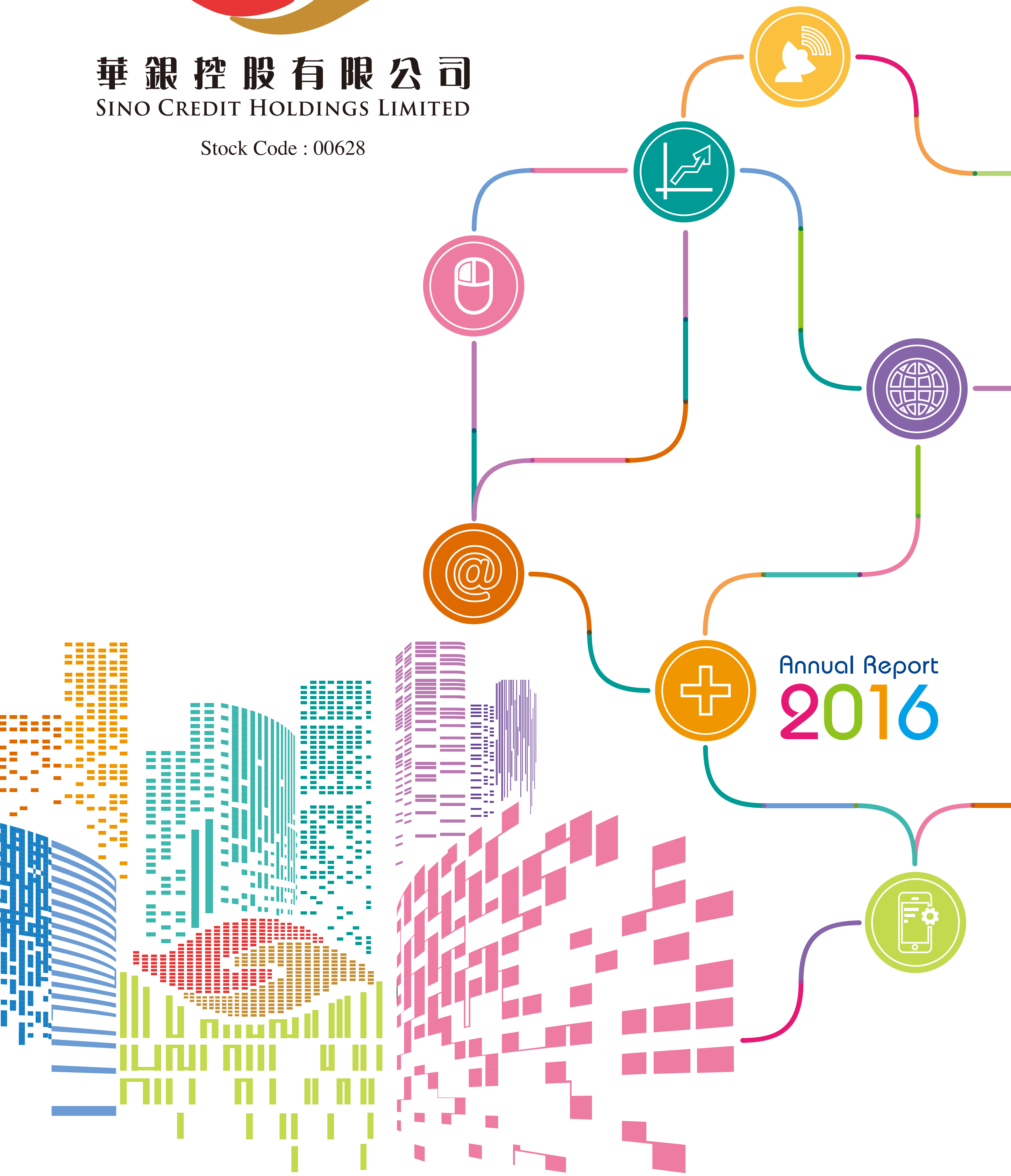
華銀控股有限公司
SINO CREDIT HOLDINGS LIMITED

Stock Code : 00628



Annual Report 2016

TABLE OF CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chung Tat Fun *(Chairman)*
Mr. Chung Ho Chun
Mr. Fu Ear Ly
Mr. Huang Weibo
(re-designated as executive director on 24 June 2015)

Non-executive Directors

Mr. So Chak Fai, Francis
Ms. Wong Yee Shuen, Regina
(re-designated as non-executive director with effect from 1 August 2015)

Independent Non-executive Directors

Ms. Lee Shiow Yue
Mr. Poon Wai Hoi, Percy
Mr. Tang Chi Ho, Francis

COMPANY SECRETARY

Ms. Foo Man Yee, Carina

AUDIT COMMITTEE

Mr. Poon Wai Hoi, Percy *(Chairman)*
Ms. Lee Shiow Yue
Mr. Tang Chi Ho, Francis

REMUNERATION COMMITTEE

Ms. Lee Shiow Yue *(Chairman)*
Mr. Tang Chi Ho, Francis
Mr. Chung Tat Fun

NOMINATION COMMITTEE

Ms. Lee Shiow Yue *(Chairman)*
Mr. Tang Chi Ho, Francis
Mr. Chung Tat Fun

AUTHORISED REPRESENTATIVES

Mr. Chung Ho Chun
(appointed on 24 June 2015)
Ms. Wong Yee Shuen, Regina
(resigned on 24 June 2015)
Ms. Foo Man Yee Carina

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

BANKERS

Industrial and Commercial Bank of China
Bank of Communications

SOLICITORS

As to Hong Kong Law

Baker & McKenzie

As to Bermuda Law

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1502, 15/F
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

STOCK CODE

628

WEBSITE

www.sinocreditgp.com

INVESTOR RELATIONS

Email: ir@sinocreditgp.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the Group continued to provide financial services to the customers. On 12 November 2015, the Group completed the sale of entire equity interest in Best Volume Group for a total consideration of HK$400 million. The contribution of Best Volume Group to the Group up to the completion date has been classified under discontinued operation and 2015 comparatives have been restated accordingly. The Group has ceased the properties leasing business after completion of the disposal. We have used the proceeds from the disposal mainly in expanding our financial services business and repayment of borrowings.

FINANCIAL REVIEW

The Group's consolidated revenue generated from continuing operations for the year ended 31 March 2016 were approximately HK$33.4 million (2015: HK$48.9 million), a decrease of 31.8% over the last year. Profit attributable to the owners of the Company for the year ended 31 March 2016 was approximately HK$3.9 million, of which approximately HK$11.1 million was attributed from discontinued operation (2015: loss of HK$41.8 million, of which profit of HK$8.9 million was attributed from discontinued operation). Basic earnings per share was 0.62 HK cents (2015: basic loss per share 6.85 HK cents). Based on continuing operations, the loss attributable to the owners of the Company was HK$7.2 million (2015: HK$50.7 million). Loss per share was 1.13 HK cents (2015: 8.31 HK cents).

CONTINUING OPERATIONS

Financial services business

The Group's revenue for the year ended 31 March 2016 decreased by 31.8% to HK$33.4 million, as compared to HK$48.9 million for the last year. The decline in revenue is mainly attributable to the Group's continuity to maintain a tight policy in evaluating credit risk and provision of loan to low-risk customers. The total return on loans in the PRC, being revenue divided by average gross loan balance, decreased from 15.8% for the year ended 31 March 2015 to 12.0% for the year ended 31 March 2016.

Operating expenses decreased by 11.7% as a result of a decrease in sale related expenses such as sale commission and business tax. Finance costs amounted to HK$6.6 million (2015: HK$6.1 million) with increase in amount of corporate bonds.

MANAGEMENT DISCUSSION AND ANALYSIS

Impairment loss on loans receivable amounted to HK$6.1 million (2015: HK$7.2 million). The reversal of impairment loss on loans receivable was HK$1.0 million (2015: HK$10.1 million) as customers repaid the loans receivable.

(HK$'000)	**31.3.2016**	31.3.2015	Change
Revenue	**33,370**	48,932	–31.8%
Operating expenses	**(18,831)**	(21,335)	–11.7%
Finance costs	**(6,564)**	(6,104)	7.5%
Operating earnings	**7,975**	21,493	–62.9%
Charged for impairment loss on loans receivable	**(6,131)**	(7,213)	–15.0%
Reversal of impairment loss on loans receivable	**957**	10,088	–90.5%
Operating earnings before taxation	**2,801**	24,368	–88.5%

Financial services income

The Group's revenue for the year ended 31 March 2016 generated from real estate-backed loans, personal property pawn loans, other loans and financial consultancy services decreased by 31.1% to HK$27.1 million, representing 81.1% (2015: 80.2%) of the Group's total revenue. The Group's revenue for the year ended 31 March 2016 generated from commercial factoring and financing leasing decreased by 34.8% to HK$6.3 million, representing 18.9% (2015: 19.8%) of the Group's total revenue. The following table sets forth the composition of financial services income.

