular, the Board oversees the implementation of strategies by management, reviews the operational and financial performance, and provides oversight to ensure that a sound system of internal control and risk management is in place. Each director ensures that he/she carries out his/her duties in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interest of the Company and its shareholders at all times.

Board Composition

As at the date of this report, the Board comprises nine Directors, including five executive Directors, namely, Mr. Wu Hao (*Chairman*), Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert and Ms. Kwong Wai Man, Karina; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. Biographical details of the Directors are set out under the section headed “Directors and Company Secretary” on pages 7 to 9 of this Annual Report.

The composition of the Board is in accordance with the requirement of rule 3.10 of the Listing Rules. There are three independent non-executive Directors and two of them have accounting professional qualification. One-third of the members of the Board are independent non-executive Directors.

All the independent non-executive Directors have confirmed in writing to the Company that they have met all the guidelines for assessing their independence as set out in rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

Terms of Service Contract of Directors

Mr. Chan Wing Yuen, Hubert, chief executive and an executive Director, has entered into a service contract with the Company with a fixed term of one year, which will be renewed automatically if no objection is raised by both parties. The non-executive Director and independent non-executive Directors are appointed for a fixed term of one year and will be renewed automatically if no objection is raised by both parties, with annual remuneration fixed at HK\$200,000, which is determined with reference to market conditions and the contributions to be made to the Group.

Relationships between Directors

Mr. Wu Hao, the Chairman and an executive Director, is a cousin of Mr. Hu Yangjun and also a cousin of Mr. Hu Yishi, both being executive Directors. Mr. Hu Yangjun is the cousin of Mr. Hu Yishi. To the best knowledge of the Company, save as disclosed herein, during the year, none of the other present Directors has or maintained any financial, business, family or other material, relevant relationship with any of the other Directors.

Directors’ Training

All Directors, namely Mr. Wu Hao, Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert, Ms. Kwong Wai Man, Karina, Mr. Li Wei Qi, Jacky, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha have participated in continuous professional development to develop and refresh their knowledge and skills through suitable trainings. These trainings included but are not limited to online debriefs regarding taxation, compliance, and global economic development. The participation in such trainings is to ensure that their contribution to the Board remains informed and relevant.

Board and General Meetings

During the year, four full board meetings and two general meetings were held and the attendance of each Director is set out as follows:

Name	Attendance/Number of meetings	
	Board meetings	General meetings
Executive Directors		
Mr. Wu Hao	4/4	2/2
Mr. Hu Yangjun	4/4	0/2
Mr. Hu Yishi	4/4	0/2
Mr. Chan Wing Yuen, Hubert	4/4	2/2
Ms. Kwong Wai Man, Karina	4/4	2/2
Non-executive Director		
Mr. Li Wei Qi, Jacky	4/4	1/2
Independent non-executive Directors		
Mr. Wu Chi Keung	4/4	2/2
Mr. Heung Chee Hang, Eric	4/4	1/2
Ms. Kwok Pui Ha	4/4	1/2

The Roles of the Chairman and Chief Executive

According to code provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The chairman of the Board (the "Chairman") is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner while the chief executive is responsible for running the Group's business and the implementation of the approved strategies of the Group. At present, Mr. Wu Hao serves as the Chairman, while Mr. Chan Wing Yuen, Hubert serves as the chief executive of the Group.

Delegation by the Board

The Board has set up three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee for overseeing particular aspects of the Company's affairs.

The 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 expense.

Audit Committee

The Audit Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Audit Committee conforms to the requirements laid down in the Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. Mr. Wu Chi Keung is the chairman of the Audit Committee who is an associate of the HKICPA and experienced in the financial auditing field. Mr. Wu Chi Keung was a partner of Deloitte Touche Tohmatsu.

The primary functions of the Audit Committee include reviewing the financial statements and reports and considering any significant or unusual items, reviewing the effectiveness of the Group's financial reporting processes and adequacy of internal control system, reviewing the risk management system and associated procedures, reviewing the scope and nature of the audit carried out by the Company's auditor. The Audit Committee meets at least twice a year to discuss any issues from the audit and any other matters the external auditor may wish to raise. The Audit Committee has reviewed the Group's annual results for the year ended 31 March 2015.

During the year, three meetings were held and the attendance of each member is set out as follows:

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Mr. Wu Chi Keung	3	3
Mr. Heung Chee Hang, Eric	3	3
Ms. Kwok Pui Ha	3	3

The following is a summary of work performed by the Audit Committee during the year:

1. Reviewed with the management and external auditor of the Company the accounting principles and practices adopted by the Group, the audited financial statements for the year ended 31 March 2014, the effectiveness of the system of internal control of the Company and recommended them to the Board for review and approval;
2. Reviewed with the management of the Company the accounting principles and practices adopted by the Group, discussed the unaudited interim financial statements for the six months ended 30 September 2014 and recommended them to the Board for review and approval;
3. Reviewed with the management of the Company the accounting principles and practices adopted by the Group for the year ended 31 March 2015; and
4. Reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, their independence and objectivity and made recommendation to the Board on the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company.