(HK$'000)	**31.3.2016**	31.3.2015	Change
Real estate-backed loan	**3,383**	8,446	–59.9%
Personal property pawn loan	**5,431**	10,820	–49.8%
Financing leasing	**1,623**	2,660	–39.0%
Commercial factoring	**4,687**	7,019	–33.2%
Other loans interest income	**17,934**	17,365	3.3%
Financial consultancy service income	**312**	2,622	–88.1%
Total	**33,370**	48,932	–31.8%

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2016, the gross loan balance (before provision for impairment allowance) increased to approximately HK$448.4 million, a 145.6% annual increase against the balance at 31 March 2015. The Group redeployed part of the proceeds from sale of investment properties to financial services business in the third quarter of the financial year.

Key operating data

(HK$'000)	**31.3.2016**	31.3.2015	Change
Net loan balance	**436,407**	175,364	148.9%
Gross loan balance	**448,387**	182,582	145.6%
–Hong Kong	**59,343**	59,066	0.5%
–PRC	**389,044**	123,516	215.0%
Total return on loans (revenue/average gross loan balance)			
–Hong Kong	**10.4%**	10.4%	
–PRC	**12.0%**	15.8%	
Impairment allowance as % of gross loan balance	**2.7%**	4.0%	

Impairment allowances

During the year, net charges for impairment allowances were HK$5.2 million (2015: net credit of HK$2.8 million). These included reversal of impairment loss of HK$1.0 million (2015: HK$10.1 million) as well as the charges arising from the impairment allowance amounted to HK$6.1 million (2015: HK$7.2 million).

(HK$'000)	**31.3.2016**	31.3.2015
At beginning of the year	**7,218**	10,088
Charges to impairment allowance	**6,131**	7,246
Reversal of impairment loss	**(957)**	(10,088)
Exchange alignment	**(412)**	(28)
At end of the year	**11,980**	7,218

MANAGEMENT DISCUSSION AND ANALYSIS

Loan quality analysis and impairment allowances

The following table sets forth the distribution of the Group's loans by the five category loan classification. Impairment allowances include substandard, doubtful and loss categories were HK$12.0 million (2015: HK$7.2 million). The impairment allowance as % of gross loan balance was 2.7% (2015: 4.0%).

(HK$'000)	**31.3.2016**	31.3.2015
Normal	**431,020**	169,438
Special mention	**–**	3,525
Substandard	**9,472**	884
Doubtful	**3,739**	5,827
Loss	**4,156**	2,908
Gross loan balance	**448,387**	182,582
Less: Impairment allowances	**(11,980)**	(7,218)
Net loan balance	**436,407**	175,364

Other gains and losses, net

The decrease in other net losses of HK$26.2 million was mainly attributable to reversal of impairment loss on loans receivable amounted to HK$1.0 million (2015: HK$10.1 million). Non-cash accounting loss of HK$40.3 million on early repayment of promissory note with maturity in October 2019 improved the gearing ratio of the Group for the year ended 31 March 2015. The Group incurred a loss of HK$2.5 million for the year ended 31 March 2016 (2015: gain of HK$3.0 million) resulting from the change on fair value of the listed securities that the Group had invested in.

The following table sets forth the composition of other gains and losses, net.

(HK$'000)	**31.3.2016**	31.3.2015	Change
Write back of long outstanding other payables	**469**	–	100%
Reversal of impairment loss on loans receivable	**957**	10,088	–90.5%
Fair value change on financial assets at FVTPL	**(2,500)**	3,017	–182.9%
Loss on early repayment of promissory note	**–**	(40,318)	–100%
Exchange gain/(loss)	**67**	(1)	–6,800%
	(1,007)	(27,214)	–96.3%

MANAGEMENT DISCUSSION AND ANALYSIS

DISCONTINUED OPERATION

During the year, the Group disposed of its properties leasing business. These divestures were strategic undertakings by the management to concentrate on financial services business. Revenue generated from discontinued operation of approximately HK$19.5 million (2015: HK$6.9 million). Profit was HK$11.1 million (2015: HK$8.9 million) reflecting the profit from the properties leasing business and sale gain.

PROSPECTS

With the downturn in economic activity in PRC, the environment in PRC remains challenging. We are likely to maintain conservative approach for our credit strategy under current economic conditions. Even though the revenue generated from the provision of financing service recorded a decrease, the Group would continue providing resources and supports by maintaining balance of yield relative to risk.

Besides risk control measures, the Group has always been trying to decide and offer more loan products and to explore new markets and customer base. In December 2015, the Group announced the subscription of new shares by Swiree Capital Limited ("Swiree") and other subscribers ("Subscription"). Pursuant to the subscription agreement and upon completion of the Subscription, Swiree will become the controlling shareholder of the Group. Swiree is wholly-owned by Ms. Du Juan, the spouse of Mr. Wong Kwong Yu (who is the controlling shareholder of GOME Electrical Appliances Holding Limited ("GOME")). The net proceeds raised by the subscription is expected to be used by the Group for expansion of the Group's existing financial services, for general working capital, and the development and promotion of the Group's third party payment service business, including a potential acquisition of an entity engaging in this business.

Through the Subscription, the Group plans to establish a strategic relationship with GOME which in turn may enable the Group to:

(a) expand the clientele of its commercial factoring segment by tapping into the strong sourcing supplier network of GOME and by developing and rolling out a series of supplier-oriented factoring finance and credit services with the proceeds from the Subscriptions;

(b) develop its financial leasing segment by capitalising on the PRC government's economic reform policy and GOME's strong customer network across the PRC (covering both retail and wholesale corporate customers) by designing appropriate products to different groups of customers and promoting its financial service products and solutions to selected customers of GOME; and

(c) enter the third party payment business by first working with GOME on retail sale settlement.

Working with GOME represents a major step of the Group in significantly expanding its existing financial service business. The Group expects that it will then be able to leverage its experience gained from its cooperation with GOME and target other supply and distribution chain financing opportunities in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position was strengthened with the sale proceeds from the Best Volume Group transaction. As at 31 March 2016, the Group had total assets of approximately HK$559.7 million (2015: HK$932.1 million) and total liabilities of approximately HK$61.0 million (2015: HK$432.7 million). Equity attributable to owners of the Company was approximately HK$498.7 million (2015: HK$499.4 million). The Group's gearing ratio, expressed as a percentage of total liabilities except deferred tax liabilities and tax payable over owner's equity was 11.3% (2015: 64.2%). At 31 March 2016, the cash and cash equivalents of the Group amounted to approximately HK$24.0 million (2015: HK$26.4 million) and without any borrowings (2015: HK$287.6 million). The Group's current ratio was 18.4 (2015: 2.1).

The Group has issued 8-year corporate bond with principal of HK$35.0 million, which is due on 2023 and carry interest at fixed rate of 7.0% per annum with interest payable semi-annually in arrears. The corporate bond is unsecured.

CAPITAL STRUCTURE

During the year ended 31 March 2016, there is no change of the share capital of the Company. As at 31 March 2016, the Company has outstanding share capital of 634,780,780 shares.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the year, the Group disposed of its entire interest of Best Volume Investments Limited and its subsidiaries (collectively referred to as "Best Volume Group") for a total consideration of HK$400 million. The Group completed the disposal of property leasing business on 12 November 2015 and recorded a profit on disposal of HK$11.1 million. Details of the transaction were disclosed in the Company's announcement dated 7 September 2015 and the Company's circular dated 15 October 2015.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and associates during the year ended 31 March 2016.

CHARGES ON GROUP ASSETS

As at 31 March 2016, none of the Group's assets were pledged to any financial institution for facilities (2015: RMB172.4 million).

CONTINGENT LIABILITIES

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

COMMITMENTS

As at 31 March 2016, the Group did not have any significant capital expenditure commitments (2015: HK$1.9 million). Rental payment under non-cancellable operating leases amounted to approximately HK$4.7 million (2015: HK$5.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The Group is mainly exposed to the fluctuation of Hong Kong dollars ("HK$") against Renminbi ("RMB") as its reporting currency is HK$ which is not the functional currency of the business operation of the Group. The Group has not adopted any hedging policy or entered into any derivative products. However, the Board and management will continue to monitor the foreign currency exchange exposure and will consider adopting certain hedging measures against the currency risk when necessary.

TREASURY POLICIES

The Group continues to adopt a conservative treasury policy with all bank deposits in HK$ and RMB. The Board and the management had been closely monitoring the Group's liquidity position and performing ongoing credit evaluation and financial conditions of its customers in order to ensure the healthy cash position of the Group.

STAFF AND REMUNERATION

As at 31 March 2016, the Group had a total of 35 staff (2015: 39). Total staff costs during the year amounted to approximately HK$10.1 million (2015: HK$36.3 million included share-based compensation of HK$23.4 million). Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the Remuneration Committee and the Board on a regular basis. As an incentive for the employees, bonuses and share options may also be given to employees based on individual performance evaluation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chung Tat Fun

aged 55, is the chairman of the Company. He was appointed as an Executive Director in February 2014. He is a director of several major operating subsidiaries of the Group. Mr. Chung has extensive operation and management experience in businesses of various industries, including financing services, assets management, equity investment and property investment for over 20 years. Mr. Chung is a member of the committee of All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會), a vice president of China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會), a member of the standing committee of Guangdong Province Returned Overseas Chinese Association (廣東省歸國華僑聯合會), a standing executive vice president of Guangdong International Overseas Chinese Chamber of Commerce (廣東省國際華商會), a member of the Guangzhou Yuexiu District Committee of Chinese People's Political Consultative Conference of Yuexiu (廣州市越秀區政協委員會). Mr. Chung has sponsored various charity activities in Mainland China. He is the father of Mr. Chung Ho Chun who is the executive director of the Company.