Remuneration Committee

The Remuneration Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Remuneration Committee conforms to the requirements laid down in the Code. The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Wu Chi Keung, as chairman, and Mr. Heung Chee Hang, Eric; and one executive Director, namely Mr. Chan Wing Yuen, Hubert. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration structure for all Directors and senior management of the Group. The annual emoluments payable to Directors were recommended by the Remuneration Committee, with a view to recruit and retain high-calibre personnel that are valuable to the Group, by making reference to the experience, responsibilities and duties as well as the prevailing market conditions. Details of Directors' remuneration for the year ended 31 March 2015 are set out in note 10 to the financial statements.

During the year, three meetings were held and the attendance of each member is set out as follows:

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Mr. Wu Chi Keung	2	2
Mr. Heung Chee Hang, Eric	2	2
Mr. Chan Wing Yuen, Hubert	2	2

The following is a summary of work performed by the Remuneration Committee during the year:

1. Reviewed the policy for the remuneration of executive Directors;
2. Assessed performance of executive Directors;
3. Reviewed the terms of executive Director's service contract;
4. Made recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

Nomination Committee

The Nomination Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The Nomination Committee comprises two independent non-executive Directors, namely Mr. Wu Chi Keung, as chairman and Ms. Kwok Pui Ha; and one executive director, namely Mr. Chan Wing Yuen, Hubert.

The primary functions of the Nomination Committee include making recommendations to the Board on appointment of Directors and reviewing the structure, size and composition of the Board on a regular basis.

During the year, two meetings were held and the attendance of each member is set out as follows:

Name	Number of meeting(s) held while being a Director	Number of meeting(s) attended
Mr. Wu Chi Keung	2	2
Ms. Kwok Pui Ha	2	2
Mr. Chan Wing Yuen, Hubert	2	2

The following is a summary of work performed by the Nomination Committee during the year:

1. Reviewed the policy for the nomination of Directors and senior management;
2. Adopted the nomination procedures and the process and criteria to select and recommend candidates for directorship;
3. Reviewed the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board;
4. Recommended to the Board the re-appointment of Mr. Hu Yangjun and Mr. Hu Yishi as executive Directors; and Mr. Wu Chi Keung as non-executive Director;
5. Established the board diversity policy to achieve diversity on the Board; and
6. Assessed the independence of the independent non-executive Directors.

Nomination Criteria and Procedures

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and to support the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and potential contribution that the selected candidates will bring to the Board and the Company.

The Nomination Committee will monitor the implementation of this policy and will from time to time review this policy, as appropriate, to ensure the effectiveness of this policy. The Nomination Committee will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Nomination Committee considers the current Board's composition satisfies the diversification requirements. This policy is published on the Company's website for public information.

Internal Control System

The Board acknowledges its responsibility for maintaining the Group's internal control system to safeguard shareholders' investment and for reviewing the effectiveness of such on an annual basis under Code provision C.2.1.

The Board has the overall responsibility for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes a well-defined management structure with limits of authority which is designed for the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and to ensure compliance with relevant legislations and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage the risks of failure in the Group's operational systems and in the achievement of the Group's objectives.

The Board periodically conducts review of the effectiveness of the system of internal controls, covering all material controls including financial, operational and compliance controls and risk management functions. Resources, qualifications and experience of the Group's accounting staff and financial reporting function, and their training programmes and budget are considered by the Board from time to time.

Inside Information and Disclosure

The Company is committed to promoting consistent disclosure practices aiming at timely, accurate, complete, and broadly disseminated disclosure of inside information about the Group to the market. The Board is responsible for coordinating all communications with investors, analysts and other members of the investment community and that any such communications does not contain inside information. Generally, no employee or director may disclose, discuss or share inside information about the Company that has not been released to the public with outside parties. However, the Company must, as soon as reasonably practicable after any inside information has come to its knowledge, disclose the information to the public unless the information falls within any of the "safe harbours" provisions under the SFO and satisfy the conditions.

Connected Transactions

No connected transaction or continuing connected transaction has been conducted during the year.

Communications with Shareholders

The Company has adopted the shareholder communication policy and the procedures for shareholders to propose a person for election as director to ensure that our shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable them to exercise their rights in an informed manner and to allow them to engage actively with the Company.

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by the procedures set out in the preceding paragraph.

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal office address at 23/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

During the year under review, the Company has not made any changes to its articles of association. An up to date version of the Company's articles of association is also available on the websites of the Company and the Stock Exchange.

Directors' and Auditor's Acknowledgement

Directors acknowledge their responsibilities for the preparation of financial statements for the year under review, which give a true and fair view of the state of affairs of the Group at the end of the year under review and of the results and cash flows for that year. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relatively to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement issued by the auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 26 to 27 of this Annual Report.

Management Function

The Company's articles of association set out matters which are specifically reserved to the Board for its decision. The management team meets together regularly to review and discuss with executive Directors on day-to-day operational issues, financial and operating performance as well as to monitor and ensure the management is carrying out the directions and strategies set by the Board properly.

Auditor's Remuneration

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor, Deloitte Touche Tohmatsu, for the year ended 31 March 2015 is as follows:

Nature of services	Amount HK\$'000
Audit services	450
Non-audit services — Interim Review	123
Non-audit services — Tax Compliance Services	15

Company Secretary

Mr. Eric Ng has been appointed as the Company Secretary since 1 September 2012. Mr. Eric Ng reports to the chief executive of the Group directly and is responsible to the Board for ensuring that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully apprised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

According to the Rule 3.29 of the Listing Rules, Mr. Eric Ng has taken no less than 15 hours of relevant professional training for the financial year ended 31 March 2015.

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF ZHONG FA ZHAN HOLDINGS LIMITED

中發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Zhong Fa Zhan Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 64, which comprise the consolidated statement of financial position as at 31 March 2015, 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 engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2015 and its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Revenue	6	57,092	67,591
Cost of sales		(49,870)	(60,206)
Gross profit		7,222	7,385
Other income		402	602
Other gains and losses	7	190	195
Distribution costs		(5,910)	(7,162)
Administrative expenses		(24,058)	(21,210)
Loss before taxation		(22,154)	(20,190)
Income tax credit	8	—	198
Loss for the year	9	(22,154)	(19,992)
Other comprehensive (expense) income for the year			
Item that will not be reclassified subsequently to profit or loss			
Exchange differences arising on translation to presentation currency		(466)	637
Total comprehensive expense for the year		(22,620)	(19,355)
Loss per share	11		
Basic and diluted (HK cents)		(7.69)	(7.31)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment	13	2,384	3,278
Rental deposits		—	501
		2,384	3,779
Current assets			
Inventories	14	11,607	14,578
Trade receivables	15	7,605	12,235
Other receivables, deposits and prepayments	15	1,487	1,402
Bank balances and cash	16	14,758	13,372
		35,457	41,587
Current liabilities			
Trade payables	17	2,110	8,840
Other payables and accruals	17	3,288	3,631
Loan from a controlling shareholder	18	6,953	15,605
		12,351	28,076
Net current assets			
		23,106	13,511
		25,490	17,290
Capital and reserves			
Share capital	19	2,938	2,736
Reserves		22,552	14,554
		25,490	17,290

The consolidated financial statements on pages 28 to 64 were approved and authorised for issue by the Board of Directors on 26 June 2015 and are signed on its behalf by:

DIRECTOR

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Properties revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2013	2,736	32,243	16,381	551	7,410	(22,676)	36,645
Loss for the year	—	—	—	—	—	(19,992)	(19,992)
Exchange differences arising on translation to presentation currency	—	—	—	—	637	—	637
Total comprehensive income (expense) for the year	—	—	—	—	637	(19,992)	(19,355)
Transfer between reserves upon disposal of the property	—	—	—	(551)	—	551	—
Transfer upon lapse of share options	—	—	(34)	—	—	34	—
At 31 March 2014	2,736	32,243	16,347	—	8,047	(42,083)	17,290
Loss for the year	—	—	—	—	—	(22,154)	(22,154)
Exchange differences arising on translation to presentation currency	—	—	—	—	(466)	—	(466)
Total comprehensive expense for the year	—	—	—	—	(466)	(22,154)	(22,620)
Transfer upon lapse of share options	—	—	(34)	—	—	34	—
Issue of shares under upon exercise of share options	202	44,316	(13,698)	—	—	—	30,820
At 31 March 2015	2,938	76,559	2,615	—	7,581	(64,203)	25,490

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(22,154)	(20,190)
Adjustments for:		
Interest income	(26)	(25)
Depreciation of property, plant and equipment	1,326	1,135
Loss (gain) on disposal of property, plant and equipment	55	(419)
Operating cash flows before movements in working capital	(20,799)	(19,499)
Decrease in inventories	2,660	4,461
Decrease (increase) in trade receivables	4,404	(2,159)
Decrease in other receivables, deposits and prepayment	416	1,413
Decrease in trade payables	(6,623)	(4,569)
(Decrease) increase in other payables and accruals	(343)	1,317
NET CASH USED IN OPERATING ACTIVITIES	(20,285)	(19,036)
INVESTING ACTIVITIES		
Interest received	26	25
Purchase of property, plant and equipment	(904)	(3,168)
Proceeds on disposal of property, plant and equipment	400	12,001
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(478)	8,858
FINANCING ACTIVITIES		
Advance from a controlling shareholder	4,000	15,605
Repayment to a controlling shareholder	(12,410)	—
Proceeds from exercise of share options	30,820	—
NET CASH FROM FINANCING ACTIVITIES	22,410	15,605
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,647	5,427
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	13,372	7,552
Effect of foreign exchange rate changes	(261)	393
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	14,758	13,372

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. General

The Company is a public limited company incorporated in the Cayman Islands as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and ultimate holding company is Resources Rich Capital Limited (“RRCL”), a company incorporated in the British Virgin Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is 23rd Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry design, manufacture and wholesale business in the People’s Republic of China (“PRC”) (excluding Hong Kong).