Mr. Chung Ho Chun

aged 27, was appointed as an Executive Director in February 2014. Mr. Chung is responsible for the business development of the Group. He graduated from Purdue University with a double degree in Actuarial Science and Applied Statistics and passed the financial mathematics examination organised by the Society of Actuaries. Mr. Chung previously worked for Bravo Group and Hopefluent Group Holdings Limited (stock code: 733), which shares are listed on The Stock Exchange of Hong Kong Limited. Mr. Chung is an associate member of The Hong Kong Institute of Directors. He is the son of Mr. Chung Tat Fun who is the executive director of the Company.

Mr. Fu Ear Ly

aged 31, was appointed as an Executive Director in October 2014. Mr. Fu graduated from Bentley University in the United States of America. Mr. Fu is a member of the standing committee of Guangdong Youth Federation, a vice president of Guangdong International Overseas Chamber of Commerce and a sponsor of Guangdong Zhixin Education Development Foundation. He was also elected as a torchbearer of the sixteenth Asian Games. Mr. Fu is the chairman of the Guangdong Bravo Group since 2007. He has extensive investment experience in real estate, financial and film and entertainment sectors.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS (continued)

Mr. Huang Weibo

aged 52, was appointed as a Non-executive Director in April 2014 and re-designated as an Executive Director on 24 June 2015. Mr. Huang has more than 24 years of experience in manufacturing, trading and corporate management. From 1988 to 1994, he was the deputy general manager of a wholly owned subsidiary of Golik Holdings Limited (stock code: 1118), which shares are listed on The Stock Exchange of Hong Kong Limited. He is currently a director of a company that is engaged in packaging business. Mr. Huang also has extensive business connections in Hong Kong and China.

NON-EXECUTIVE DIRECTORS

Mr. So Chak Fai, Francis

aged 63, is a Non-executive Director. He joined the Company in July 2013. Mr. So graduated from the University of San Francisco, USA, with a Bachelor of Business Administration Degree. Mr. So has over 30 years' experience in logistic services and is currently the director of Fond Express (SFO) Inc. and May Flower Travel Services Limited. Mr. So also has extensive business connections in Hong Kong, China and the United States of America.

Ms. Wong Yee Shuen, Regina

aged 41, was re-designated as a Non-executive Director on 1 August 2015. Ms. Wong holds a Master of Business Administration degree from the Hong Kong University of Science and Technology and a Bachelor of Commerce (Accounting) degree from University of British Columbia in Canada. She is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants. Ms. Wong has extensive experience in accounting, merger and acquisition, fund-raising and corporate finance. She had worked with corporations of various industries including mining, oil & gas, healthcare, shipping, retail and property investment.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lee Shiow Yue

aged 53, is an Independent Non-executive Director. She joined the Company in March 2010. She has over 20 years of working experience in accounting and management field.

Mr. Poon Wai Hoi, Percy

aged 51, is an Independent Non-executive Director and a chairman of the audit committee of the Company. He joined the Company in June 2010. Mr. Poon was graduated from Lingnan University (previously known as Lingnan College) with an Honours Diploma in Accountancy and obtained his Master of Science degree in E-Commerce from the Hong Kong Polytechnic University. Mr. Poon is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is currently a proprietor of a certified public accountant practice. Mr. Poon had worked for various international accounting firms, corporation and consultant company in Hong Kong. Mr. Poon's experience covered audit and assurance, internal controls, accounting and information technology. He was appointed as the independent non-executive director of Mastermind Capital Limited (Stock code: 905) on 10 October 2014.

Mr. Tang Chi Ho, Francis

aged 49, joined the Company as an Independent Non-executive Director in June 2010. He has over 17 years of experience in public administration. He was an urban councillor from the year of 1995 to the year of 2000. Mr. Tang was a council member of Kwun Tong district from 1994 to 2011.

SENIOR MANAGEMENT

Mr. Wong Kwan Kit, Eric

aged 45, joined the Group as Group Financial Controller in August 2013. Mr. Wong oversees the overall accounting and finance function of the Group. He has extensive experience in accounting and financial management. Mr. Wong previously held senior management positions in a number of Hong Kong listed companies. He holds a Master of Business Administration degree from the Chinese University of Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Leung Yuen Ming, Henry

aged 37, joined the Group as a Marketing Director of Micro Finance Department in May 2014. He holds a Bachelor of Business Administration from Honolulu University. Mr. Leung had more than 15 years of experience worked in Hong Kong and China foreign banks and micro-credit company. He had extensive experience in consumer loans, mortgages loans, car loans and China SME loans.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. Principal activities of the subsidiaries comprise of real estate-backed loan service, personal property pawn loan service, commercial factoring, financial leasing, financial consultation services and other loans service in the People's Republic of China ("PRC") and money lending service in Hong Kong, details of which are set out in Note 1 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are provided in the Management Discussion and Analysis on pages 3 to 9 of this Annual Report. The financial risk management objectives and policies of the Group are shown in Note 4 to the consolidated financial statements. An analysis of the Group's performance during the year using key financial performance indicators is provided on pages 3 and 6 of this Annual Report. Discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are provided on pages 43 and 44 of this Annual Report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss on page 47 of this annual report.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 136 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital, together with the reasons therefor, are set out in Note 29 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The Company's share option scheme was adopted on 28 September 2012 as an incentive to the Group's employees and business associates (the "Scheme"). The Scheme shall be valid for a period of ten years from that date.

The maximum number of shares in respect of which option may be granted under the Scheme of the Company may not exceed 10 percent of the issued share capital of the Company at the date of adoption of the Scheme. The maximum entitlement of each eligible participant in the total number of shares issued and to be issued upon exercise of options granted under the Scheme of the Company in any 12 month period shall not exceed 1% of the total number of shares in issue.

Pursuant to the Board resolutions passed on 2 September 2014 and 30 September 2014 respectively, 60,000,000 share options were granted under the Scheme for the year ended 31 March 2015. 6,000,000 share options were lapsed in July 2015. As at the year ended 31 March 2016, the company had outstanding share options of 21,000,000 shares with an exercise price of HK1.25 per share and outstanding share options of 33,000,000 shares with an exercise price of HK$1.23 per share.

Movements of the share option are set out in Note 29(b) to the financial statements. As at the date of this report, the total number of share option that can be granted was 157,078 shares, representing 0.02% of the issued share capital of the Company.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 34(b) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2016, the Company's reserves available for distribution to shareholders, calculated in accordance with the provision of the Companies Act 1981 of Bermuda (as amended), amounted to nil (2015: nil).

DONATION

No charitable donation was made by the Group during the year 2016 (2015: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales generated from the Group's top five customers accounted for 38.4% of the total sales and there was no major supplier to the Group.

None of the Directors or any of their associates or any shareholders which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital has any beneficial interest in the Group's five largest customers.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTION

The related party transactions set out in Note 32 to the consolidated financial statements did not fall within the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

CONTRACTUAL ARRANGEMENTS

The Group has been using contract-based arrangements to indirectly own and control its provision of pawn loans services in PRC. Based on the opinions provided by the PRC legal adviser of the Company, the Administrative Measures for Pawning (典當管理辦法) jointly issued by Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部) ("MOFCOM") and the Ministry of Public Security (公安部) which came into effect on 1 April 2005 (the "Pawning Measures"), which regulate the pawn loans financing business in the PRC, do not explicitly permit foreign invested companies to operate a pawn loans financing business in the PRC.

According to Article 71 of the Pawning Measures, rules and regulations governing the investment by foreign invested companies in the pawn loans financing business in the PRC will be separately announced by MOFCOM and other relevant authorities. According to the Foreign Investment Catalogue jointly promulgated by the National Development and Reform Commission and the MOFCOM on 24 December 2011, foreign investments in the pawn loan financing business are neither expressly prohibited nor restricted.

As at 31 March 2016, no relevant rules and regulations have been announced by MOFCOM or The Economic & Information Commission of Guangdong Province (廣東省經濟和信息化委員會). According to the Administrative Licensing Law of the PRC (中華人民共和國行政許可法), administrative licensing regimes may only be set up and implemented where there are established laws setting out relevant procedures, parameters, conditions and scope of administrative power. As the approval of investment in pawn loans financing business by foreign invested companies in the PRC falls under an administrative act, no approval can be granted and no licence can be issued to a foreign invested company if there are no established laws governing the investments by foreign invested companies in pawn loans financing business.