The functional currency of the Company is Renminbi (“RMB”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), as the Company’s shares are listed on the Stock Exchange, where most of its investors are located in Hong Kong.

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current year, the Group has applied the following amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) — INT 21	Levies

The application of the above amendments to HKFRSs and an interpretation 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.

For the year ended 31 March 2015

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments ³
HKFRS 15	Revenue from contracts with customers ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 — 2012 cycle ⁵
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 — 2013 cycle ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 — 2014 cycle ¹
Amendments to HKAS 1	Disclosure initiative ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ¹
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ¹
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ¹
Amendments to HKAS 19	Defined benefit plans: Employee contributions ⁴
Amendments to HKAS 27	Equity method in separate financial statements ¹

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2017.

³ Effective for annual periods beginning on or after 1 July 2018.

⁴ Effective for annual periods beginning on or after 1 July 2014.

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

For the year ended 31 March 2015

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 15 Revenue from contracts with customers

In July 2014, 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

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 adoption of HKFRS 15 in the future may have impacts on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, in the opinion of the directors, it is not practicable to provide a reasonable estimate of the effect for the application of HKFRS 15 until a detailed review has been completed.

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

For the year ended 31 March 2015

3. Significant Accounting Policies

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

The consolidated financial statements have been prepared on the historical cost basis except for leasehold land and buildings that were measured at fair values, 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.

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, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

For the year ended 31 March 2015

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

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.

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

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

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 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.

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 income can be measured reliably. Interest income 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.

For the year ended 31 March 2015

3. Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment other than leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purpose are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and impairment losses, if any.

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses, if any. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in properties revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated losses.

Depreciation is recognised so as to write off the cost or fair value 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 profit or loss.

For the year ended 31 March 2015

3. Significant Accounting Policies (Continued)

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 terms.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Foreign currencies

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

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

For the purpose 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\$) using exchange rates prevailing at the end of each reporting period. Income and expenses item are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Retirement benefit costs

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

For the year ended 31 March 2015

3. Significant Accounting Policies (Continued)

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 the “loss before tax” 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 deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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 deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

For the year ended 31 March 2015

3. Significant Accounting Policies (Continued)

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Loans and receivables

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

For the year ended 31 March 2015

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer and 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, they are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For loans and receivables carried at amortised cost, the amount of the impairment loss recognised 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 the loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade 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 a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

For the year ended 31 March 2015

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt 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 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 recognised at the proceeds received, net of direct issue costs.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables and loan from a controlling shareholder are subsequently measured at amortised cost, using the effective interest method.

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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

For the year ended 31 March 2015

3. Significant Accounting Policies (Continued)

Impairment losses on tangible assets

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) 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 as income immediately.

For the year ended 31 March 2015

3. Significant Accounting Policies (Continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted to employees at the grant date is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

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

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

Share options granted to consultants

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

4. Capital Risk Management

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, share premium and reserves.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the issuance of new shares and raising of new borrowings.

For the year ended 31 March 2015

5. Financial Instruments

Categories of financial instruments

	2015 HK\$'000	2014 HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	22,941	25,862
Financial liabilities		
Amortised cost	10,738	26,358

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and loan from a controlling shareholder. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments 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

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. It is the Group's policy to keep its bank balances at floating rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors of the Company consider the Group's exposure to interest rate risk relating to variable-rate bank balances is insignificant. Accordingly, no sensitivity analysis is presented.

For the year ended 31 March 2015

5. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Currency risk

The Group's major monetary assets and liabilities are denominated in the functional currencies of the respective group entities, except for certain balances denominated in HK\$ while the group entities have either United States dollar ("US\$") or RMB as their functional currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Functional currency as US\$ against HK\$	863	376	(1,216)	(127)
Functional currency as RMB against HK\$	9,108	6,720	(709)	(702)

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

For certain group entities whose functional currency is US\$ holding monetary assets and/or liabilities denominated in HK\$, the directors of the Company consider that, as HK\$ is pegged to US\$, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of HK\$ against US\$. Accordingly, no sensitivity analysis is presented below.

Sensitivity analysis

If HK\$ against RMB increases/decreases by 5%, with all other variables held constant, the Group's loss for the year would decrease/increase by approximately HK\$420,000 (2014: HK\$301,000). 5% is the sensitivity rate used by the management in the assessment of the reasonably possible change in the foreign exchange rate.

The directors of the Company consider that other than those mentioned above, the sensitivity of the Group's exposure against the changes in other foreign exchange rate is not significant as the foreign currency denominated monetary assets and liabilities of individual group entities were insignificant at the end of the reporting period.