To operate the Group's pawn loans financing business in the PRC, various agreements (the "Structural Agreements") have been entered into, among others, among Guangzhou City Yuenqian Investment Consultancy Limited Liability Company# (廣州市源謙投資咨詢有限責任公司) ("Yuenqian Investment", a wholly-owned subsidiary of the Company), Guangdong Lido Pawnshop Co. Ltd.# (廣東利都典當有限公司) ("Lido Pawnshop") and the registered owners of Lido Pawnshop (the "Registered Owners"). The Structural Agreements are designed to provide the Company with an effective control over and the right to enjoy the economic benefits and risks in and/or assets of Lido Pawnshop. Through the Structural Agreements, the control and economic benefits and risks from the business of Lido Pawnshop will flow to Yuenqian Investment. For accounting purposes, Lido Pawnshop is regarded as an indirect wholly owned subsidiary of the Company.

For identification purpose only

REPORT OF THE DIRECTORS

The Registered Owners are Guangdong Baozima Automobile Sale Services Co. Ltd.# (廣東寶之馬汽車銷售服務有限公司), Guangzhou Heng Xin Group Company Limited# (廣州恒信集團有限公司), Guangdong Xinzixing Automobile Development Co. Ltd.# (廣東新之星汽車發展有限公司) and Mr. Liu Bingpei, which are interested in approximately 2.5%, approximately 50%, approximately 5% and approximately 42.5% of the entire registered capital of Lido Pawnshop, respectively.

Major terms of the Structural Agreements

Under the Structural Agreements, Yuenqian Investment has an irrecoverable and exclusive priority right to acquire directly and/or through one or more nominees, the equity interests held by the New Members in Lido Pawnshop, as permitted by applicable PRC laws and regulations. Further, each agreement under the Structural Agreements includes a provision that each such agreement is binding on the legal assignees or heirs of the parties to each such agreement. In the event of death, bankruptcy or divorce of any of the New Members, Yuenqian Investment may exercise its option to replace the relevant shareholders and the newly appointed nominee shareholders will still be subject to the Structural Agreements.

Apart from Mr. Liu Bingpei who is an executive director and manager of Lido Pawnshop, each of the Registered Owners and their respective ultimate beneficial owners is not an officer or a director of the Company and its subsidiaries. The Directors consider that the possibility of material potential conflicts of interest between the Company and the Registered Owners is remote. In case of any material potential conflicts of interest between the Company and the Registered Owners, the Board will ensure that any material potential conflict of interests will be reported to the independent non-executive Directors as soon as practicable when the Company becomes aware of such potential conflict. The Board will review and evaluate the implications and risk exposure of such event and will monitor any material irregular business activities and alert the Board, including the independent non-executive Directors, to take any precautionary actions where necessary.

Services agreement

Yuenqian Investment has entered into the services agreement with Lido Pawnshop, pursuant to which Yuenqian Investment shall provide to Lido Pawnshop consultancy services, including but not limited to, (i) conducting market research, formulating budget plan, business objective, development plan and expansion strategy; (ii) formulating and implementing operation flow, pawn services approval policy, risk management policy, administrative policy; nominating appropriate candidates as directors, management and staff members, provision of training services to staff members; and (iii) formulating accounting, financial and internal control system. At the discretion of Yuenqian Investment, Yuenqian Investment can assign the rights and novate the obligations under the services agreement to any company nominated by Yuenqian Investment without the consent of Lido Pawnshop and the Registered Owners.

The initial term of the services agreement is a fixed term of 10 years from the date of the execution of the services agreement. Upon expiry of the services agreement, Yuenqian Investment has the sole discretion to renew the services agreement for further extensions of the terms once every 10 years. Lido Pawnshop is not allowed to refuse the renewal of the services agreement. Yuenqian Investment shall charge Lido Pawnshop a service fee equals an amount being the total income less the operating expenses and taxation of Lido Pawnshop which is payable yearly.

For identification purpose only

REPORT OF THE DIRECTORS

Equity charge

The Registered Owners have created the equity charge over their respective equity interests in Lido Pawnshop to secure and guarantee the obligations of Lido Pawnshop under the services agreement until the fulfillment of all the obligations of Lido Pawnshop under the services agreement. At the discretion of Yuenqian Investment, Yuenqian Investment can assign the rights and novate the obligations under the equity charge to any company nominated by Yuenqian Investment without the consent of the Registered Owners.

The charging period commenced from the effective date of the equity charge until fulfillment of all the obligations of the Registered Owners and Lido Pawnshop under the services agreement.

Equity transfer agreement

Yuenqian Investment, the Registered Owners and Lido Pawnshop have entered into the equity transfer agreement pursuant to which the Registered Owners shall grant an irrevocable and exclusive priority right to Yuenqian Investment to acquire the entire equity interests in Lido Pawnshop at nil consideration or such minimum consideration as permitted under the laws of the PRC. In the event if any consideration shall be payable, the shareholders of Lido Pawnshop, to the extent permissible by law, shall refund such consideration to Yuenqian Investment. At the discretion of Yuenqian Investment, Yuenqian Investment can assign the rights and novate the obligations under the equity transfer agreement to any company nominated by Yuenqian Investment without the consent of the Registered Owners and Lido Pawnshop. There is no fixed term to the exercise of rights by Yuenqian Investment to acquire entire equity interests in Lido Pawnshop. Such rights shall remain valid until (i) it is not permitted under the law; or (ii) Yuenqian Investment exercises the right to acquire the entire equity interests in Lido Pawnshop. Yuenqian Investment will acquire the entire equity interests in Lido Pawnshop once, to the best knowledge of the Company, the relevant authorities in the PRC has published guidelines/practices in respect of allowing the pawn loans financing business to be operated without the Structural Agreements and foreign ownership application in PRC pawn shops.

Directors' undertaking

As the directors of Lido Pawnshop (being nominated by the shareholders of Lido Pawnshop) may change, the Registered Owners, as confirmers, have entered into an undertaking with all existing directors of Lido Pawnshop to Yuenqian Investment, among other matters, (i) to confirm and approve the director(s) of Lido Pawnshop to undertake that he or she will act according to the instructions of Ability Wealth and/or Yuenqian Investment upon the exercise of the powers of the director(s) of Lido Pawnshop, including but not limited to, the convening of shareholders' meeting, execution of shareholders' resolutions, approval of business plans and investment plans, formulation of annual budget, distribution of profits and making up of losses; (ii) to guarantee that upon the change of director(s) of Lido Pawnshop, they will procure the replacement director(s) to give a similar undertaking as aforesaid; and (iii) each of the directors of Lido Pawnshop has also undertaken not to compete with the business operating by Lido Pawnshop.

REPORT OF THE DIRECTORS

Registered Owners' undertaking

Each of the Registered Owners has undertaken, among other matters, that he/it will vote on any resolutions proposed at the shareholders' meetings of Lido Pawnshop in accordance with the instructions of Yuenqian Investment until the transfer of the entire equity interests in Lido Pawnshop to Yuenqian Investment and the fulfillment of all obligations under the services agreement, the equity charge and the equity transfer agreement. Each of the Registered Owners will also undertake not to compete with the business operating by Lido Pawnshop.

Upon the assignment of the rights and novation of obligations under the services agreement, the equity charge and the equity transfer agreement, Ability Wealth can also assign the rights under the shareholders undertaking to its subsidiary.

Powers of Attorney of directors

Each of the existing directors of Lido Pawnshop has executed a power of attorney in favour of Yuenqian Investment to irrevocably appoint Yuenqian Investment as his/her exclusive agent to exercise, inter alia, all his/her powers as director for the operation of Lido Pawnshop and to execute any documents necessary for giving effect to the Structural Agreements.

The power of attorney of directors of Lido Pawnshop shall remain valid until the termination or cancellation of the Structural Agreements (excluding the directors' undertakings, the Registered Owners' undertakings, and the powers of attorney of the Registered Owners).

Powers of Attorney of the Registered Owners

Each of the Registered Owners has executed a power of attorney in favour of Yuenqian Investment to irrevocably appoint Yuenqian Investment as his/its exclusive agent to exercise, inter alia, all his/its rights as shareholder of Lido Pawnshop and to execute any documents necessary for giving effect to the Structural Agreements.

The power of attorney of directors of Lido Pawnshop shall remain valid until the termination or cancellation of the Structural Agreements (excluding the directors' undertakings, the Registered Owners' undertakings, and the powers of attorney of directors).

Risk relating to the Structural Agreements

The following risks are associated with the Structural Agreements:

– the PRC Government may determine that the Structural Agreements do not comply with applicable PRC laws and regulations;

– the Structural Agreements may not provide control as effective as direct ownership;

– failure by Lido Pawnshop or the Registered Owners to perform their obligations under the Structural Agreements;

REPORT OF THE DIRECTORS

- the Company may lose the ability to use and enjoy assets held by Lido Pawnshop if Lido Pawnshop declares bankruptcy or becomes subject to a dissolution or liquidation proceeding;

- the shareholders of Lido Pawnshop may have potential conflicts of interest with the Company;

- the Company's ability to acquire the entire equity interests and/or assets of Lido Pawnshop through Yuenqian Investment may be subject to various limitations; and

- the Structural Agreements may be challenged by the PRC tax authorities.