For the year ended 31 March 2015

5. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

The Group's maximum exposure to credit risk, which will cause financial loss to the Group, in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial assets arises from the carrying amounts of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management 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. The management closely monitors the subsequent settlement of the debts and does not grant long credit period to customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has a concentration of credit risk, as 57% (2014: 43%) of the total trade receivables balance is due from the Group's major customer. The directors of the Group are of the opinion that the credit risk in respect of this customer is not material as continuous repayments from this customer are noted subsequent to the end of the reporting period.

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

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. 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 interest rate % per annum	Less than 1 year and total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 March 2015			
Trade payables	—	2,110	2,110
Other payables	—	1,675	1,675
Loan from a controlling shareholder	—	6,953	6,953
		10,738	10,738

For the year ended 31 March 2015

5. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate % per annum	Less than 1 year and total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 March 2014			
Trade payables	—	8,840	8,840
Other payables	—	1,913	1,913
Loan from a controlling shareholder	—	15,605	15,605
		26,358	26,358

Fair value

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

6. Revenue and Segment Information

Revenue

Revenue represents the amounts received and receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Segment information

The Group operates and manages its business as a single segment that includes primarily the jewelry design, manufacture and wholesale business. The executive directors, being the Group's chief operating decision makers, only review the revenue derived from customers in different geographical locations when making decisions about allocating resources and assessing performance of the Group. As no other discrete financial information is available for the assessment of performance of the different locations, no other segment information is presented.

For the year ended 31 March 2015

6. Revenue and Segment Information (Continued)

Geographical information

The Group's operations are currently carried out in the PRC (excluding Hong Kong), the country of domicile, and Hong Kong.

All the revenue was derived from external customers of jewelry design, manufacture and wholesale business located in the PRC (excluding Hong Kong) for both years.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	2015 HK\$'000	2014 HK\$'000
The PRC	528	728
HK	1,856	2,550
	2,384	3,278

Note: Non-current assets excluded rental deposits.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2015 HK\$'000	2014 HK\$'000
Customer A	5,730	12,462
Customer B	Note	12,223
Customer C	7,407	6,934
Customer D	8,060	Note

Note: The corresponding customer did not contribute more than 10% of the total sales of the Group.

For the year ended 31 March 2015

7. Other Gains and Losses

	2015 HK\$'000	2014 HK\$'000
(Loss) gain on disposal of property, plant and equipment	(55)	419
Net exchange gain (loss)	262	(224)
Others	(17)	—
	190	195

8. Income Tax Credit

The income tax credit for the year ended 2014 represented the release of deferred tax liability upon disposal of leasehold land and building.

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

No provision for Hong Kong Profits Tax had been made as the Group had no estimated assessable profit arising from Hong Kong for both years.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for the PRC Enterprise Income Tax ("EIT") has been made for the Group's PRC subsidiary as it has no estimated assessable profit for both years.

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:

	2015 HK\$'000	2014 HK\$'000
Loss before taxation	(22,154)	(20,190)
Taxation at the EIT rate of 25% (2014: 25%)	(5,539)	(5,048)
Tax effect of income not taxable for tax purpose	(53)	—
Tax effect of expenses not deductible for tax purpose	3,374	3,016
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,787	1,608
Tax effect of tax losses not recognised	515	424
Release of deferred tax liability upon disposal of leasehold land and building	—	198
Others	(84)	—
Income tax credit for the year	—	198

For the year ended 31 March 2015

9. Loss For the Year

	2015 HK\$'000	2014 HK\$'000
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	591	541
Depreciation of property, plant and equipment	1,326	1,135
Operating lease payments in respect of rented properties	2,491	2,113
Staff costs (including directors' remuneration):		
Salaries and allowances and benefits	16,844	16,648
Retirement benefit scheme contributions	877	905
	17,721	17,553
Cost of inventories recognised as an expense	44,472	54,439
Interest income	(26)	(25)
Gross rental income from leasing certain areas of leasehold land and buildings of which more than an insignificant portion is occupied and used by the Group	—	(114)
Less: Direct operating expenses incurred for leasehold land and buildings that generated rental income	—	78
	—	(36)

For the year ended 31 March 2015

10. Directors' and Chief Executive's Emoluments and Employees' Emoluments

Directors' and the chief executive's emoluments

For the year ended 31 March 2015

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors				
Wu Hao	200	—	—	200
Hu Yangjun	200	—	—	200
Hu Yishi	200	—	—	200
Chan Wing Yuen, Hubert	200	2,003	115	2,318
Kwong Wai Man, Karina (<i>Note</i>)	200	1,540	95	1,835
Non-executive director				
Li Wei Qi, Jacky	200	—	—	200
Independent non-executive directors				
Wu Chi Keung	200	—	—	200
Heung Chee Hang, Eric	200	—	—	200
Kwok Pui Ha	200	—	—	200
Total emoluments	1,800	3,543	210	5,553

For the year ended 31 March 2015

10. Directors' and Chief Executive's Emoluments and Employees' Emoluments (Continued)

Directors' and the chief executive's emoluments (Continued)

For the year ended 31 March 2014

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors				
Wu Hao	200	—	—	200
Hu Yangjun	200	—	—	200
Hu Yishi	200	—	—	200
Chan Wing Yuen, Hubert	200	2,036	105	2,341
Kwong Wai Man, Karina (<i>Note</i>)	117	513	33	663
Non-executive director				
Li Wei Qi, Jacky	200	—	—	200
Independent non-executive directors				
Wu Chi Keung	200	—	—	200
Heung Chee Hang, Eric	200	—	—	200
Kwok Pui Ha	200	—	—	200
Total emoluments	1,717	2,549	138	4,404

Note: Kwong Wai Man, Karina was appointed on 1 September 2013.

Chan Wing Yuen, Hubert is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remuneration during the year.

For the year ended 31 March 2015

10. Directors' and Chief Executive's Emoluments and Employees' Emoluments (Continued)

Employees' emoluments

Of the five highest paid individuals of the Group, two (2014: one) are directors of the Company whose emoluments are set out in disclosures above. The emoluments of the remaining three (2014: four) highest paid individual are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries and other benefits	3,597	4,298
Retirement benefit scheme contributions	171	206
	3,768	4,504

Their emoluments were within the following bands:

	2015 No. of employee	2014 No. of employee
Nil to HK\$1,000,000	—	1
HK\$1,000,001 to HK\$1,500,000	3	3

During the year ended 31 March 2015 and 2014, no emoluments were paid by the Group to the above-mentioned individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

For the year ended 31 March 2015

11. Loss Per Share

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

	2015 HK\$'000	2014 HK\$'000
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	(22,154)	(19,992)
	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	288,014,340	273,610,000

The computation of diluted loss per share for both years does not assume the exercise of share options since it would result in a decrease in loss per share.

12. Dividends

No dividend was paid or proposed during the year ended 31 March 2015, nor has any dividend been proposed since the end of the reporting period (2014: nil).

For the year ended 31 March 2015

13. Property, Plant and Equipment

	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST OR VALUATION					
At 1 April 2013	11,591	1,976	3,014	—	16,581
Additions	—	1,658	683	827	3,168
Disposals	(11,815)	—	(17)	—	(11,832)
Exchange realignments	224	47	70	—	341
At 31 March 2014	—	3,681	3,750	827	8,258
Additions	—	—	77	827	904
Disposals	—	—	(6)	(827)	(833)
Exchange realignments	—	(49)	(74)	—	(123)
At 31 March 2015	—	3,632	3,747	827	8,206
DEPRECIATION					
At 1 April 2013	—	1,648	2,350	—	3,998
Provided for the year	235	514	241	145	1,135
Disposals	(236)	—	(14)	—	(250)
Exchange realignments	1	40	56	—	97
At 31 March 2014	—	2,202	2,633	145	4,980
Provided for the year	—	723	293	310	1,326
Disposals	—	—	(6)	(372)	(378)
Exchange realignments	—	(44)	(62)	—	(106)
At 31 March 2015	—	2,881	2,858	83	5,822
CARRYING VALUES					
At 31 March 2015	—	751	889	744	2,384
At 31 March 2014	—	1,479	1,117	682	3,278

For the year ended 31 March 2015

13. Property, Plant and Equipment (Continued)

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

Leasehold land and buildings	Over shorter of 50 years or the lease term
Leasehold improvements	Over shorter of 5 years or the lease term
Furniture, fixtures and equipment	20%
Motor vehicles	30%

During the year ended 31 March 2014, Group disposed of leasehold land and buildings located in the PRC under medium-term lease with carrying amount of approximately RMB9,100,000 (equivalent to HK\$11,600,000) for net cash proceeds of RMB9,400,000 (equivalent to HK\$12,000,000), resulting in a gain on disposal of RMB329,000 (equivalent to HK\$419,000).

14. Inventories

	2015 HK\$'000	2014 HK\$'000
Raw materials	5,465	5,323
Work in progress	447	1,991
Finished goods	5,695	7,264
	11,607	14,578

15. Trade and Other Receivables, Deposits and Prepayments

Trade receivables

	2015 HK\$'000	2014 HK\$'000
Trade receivables	7,605	12,235

For the year ended 31 March 2015

15. Trade and Other Receivables, Deposits and Prepayments (Continued)

The following is an ageing analysis of trade receivables based on invoice date at the end of the reporting period, which approximate the respective revenue recognition dates:

	2015 HK\$'000	2014 HK\$'000
Within 1 month	1,172	3,627
Over 1 month but within 3 months	2,280	7,396
Over 3 months but within 6 months	4,153	683
Over 6 months but within 12 months	—	529
	7,605	12,235

At 31 March 2015, the Group allowed a credit period ranging from 30 to 120 days (2014: 60 to 180 days) to its customers. Included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately HK\$7,131,000 (2014: HK\$2,693,000), which were past due at the end of the reporting period for which the Group had not provided for impairment loss. In the opinion of directors of the Company, there had not been a significant change on credit quality of these customers and continuous repayments were noted from these customers subsequent to the end of the reporting period. The Group did not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2015 HK\$'000	2014 HK\$'000
Past due within 1 month	4,768	2,235
Past due over 1 month but within 3 months	2,349	251
Past due over 3 months but within 6 months	14	207
	7,131	2,693

Other receivables

Other receivables are unsecured, interest free and expected to be recoverable within one year.