Further details of the risks are set out on pages 26 to 30 of the circular of the Company dated 3 January 2014.

Lido Pawnshop's business activities

Lido Pawnshop is a company established in the PRC with limited liability which is principally engaged in the provision of pawn loans relating to movable and immovable properties (other than immovable properties located in autonomous regions, municipalities directly under the central government, or those under construction without permission for sale) (which may involve realisation of overdue pawned items); valuation and consultancy services and other approved pawn-related business; and other pawn loans related businesses permitted under the relevant PRC rules. Lido Pawnshop holds the Pawn Operations Business Licence (典當經營許可證) and the Special Industry Licence (特種行業許可證).

Under the Pawn Operations Business Licence (典當經營許可證) dated 31 December 2012 issued to Lido Pawnshop by The Economic and Information Commission of Guangdong Province (廣東省經濟和信息化委員會), Lido Pawnshop is allowed to engage in the provision of pawn loans relating to movable and immovable properties (other than immovable properties located in autonomous regions, municipalities directly under the central government, or those under construction without permission for sale) (which may involve realisation of overdue pawned items); valuation and consultancy services and other approved pawn-related business; and other pawn loans related businesses permitted under the relevant PRC rules for a period of six years. Under the Special Industry Licence (特種行業許可證) dated 17 May 2013 issued to Lido Pawnshop by Guangzhou Public Security Bureau (廣州市公安局), Lido Pawnshop is allowed to engage in pawning industry for a period from 17 May 2013 to 17 May 2015. Subsequent to 31 March 2015, the expiry date of such licence has been extended to 13 June 2017.

For the year ended 31 March 2016, the revenue subject to the Structured Agreements are approximately HK$6.6 million (2015: approximately HK$14.3 million), representing approximately 19.7% (2015: approximately 29.2%) of the Group's revenue. As at 31 March 2016, the total assets and the loans receivable (net off provision of impairment loss) subject to the Structured Agreements are approximately HK$128.3 million and HK$73.5 million (2015: approximately HK$135.1 million and approximately HK$25.3 million), representing approximately 22.9% and approximately 16.8% (2015: approximately 14.5% and approximately 14.3%) of the Group's total assets and the Group's loan receivable, respectively.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors

Mr. Chung Tat Fun *(Chairman)*
Mr. Chung Ho Chun
Mr. Fu Ear Ly
Mr. Huang Weibo (re-designated on 24 June 2015)

Non-executive Directors

Mr. So Chak Fai, Francis
Ms. Wong Yee Shuen, Regina (re-designated on 1 August 2015)

Independent Non-executive Directors

Ms. Lee Shiow Yue
Mr. Poon Wai Hoi, Percy
Mr. Tang Chi Ho, Francis

Pursuant to Bye-law 87(1) of the Bye-laws, Mr. Chung Tat Fun, Mr. Huang Weibo and Mr. Tang Chi Ho, Francis shall retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Company are set out on pages 10 to 12 of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers all of the Independent Non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

No Director has entered into any service agreements with any members of the Group excluding contracts expiring or determinable by the employee within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

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

REPORT OF THE DIRECTORS

COMPETING INTERESTS

As at 31 March 2016, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business that competed or was likely to compete with the business of the Group.

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

At 31 March 2016, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions

Ordinary shares of HK$0.1 each of the Company

	Ordinary shares		Interest in underlying shares (Share options)				
Name of Shareholders	**Personal interest**	**Corporate interest**	**Personal interest**	**Spouse interest**	**Total interests**	**Approximate percentage of issued share capital of the Company** *(Note 6)*	**Notes**
Mr. Chung Tat Fun	–	60,000,000	6,000,000	–	66,000,000	10.39%	1
Ms. Wong Yee Shuen, Regina	–	54,000,00	6,000,000	6,000,000	66,000,000	10.39%	2
Mr. Chung Ho Chun	–	–	6,000,000	–	6,000,000	0.94%	3
Mr. Huang Weibo	–	60,000,000	6,000,000	–	66,000,000	10.39%	4
Mr. So Chak Fai, Francis	11,096,000	–	–	–	11,096,000	1.74%	
Mr. Fu Ear Ly	30,000,000	–	–	–	30,000,000	4.72%	

REPORT OF THE DIRECTORS

Notes:

1. Light Tower Holding Limited ("Light Tower") held 60,000,000 Shares. Light Tower is wholly and beneficially owned by Mr. Chung Tat Fun, the Chairman and an executive Director of the Company. Mr. Chung was granted 6,000,000 share options by the Company. By virtue of SFO, Mr. Chung is deemed to be interested in a total of 66,000,000 Shares.

2. Regal Peak Development Limited ("Regal Peak") held 54,000,000 Shares. Regal Peak is wholly and beneficially owned by Ms. Wong Yee Shuen, Regina, a non-executive Director of the Company. Ms. Wong was granted 6,000,000 share options by the Company. Mr. Lam Tsz Chung, the legal consultant of the Company and the spouse of Ms. Wong, was granted 6,000,000 share options by the Company. By virtue of SFO, Ms. Wong is deemed to be interested in a total of 66,000,000 Shares.

3. Mr. Chung Ho Chun was granted 6,000,000 share options by the Company.

4. Flame Global Holding Limited ("Flame Global") held 60,000,000 Shares. Flame Global is wholly and beneficially owned by Mr. Huang Weibo, an executive Director of the Company. Mr. Huang was granted 6,000,000 share options by the Company. By virtue of SFO, Mr. Huang is deemed to be interested in a total of 66,000,000 Shares.

5. Details of the Directors' interests in the share options granted by the Company are set out under the heading SHARE OPTION SCHEME below.

6. As at 31 March 2016, the issued share capital is 634,780,780 shares.

Save as disclosed above, as at 31 March 2016, none of the Directors or chief executive of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2016, as far as known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follow:

Long positions

Ordinary shares of HK$0.1 each of the Company

Name of Shareholder	Nature of interests	Number of shares held in the Company	Number of shares subject to options	Total	Approximate percentage of interests as to the issued share capital of the Company *(Note 9)*	Notes
Light Tower Holding Limited	Beneficial owner	60,000,000	Nil	60,000,000	9.45%	1
Mr. Chung Tat Fun	Corporate interest	60,000,000	Nil	66,000,000	10.39%	1
	Personal interest	Nil	6,000,000			
Regal Peak Development Limited	Beneficial owner	54,000,000	Nil	54,000,000	8.50%	2
Ms. Wong Yee Shuen, Regina	Corporate interest	54,000,000	Nil	66,000,000	10.39%	2
	Personal interest	Nil	6,000,000			
	Spouse interest	Nil	6,000,000			
Flame Global Holding Limited	Beneficial owner	60,000,000	Nil	60,000,000	9.45%	3
Mr. Huang Weibo	Corporate interest	60,000,000	Nil	66,000,000	10.39%	3
	Personal interest	Nil	6,000,000			
SUR Limited	Beneficial owner	34,900,000	Nil	34,900,000	5.49%	4
Mr. Yeung Heung Yeung	Corporate interest	34,900,000	Nil	34,900,000	5.49%	4
Mr. Ng Cheuk Fai	Beneficial owner	35,294,117	Nil	35,294,117	5.56%	
Mr. Ma Siu Chung	Beneficial owner	44,648,000	Nil	44,648,000	7.03%	

REPORT OF THE DIRECTORS

Name of Shareholder	Nature of interests	Number of shares held in the Company	Number of shares subject to options	Total	Approximate percentage of interests as to the issued share capital of the Company *(Note 9)*	Notes
Swiree Capital Limited ("Swiree")	Beneficial owner	1,653,073,872	Nil	1,653,073,872	260.42%	5
Ms. Du Juan	Corporate interest	1,653,073,872	Nil	1,653,073,872	260.42%	6
Mr. Wong Kwong Yu	Spouse interest	1,653,073,872	Nil	1,653,073,872	260.42%	6
Richlane Ventures Limited ("Richlane")	Beneficial owner	275,512,312	Nil	275,512,312	43.40%	5
Mr. Ko Chun Shun, Johnson ("Mr. Ko")	Beneficial owner Corporate interest	15,000,000 275,512,312	Nil	292,776,312	46.12%	7
Best Global Ventures Limited ("Best Global")	Beneficial owner	137,756,156	Nil	137,756,156	21.70%	5
Gate Success Investments Limited ("Gate Success")	Corporate interest	137,756,156	Nil	137,756,156	21.70%	8
Ms. Yu Nan	Corporate interest	137,756,156	Nil	137,756,156	21.70%	8

Notes:

1. Light Tower Holding Limited ("Light Tower") held 60,000,000 Shares. Light Tower is wholly and beneficially owned by Mr. Chung Tat Fun, the Chairman and an executive Director of the Company. Mr. Chung was granted 6,000,000 share options by the Company. By virtue of SFO, Mr. Chung is deemed to be interested in a total of 66,000,000 Shares.