For the year ended 31 March 2015

16. Bank Balances and Cash

The amounts included short-term deposits with an original maturity of three months or less. Bank deposits carried interest at prevailing market interest rates at 0.001% to 0.5% (2014: 0.001% to 0.5%) per annum.

17. Trade and Other Payables and Accruals

Trade payables

	2015 HK\$'000	2014 HK\$'000
Trade payables	2,110	8,840

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

	2015 HK\$'000	2014 HK\$'000
Within 1 month	88	5,165
Over 1 month but within 3 months	299	3,642
Over 3 months but within 6 months	1,719	29
Over 6 months but within 12 months	4	4
	2,110	8,840

The average credit period on purchase of goods is 180 days.

Other payables and accruals

Other payables and accruals comprise principally the outstanding for ongoing costs and accrued expenses for the operation of the Group.

18. Loan from a Controlling Shareholder

The loan is unsecured, interest-free and repayable within 60 days upon the receipt of written notice of repayment.

For the year ended 31 March 2015

19. Share Capital

	Number of ordinary shares of HK\$0.01 each		Nominal value	
	2015	2014	2015 HK\$'000	2014 HK\$'000
Authorised:				
At beginning and end of the year	10,000,000,000	10,000,000,000	100,000	100,000
Issued and fully paid:				
At beginning of the year	273,610,000	273,610,000	2,736	2,736
Exercise of share options (note 20)	20,144,000	—	202	—
At end of the year	293,754,000	273,610,000	2,938	2,736

20. Share Options Scheme

On 26 February 2007, the Company has adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Eligible participants of the Share Option Scheme include, (i) any executive director, employee or proposed employee of the Group or any invested entity; (ii) any non-executive director (including independent non-executive directors) of the Company or invested entity; (iii) any discretionary trust whose discretionary objects may be any executive director, employee or proposed employee and any non-executive director of the Company or invested entity; and (iv) advisers and consultants who are members of the Company's advisory boards and other persons engaged as long term advisers or consultants to the Group.

The Share Option Scheme became effective on 26 February 2007 and, unless otherwise cancelled or amended, will remain in force for a period of ten years to 25 February 2017. HK\$10.00 is payable by each eligible participant to the Company on acceptance of the grant of an option.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant in any 12-month period must not exceed 1% of the aggregate number of shares of the Company in issue. Where any further grant of options to an eligible participant would result in the shares issued or to be issued upon exercise of all options granted and to be granted to such eligible participant in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares of the Company in issue, such further grant must be separately approved by the shareholders in general meeting with such an eligible participant and his associates abstaining from voting.

For the year ended 31 March 2015

20. Share Options Scheme (Continued)

The exercise price of the share options is determined by the committee of the board of the directors of the Company, but must be at least be the highest of: (a) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (b) the average of the closing prices of the shares as stated in the daily quotation sheets issued by the Stock Exchange over the five trading days immediately preceding the date of grant; or (c) the nominal value of a share.

The following table discloses details of the options held by directors and employees and other eligible participants and movements in such holdings during both years.

Grantee	Date of grant	Exercise price HK\$	Exercise period	Number of options					
				Outstanding at 1 April 2013	Lapsed during the year	Outstanding at 31 March 2014	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2015
Directors	27.6.2012	1.53	27.6.2012 to 30.12.2016	14,490,000	—	14,490,000	(10,944,000)	—	3,546,000
Employees	27.6.2012	1.53	27.6.2012 to 30.12.2016	4,200,000	(50,000)	4,150,000	(3,800,000)	(50,000)	300,000
Other grantees*	27.6.2012	1.53	27.6.2012 to 30.12.2016	5,400,000	—	5,400,000	(5,400,000)	—	—
				24,090,000	(50,000)	24,040,000	(20,144,000)	(50,000)	3,846,000

* Other grantees represent independent consultants who has provided administrative consultancy services to the Group after the completion of the reorganisation of the Group in 2011. These share options were granted by the Company without entering into formal service agreements with these consultants. In the opinion of the directors of the Company, these share options were granted to the consultants for rendering miscellaneous services to the Group, including but not limited to consultancy services in respect of identification of potential investment opportunities and lining-up business connections for the Group. The Group granted share options to them for recognising their efforts. Since their services are such unique that the fair value cannot be reliably measured, the services received are measured by reference to the fair value of share options granted.

For the year ended 31 March 2015

21. DEFERRED TAXATION

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

	Revaluation of properties HK\$'000
At 1 April 2013	(198)
Credit to profit or loss	198
At 31 March 2014 and 2015	—

At the end of the reporting period, the Group has unused tax losses of HK\$21,236,000 (2014: HK\$24,705,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$15,270,000 (2014: HK\$19,786,000) that will expire in 5 years from the year of origination which is ranging from 2016 to 2020 (2014: 2015 to 2019). Other losses may be carried forward indefinitely.

22. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2015 HK\$'000	2014 HK\$'000
Within one year	1,710	2,132
In the second to fifth year inclusive	398	1,798
Over five years	114	224
	2,222	4,154

Leases are negotiated for terms ranging from two to ten years and rentals are fixed for the lease terms.

For the year ended 31 March 2015

23. RETIREMENT BENEFITS SCHEME

Since 1 December 2000, the Group has operated pension schemes under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (“MPF Scheme”) for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately in an independently managed fund. Contributions are made based on a percentage of the employee’s salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as incurred in accordance with the rules of the MPF scheme.

The employees of the Group’s subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligations of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of HK\$877,000 (2014: HK\$905,000) represents contributions paid to the schemes by the Group at rates specified in the rules of the schemes.

24. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in note 10 is as follows:

	2015 HK\$'000	2014 HK\$'000
Directors’ fee, salaries and other short-term employee benefits	10,514	9,149
Retirement benefit scheme contributions	462	359
	10,976	9,508

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

For the year ended 31 March 2015

25. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries of the Company as at 31 March 2015 and 2014 are as follows:

Name of subsidiary	Country/ place of incorporation or registration	Principal place of operation	Nominal value of issued/ registered capital		Proportion of nominal value of issued/ registered capital held by the Group		Principal activities
			2015	2014	2015	2014	
First Corporate International Limited*	British Virgin Islands ("BVI")	Hong Kong	US\$1	US\$1	100%	100%	Investment holding
Nation Power Group Limited*	BVI	Hong Kong	US\$100	US\$100	100%	100%	Investment holding
Sinoble Jewelry Limited	Hong Kong	Hong Kong	HK\$1	HK\$1	100%	100%	Investment holding and acting as a purchase agent
廣州市億恒珠寶有限公司 (Note 1)	The PRC	The PRC	HK\$15,000,000	HK\$15,000,000 (Note 2)	100%	100%	Jewelry design, manufacture and wholesale business
Noble Jewelry Holdings Limited (Note 3)	Hong Kong	Hong Kong	Nil	HK\$1	—	100%	Inactive
Guo Rong Holdings Limited	Hong Kong	Hong Kong	HK\$1	HK\$1	100%	100%	Not yet commence business

* Directly held by the Company.

Notes:

- (1) Registered as a wholly-owned foreign enterprise.
- (2) There is a reduction of registered capital during the year ended 31 March 2014.
- (3) Being disposed of during the year ended 31 March 2015.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

FIVE YEARS FINANCIAL SUMMARY

Results

	For the year ended 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Revenue	57,092	67,591	75,770	487,601	643,399
(Loss) profit before taxation	(22,154)	(20,190)	(31,123)	10,247	10,178
Income tax credit (charge)	—	198	—	(1,741)	(4,405)
(Loss) profit for the year	(22,154)	(19,992)	(31,123)	8,506	5,773
(Loss) profit attributable to owners of the Company	(22,154)	(19,992)	(31,123)	10,119	7,613

Assets and Liabilities

	At 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Non-current assets	2,384	3,779	13,082	13,509	170,964
Current assets	35,457	41,587	39,484	57,153	538,777
Current liabilities	(12,351)	(28,076)	(15,723)	(18,464)	(433,398)
Net current assets	23,106	13,511	23,761	38,689	105,379
Total assets less current liabilities	25,490	17,290	36,843	52,198	276,343
Non-current liabilities	—	—	(198)	(303)	(1,017)
Net assets	25,490	17,290	36,645	51,895	275,326

INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 HK\$'000	2014 HK\$'000
Unlisted investments in subsidiaries	—	—
Amount due from subsidiaries	21,597	25,876
Other current assets	—	—
Bank balances	9,110	6,722
Total assets	30,707	32,598
Less: Liabilities	(7,662)	(16,307)
Net assets	23,045	16,291
Capital and reserves		
Share capital (<i>see note 19</i>)	2,938	2,736
Reserve (<i>Note</i>)	20,107	13,555
Total equity	23,045	16,291

Note:

Reserves of the Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2013	32,243	22,666	16,381	(38,754)	32,536
Transfer upon lapse of option	—	—	(34)	34	—
Total comprehensive expense for the year	—	—	—	(18,981)	(18,981)
At 31 March 2014	32,243	22,666	16,347	(57,701)	13,555
Transfer upon lapse of option	—	—	(34)	34	—
Issue of ordinary shares under employee share options scheme	44,316	—	(13,698)	—	30,618
Total comprehensive expense for the year	—	—	—	(24,066)	(24,066)
At 31 March 2015	76,559	22,666	2,615	(81,733)	20,107