2. Regal Peak Development Limited ("Regal Peak") held 54,000,000 Shares. Regal Peak is wholly and beneficially owned by Ms. Wong Yee Shuen, Regina, a non-executive Director of the Company. Ms. Wong was granted 6,000,000 share options by the Company. Mr. Lam Tsz Chung, the legal consultants of the Company and the spouse of Ms. Wong, was granted 6,000,000 share options by the Company. By virtue of SFO, Ms. Wong is deemed to be interested in a total of 66,000,000 Shares.

3. Flame Global Holding Limited ("Flame Global") held 60,000,000 Shares. Flame Global is wholly and beneficially owned by Mr. Huang Weibo, an executive Director of the Company. Mr. Huang was granted 6,000,000 share options by the Company. By virtue of SFO, Mr. Huang is deemed to be interested in a total of 66,000,000 Shares.

4. SUR Limited held 34,900,000 shares. As SUR Limited is wholly and beneficially owned by Mr. Yeung Heung Yeung, he is deemed to be interested in 34,900,000 shares.

REPORT OF THE DIRECTORS

5. Pursuant to the announcements of the Company dated 8 December 2015 and 19 February 2016, on 29 November 2015, the Company entered into Swiree Subscription Agreement, Richlane Subscription Agreement and Best Global Subscription Agreement with Swiree, Richlane and Best Global respectively, under which the Company has conditionally agreed to allot and issue, and the said subscribers have conditionally agreed to subscribe for the share as set out below:

   - Swiree: 1,653,073,872 shares;
   - Richlane: 275,512,312 shares;
   - Best Global: 137,756,156 shares.

   As at 31 March 2016, the said subscriptions have not been completed. For more details, please refer to the section headed Equity-linked Agreements on page 26 of this annual report.

6. Swiree will hold 1,653,073,872 shares after completion of the said subscription. As Swiree is wholly and beneficially owned by Ms. Du Juan, Ms. Du Juan is deemed to be interested in 1,653,073,872 shares. Mr. Wong Kwong Yu is the spouse of Ms. Du Juan and is also deemed to be interested in 1,653,073,872 shares.

7. Richlane will hold 275,512,312 shares after completion of the said subscription. Mr. Ko, who is the ultimate beneficial owner of Richlane, owns a total of 17,264,000 Shares, among which Mr. Ko directly holds 15,000,000 Shares and indirectly owns 2,264,000 Shares through Peninsula Resources Limited, which is a company wholly-owned by Mr. Ko. As Richlane is ultimately owned by Mr. Ko, Mr. Ko is deemed to be interested in 275,512,312 shares.

8. Best Global will hold 137,756,156 shares after completion of the said subscription. As Best Global is wholly and beneficially owned by Gate Success, which is wholly and beneficially owned by Ms. Yu Nan, Gate Success and Ms. Yu Nan are deemed to be interested in 137,756,156 shares.

9. As at 31 March 2016, the total number of issued shares is 634,780,780.

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

REPORT OF THE DIRECTORS

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2016.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EQUITY-LINKED AGREEMENTS

The equity-linked agreements entered into by the Company during the year or subsisted at the end of the year that would or may result in the Company issuing the Company's shares ("Share(s)") or that required the Company to enter into any agreements that would or may result in the Company issuing Shares are as follows:

Subscription Agreements

As disclosed in the announcements of the Company dated 8 December 2015 and 19 February 2016 ("Subscription Announcements"), On 29 November 2015, the Company entered into the Swiree Subscription Agreement, the Richlane Subscription Agreement and the Best Global Subscription Agreement with each of Swiree, Richlane and Best Global respectively pursuant to which the Company has conditionally agreed to allot and issue, and Swiree, Richlane and Best Global have conditionally agreed to subscribe for, 1,653,073,872 Shares, 275,512,312 Shares and 137,756,156 Shares respectively, constituting a total of 2,066,342,340 Subscription Shares, in each case at an issue price of HK$0.77 per Subscription Share. On 18 February 2016, the Company entered into the Swiree Supplemental Agreement, the Richlane Supplemental Agreement and the Best Global Supplemental Agreement with each of Swiree, Richlane and Best Global respectively to amend and clarify certain terms in the Subscription Agreements.

The Subscription Price of HK$0.77 per Subscription Share represents (i) a discount of approximately 55.49% to the closing price of HK$1.73 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 54.44% to the average closing price of approximately HK$1.69 per Share for the last 10 consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 1.32% over the unaudited consolidated net asset value per Share of the Company of HK$0.76 as at 30 September 2015. The gross proceeds from the Subscriptions are expected to be approximately HK$1,591.08 million. Please refer to the Subscription Announcements for the details of the subscriptions.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

Pursuant to Bye-law 168 of the Company's Bye-laws, every Director, other officer and auditor shall be entitled to be indemnified and secured harmless out of assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by him as a Director, Auditors or other officer of the Company about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate Directors' and Officers' liability insurance coverage for the Directors and officers of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company, on the basis of their performance, experience and prevailing industry practices.

The emoluments of the Directors are recommended by the Remuneration Committee of the Company, having regard to the Company's operating results, individual performance and/or comparable market statistics. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. The Group has also implemented a share option scheme to reward eligible employees (including Executive Directors) according to their individual performance.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in Note 36 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices.

Details of the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" on pages 29 to 42 of this annual report.

REPORT OF THE DIRECTORS

CHANGE IN INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

1. Mr. Huang Weibo, previously a Non-executive Director of the Company, has been re-designated as an Executive Director of the Company with effect from 24 June 2015.

2. Ms. Wong Yee Shuen, Regina, previously an Executive Director and Chief Executive Officer ("CEO") of the Company, has been re-designated as the Non-executive Director and ceased to be the CEO with effect from 1 August 2015.

3. Mr. Chung Tat Fun has undertaken the duties of CEO with effect from 1 August 2015.

4. Ms. Wong Yee Shuen, Regina, has resigned as the authorised representative and Mr. Chung Ho Chun has been appointed as the authorised representative of the Company with effect from 24 June 2015.

AUDITORS

The consolidated financial statements for the year ended 31 March 2016 have been audited by HLB Hodgson Impey Cheng Limited who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be submitted to the forthcoming annual general meeting of the Company for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company.

On behalf of the board

Chung Tat Fun
Chairman

Hong Kong, 30 June 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board (the "Board") of directors (the "Directors") of the Company is committed to maintaining a high standard of corporate governance practices. The primary corporate governance rules applicable to the Company is the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Throughout the year ended 31 March 2016, the Company had complied with all code provisions set out in the CG Code, except for deviation disclosed below.

i. Code provision A.1.3

According to code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend.

During the year, certain regular Board meetings were convened with less than 14 days' notice with the consent of the Directors.

ii. Code provision A.2.1

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chung Tat Fun, the Chairman, also assumed the duty of CEO with effect from 1 August 2015 when Ms. Wong Yee Shuen, Regina ceased to be CEO.

The Board considered that vesting the roles of chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximises effectiveness of its operations.

The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

iii. Code provision A.4.1

According to code provision A.4.1 of the CG Code, the Non-executive Directors should be appointed for a specific term, subject to re-election.

Ms. Lee Shiow Yue, Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis being the Independent Non-executive Directors, were not appointed for a specific term but were subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company and their appointment would be reviewed when they were due for re-election.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2016.

BOARD OF DIRECTORS

As at 31 March 2016, the Board comprises four Executive Directors, two Non-executive Director and three Independent Non-executive Directors. The Directors were:

Executive Directors

Mr. Chung Tat Fun *(Chairman and Chief Executive Officer)*
Mr. Chun Ho Chun
Mr. Fu Ear Ly
Mr. Huang Weibo *(re-designated on 24 June 2015)*

Non-executive Directors

Mr. So Chak Fai, Francis
Ms. Wong Yee Shuen, Regina *(re-designated on 1 August 2015)*

Independent Non-executive Directors

Ms. Lee Shiow Yue
Mr. Poon Wai Hoi, Percy
Mr. Tang Chi Ho, Francis

The Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company. The Executive Directors have accumulated sufficient and valuable experience to hold their positions in order to ensure that their fiduciary duties have been carried out in an efficient and effective manner. The Board is responsible for setting the Group's strategic direction and overseeing the business performance of the Group while business operations are delegated to qualified management under the supervision of the Executive Directors. The Board also monitors the financial performance and the internal controls of the Group's business operations. The senior management is responsible for the day-to-day operations of the Group.

Biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" on pages 10 to 12 of this annual report. Mr. Chung Tat Fun is the father of Mr. Chung Ho Chun. Besides, none of the members of the Board is related to one another.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer ("CEO")

The Code provision A.2.1 stipulated that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

Ms. Wong Yee Shuen, Regina, re-designated from Executive Director to Non-executive Director and ceased to be CEO with effect from 1 August 2015. Mr. Chung Tat Fun is the Chairman and assumed the duty of CEO with effect from 1 August 2015. The roles and the responsibilities of the Chairman and the CEO are set out as follows:

Chairman is mainly responsible for:

- ensuring that good corporate governance practices and procedures are established;
- ensuring that all Directors are properly briefed on issues arising at Board meetings and that all Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
- encouraging all Directors to make a full and active contribution to the Board's affair and to voice their concerns even with different views, allowing sufficient time for discussion of issues, ensuring that Board decisions fairly reflect Board consensus, and taking the lead to ensure that it acts in the best interests of the Group;
- ensuring that appropriate steps are taken to provide effective communication with Shareholders and their views are communicated to the Board as a whole; and
- promoting a culture of openness and debate by facilitating the effective contribution of Independent Non-executive Directors in particular and ensuring constructive relations between executive and Independent Non-executive Directors.

CEO is responsible for, among other things:

- organising and manage the Group's business;
- leading the corporate team to implement the strategies and plans established by the Board; and
- coordinating overall daily business operations of the Group.

CORPORATE GOVERNANCE REPORT

Given the Group's current stage of development, the Board considers that vesting the roles of chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximises effectiveness of its operations. The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

Board Diversity

The Board has adopted the Board Diversity Policy on 26 March 2013. The Company maintains that Board appointment should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board.

Non-Executive Directors

All Non-executive Directors including Independent Non-executive Directors are subject to retirement by rotation and re-election every 3 years in accordance with the Company's Bye-laws.

According to code provision A.4.1 of CG Code, the Non-executive Directors should be appointed for a specific term, subject to re-election. Each of the Non-executive Directors of the Company is therefore appointed for a specific term of 3 years and is subject to retirement by rotation once every three years.

Independent Non-executive Directors

Independent Non-executive Directors are responsible to scrutinize the Company's performance in achieving agreed corporate goals and objectives; and ensuring that the exercise of the Board authority is within the powers conferred to the Board under the Bye-laws, applicable laws, rules and regulations.

During the year ended 31 March 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board considers that all of the three Independent Non-executive Directors are independent. All of the Independent Non-executive Directors have signed their respective confirmation letters to the Company confirming their independence as set out in Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 86(2) of the Bye-laws, (1) any director appointed by the Board to fill a casual vacancy shall hold office only until the next following general meeting of the Company after his/her appointment, or (2) any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to Bye-law 87(1) of the Bye-laws, one-third of the Directors for the time being shall retire by rotation at each annual general meeting of the Company at least once every three years. All retiring Director shall be eligible for re-election.

Mr. Chung Tat Fun, Mr. Huang Weibo and Mr. Tang Chi Ho, Francis shall therefore retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

ROLES AND FUNCTIONS OF THE BOARD AND THE MANAGEMENT

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

BOARD MEETINGS

The Board holds at least four regular meetings a year which are normally scheduled in the fourth quarter of the preceding year. The Board will also meet on other occasions when a board-level decision on a particular matter is required. During the financial year ended 31 March 2016, the attendance records of the Directors to these board meetings are set out below:

Name of Directors	No. of meetings attended/ No. of meetings held
Executive Directors	
Mr. Chung Tat Fun	5/5
Mr. Chung Ho Chun	5/5
Mr. Fu Ear Ly	3/5
Mr. Huang Weibo	4/5
Non-Executive Directors	
Mr. So Chak Fai, Francis	4/5
Ms. Wong Yee Shuen, Regina	5/5
Independent Non-Executive Directors	
Mr. Poon Wai Hoi, Percy	5/5
Mr. Tang Chi Ho, Francis	4/5
Ms. Lee Shiow Yue	5/5

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The Company's secretarial functions are outsourced to external service provider who reports and receives instruction from the Chairman and the financial controller of the Group. The Company Secretary reports to the Board through the Chairman. All Directors may access to the advice and services of the Company Secretary. The Company Secretary regularly updates the Board on governance and regulatory matters.

The Board is fully involved in selection, appointment and dismissal of the Company Secretary. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

During the year ended 31 March 2016, the Company Secretary has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

ACCESS TO INFORMATION

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including relevant rules and regulations and are able to make further enquiries when necessary. Sufficient explanation and information have been provided to the Board to enable the Board to make an informed assessment of financial and other information put before it for approval. They also have unrestricted access to the advices and services of the Company Secretary, who is responsible for providing the Directors with board papers and related materials. A monthly update which gives a balanced and concise assessment of the Company's performance, position and prospects in sufficient details is provided to all Directors to enable the Board as a whole and each Director to discharge their duties. The Board has also agreed that the Directors may seek independent professional advice in performing their Directors' duties at the Company's expenses.

CORPORATE GOVERNANCE REPORT

DIRECTORS INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

During the year, the newly appointed Directors were given an induction after their appointment so as to ensure that they have appropriate understanding of the Group's business and of their duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

The Company provides regular updates on the business performance of the Group to the Directors. The Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development to Directors will be arranged whenever necessary.

The Company has maintained a training record in order to assist the Directors to record the training that they have undertaken and they are asked to submit a training record to the Company on annual basis.

During the year, each individual Director has attended training courses or workshops or reading materials relevant to his/her professional and/or duties as Director.

The individual training record of each Director received for the year ended 31 March 2016 is summarised below:

Name of Directors	Courses/Seminars provided/accredited by Professional Body	Reading materials
Executive Directors		
Mr. Chung Tat Fun	–	✓
Mr. Chung Ho Chun	✓	✓
Mr. Fu Ear Ly	✓	✓
Mr. Huang Weibo	✓	✓
Non-executive Directors		
Mr. So Chak Fai, Francis	✓	✓
Ms. Wong Yee Shuen, Regina	✓	✓
Independent Non-executive Directors		
Ms. Lee Shiow Yue	✓	✓
Mr. Poon Wai Hoi, Percy	✓	✓
Mr. Tang Chi Ho, Francis	–	✓

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to directors and employees; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the executive of and discharge of their duties or in relation thereto, the Company has arranged insurance cover for this purpose.

BOARD COMMITTEES

The Board has established three committees with specific responsibilities as described below. The terms of reference of the remuneration committee (the "Remuneration Committee"), nomination committee (the "Nomination Committee") and audit committee (the "Audit Committee") of the Company are posted on the websites of the Company and the Stock Exchange.

REMUNERATION COMMITTEE

As at 31 March 2016, the Remuneration Committee comprises two Independent Non-executive Directors, Ms. Lee Shiow Yue as the chairman, and Mr. Tang Chi Ho, Francis and an Executive Director, Mr. Chung Tat Fun. The majority of the members of the Remuneration Committee are Independent Non-executive Directors.

It is responsible for reviewing and recommending all elements of the Executive Director and senior management remuneration. The fees of Non-executive Directors are determined by the Board. No individual Director is involved in decisions relating to his/her own remuneration. The Remuneration Committee has adopted the model under code provision B.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual Directors and senior management. Meetings of the Remuneration Committee shall be held at least once a year.

CORPORATE GOVERNANCE REPORT

During the year, there were one meeting held by the Remuneration Committee to (i) review and recommend the remuneration packages of the Executive Director; and (ii) review the remuneration packages of the newly appointed Directors for the year ended 31 March 2016.

Details of the remuneration paid to Directors and members of senior management by band for the year ended 31 March 2016 are disclosed in Note 11 to the consolidated financial statements.

Attendance of the Remuneration Committee during the relevant period is set out below:

Members	No. of Meetings attended/ No. of meetings held
Ms. Lee Shiow Yue *(Chairman)*	1/1
Mr. Tang Chi Ho, Francis	1/1
Mr. Chung Tat Fun	1/1

NOMINATION COMMITTEE

As at 31 March 2016, the Nomination Committee is chaired by Ms. Lee Shiow Yue with Mr. Tang Chi Ho, Francis and Mr. Chung Tat Fun as members. The majority of the members of the Nomination Committee are Independent Non-executive Directors.

It is responsible for reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the required blend of skills, knowledge and experience. Meetings of the Nomination Committee shall be held at least once a year.

The Board also approved the adoption of the Board Diversity Policy. The Company seeks to achieve Board diversity through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualification, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

During the year, there were one meeting held by the Nomination Committee to (i) review the structure, size and composition of the Board; (ii) nominate three Directors for re-election at the annual general meeting; (iii) assess the independence of Independent Non-executive Directors with reference to the requirements under the Listing Rules; (iv) identified individual suitably qualified to become Board members and made recommendation to the Board on the selection of individuals nominated for directorship; and (v) recommended the Board on the adoption of the revised terms of reference of the Nomination Committee and the Board Diversity Policy.

CORPORATE GOVERNANCE REPORT

Attendance of the Nomination Committee during the relevant period is set out below:

Members	No. of Meetings attended/ No. of meetings held
Ms. Lee Shiow Yue *(Chairman)*	1/1
Mr. Tang Chi Ho, Francis	1/1
Mr. Chung Tat Fun	1/1

AUDIT COMMITTEE

As at 31 March 2016, the Audit Committee comprises three Independent Non-executive Directors, Mr. Poon Wai Hoi, Percy as the chairman, Ms. Lee Shiow Yue and Mr. Tang Chi Ho, Francis.

The Audit Committee is responsible for reviewing the Group's financial statements, overseeing the Group's financial reporting and internal control procedures, and making recommendations to the Board. None of the members of the Audit Committee is a member of the former or existing auditors of the Company. The Audit Committee has adopted the principles set out in the CG Code. Meetings of the Audit Committee shall be held at least twice a year.

The Audit Committee has access to and maintains an independent communication with the external auditors and the management to ensure effective information exchange on all relevant financial accounting matters. During the year, there were two meetings held by the Audit Committee to (i) review the work done by external auditors, the relevant fees and terms, the accounting principles and practices adopted by the Group, Listing Rules and statutory compliance; (ii) review and discuss with the auditors the audited financial statements for the year ended 31 March 2016 and the unaudited interim financial statements for the six months ended 30 September 2015, with recommendations to the Board for approval; (iii) review report on internal control system covering financial, operational, procedural compliance and risk management functions; (iv) consider the independent auditors' independence and fee in relation to the audited financial statements of the Group for the year ended 31 March 2016; and (v) review and recommend to the Board the auditors' re-appointment and remuneration.

The chairman of the Audit Committee, Mr. Poon Wai Hoi, Percy, possesses appropriate professional qualification in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

Attendance of the Audit Committee during the relevant period is set out below:

Members	No. of Meetings attended/ No. of meetings held
Mr. Poon Wai Hoi, Percy *(Chairman)*	2/2
Ms. Lee Shiow Yue	2/2
Mr. Tang Chi Ho, Francis	1/2

AUDITORS' REMUNERATION

During the year, the Group was charged by the auditors, HLB Hodgson Impey Cheng Limited for the following audit services:

Service rendered	Fees paid/payable HK$'000
Audit services	700

ACCOUNTABILITY AND AUDIT

The Directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 March 2016, the Directors have adopted suitable accounting policies and applied them consistently. The accounts for the reporting year have been prepared on a going concern basis.

The Directors acknowledge their responsibility to prepare the financial statements as set out on page 47. The statement of the external auditors about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 45 to 46 of this annual report.

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and reviewing the effectiveness of such system on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditors shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

The Board has conducted an annual review of the effectiveness of its internal control system covering all material controls, including financial, operational and compliance as well as risk management.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for convening a special general meeting

Shareholders shall have the right to request the Board to convene a special general meeting of the Company. Shareholders holding in aggregate of not less than one-tenth of the paid up capital of the Company may send a written request to the Board of the Company to request for special general meeting.

The written requisition, duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Company's head office and principal place of business in Hong Kong at Suit 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong or at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Section 74 of the Companies Act 1981 of Bermuda (the "Companies Act") once a valid requisition is received.

Procedures for shareholders to put forward proposals at general meetings

The following shareholders are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

(a) any number of members representing not less than one-twentieth of the total voting rights of the Company on the date of the requisition; or

(b) not less than 100 members holding shares in the Company.

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement of not more than 1,000 words with respect to the matter referred to in the proposal must be deposited at the Company's head office and principal place of business in Hong Kong at Suite 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong or at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong. The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act once valid documents are received.

If a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should follow the "Procedures for shareholders to propose a person for election as a Director", which can be found on the website of the Company.

CORPORATE GOVERNANCE REPORT

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send in their enquiries and concerns to the Board in writing via the following channel:

The Board of Directors/Company Secretary
Sino Credit Holdings Limited
Suite 1502, 15/F
Far East Finance Centre
16 Harcourt Road, Admiralty
Hong Kong

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company established a shareholders' communication policy and review it on a regular basis to ensure its effectiveness. The Board is committed in providing clear and full performance information of the Group to shareholders through the publication of interim and annual reports. In addition to the circulars, notices and financial reports sent to shareholders, additional information of the Group is also available to shareholders on the website of the Company.

Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The chairman of the Board and Directors are available to answer questions on the Group's business at the meeting. Subject to the Bye-laws, all shareholders shall have statutory rights to call for special general meetings and put forward agenda items for consideration in the general meetings. All resolutions at the general meeting are decided by a poll which is conducted by the Company's branch share registrar and transfer office in Hong Kong.

The Group values feedbacks from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. All Directors will make an effort to attend. External auditors is also available at the annual general meeting to address shareholders' queries. In case of any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval, members of the independent Board committee will also make an effort to address shareholders' queries.

CORPORATE GOVERNANCE REPORT

Details of the Directors' attendances of general meetings during the relevant period are as follows:

Name of Directors	No. of general meetings attended/ No. of general meetings held
Executive Directors	
Mr. Chung Tat Fun	2/2
Mr. Chung Ho Chun	1/2
Mr. Fu Ear Ly	0/2
Mr. Huang Weibo	0/2
Non-Executive Directors	
Mr. So Chak Fai, Francis	0/2
Ms. Wong Yee Shuen, Regina	0/2
Independent Non-Executive Directors	
Mr. Poon Wai Hoi, Percy	2/2
Mr. Tang Chi Ho, Francis	0/2
Ms. Lee Shiow Yue	2/2

CONSTITUTIONAL DOCUMENTS

The Company does not have any changes in the constitutional documents during the year under review.

CORPORATE SOCIAL RESPONSIBILITY REPORT

The Group is committed to contributing to the sustainability of the environment and community in which the Group conducts business and where the stakeholders of the Group live.

Environmental Protection

The Group has strictly endeavored to comply with laws and regulations regarding environmental protection and adopted effective environmental technologies to ensure its standards and ethics in respect of environmental protection.

Several measures have been implemented in order to minimize the light pollution and reduce energy consumption produced by the Group's offices in Hong Kong and PRC, such as upgrading the lighting systems to LED lamps, equipping the air-conditioning systems with smart sensors to automatically adjust the temperature etc.

Staff members in offices in Hong Kong and PRC are encouraged to adopt energy saving practices, such as setting their computers to sleep mode when not in use, switching off the lights after office hours, reducing the energy usage in air conditions, and reducing paper consumption by switching to sending emails for internal communications and adoption of duplex printing and copying.

The Group has actively promoted material-saving and the extensive use of reused papers so as to protect the environment and improve air quality within the community.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Audit Committee of the Group is delegated by the Board to monitor the Group's policies and practices in compliance with legal and regulatory requirements and such policies are regularly reviewed.

The Group complies with the requirements under the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (the "SFO") for, among other things, the disclosure of corporate information. The Group has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Workplace Quality

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics.

The Group has established policy outlining terms and conditions of employment, expectations for employees' conduct and behavior as well as employees' rights and benefits. The Group has also established and implemented policies that promote a harmony and respectful workplace.

The Group believes that employees are the valuable assets of an enterprise and regards human resources as its corporate wealth. The Group provides on-the-job training and development opportunities to enhance employees' career progression. Through different training, staff 's professional knowledge in corporate operations, occupational and management skills are enhanced.

Relationship with Suppliers, Customers and Other Stakeholders

The Group understands the importance of maintaining good relationship with its suppliers and customers to meet its immediate and long-term goals, so the Group commits to provide high quality services to customers and develop mutual trust with suppliers. During the year ended 31 March 2016, there were no material and significant dispute between the Group and its suppliers and/or customers

Health and Safety

The Group prides itself on providing a safe, effective and congenial work environment. Adequate arrangements, training and guidelines are implemented to ensure that the working environment is healthy and safe. The Group provides health and safety communications for employees to present the relevant information and raise awareness of occupational health and safety issues.

The Group values the health and well-being of staff. In order to provide employees with health coverage, they are entitled to medical insurance benefits as well as other health awareness programs.

The Group's operations are covered by insurance policies to cover third party liability and employee compensation.

Community Involvement

The Group believes that by encouraging staff to participate in a wide range of charitable events, concern for the community will be raised and boosted, which would inspire more people to take part in serving the community.

INDEPENDENT AUDITORS' REPORT

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

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
SINO CREDIT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sino Credit Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 135, which comprise the consolidated financial position as at 31 March 2016 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITY (continued)

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

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

OPINION

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Andrew Shek
Practising Certificate Number: P05895

Hong Kong, 30 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Continuing operations			
Revenue	6	**33,370**	48,932
Other income	6	**1,577**	165
Other gains and losses, net	6	**(1,007)**	(27,214)
Administrative expenses		**(25,828)**	(28,835)
Impairment loss on loans receivable	21	**(6,131)**	(7,246)
Share-based compensation		**–**	(23,357)
Finance costs	7	**(6,564)**	(6,528)
Loss before taxation		**(4,583)**	(44,083)
Taxation	8	**(2,591)**	(6,593)
Loss for the year from continuing operations		**(7,174)**	(50,676)
Discontinued operation			
Profit for the year from discontinued operation	9	**11,080**	8,893
Profit/(loss) for the year attributable to owners of the Company	10	**3,906**	(41,783)
Earnings/(loss) per share	12		
From continuing & discontinued operations			
Basic		**0.62 HK cents**	(6.85) HK cents
Diluted		**0.61 HK cents**	(6.85) HK cents
From continuing operations			
Basic and diluted		**(1.13) HK cents**	(8.31) HK cents

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
Profit/(loss) for the year	**3,906**	(41,783)
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(17,863)**	332
Reclassification from exchange reserve to profit or loss upon disposal of subsidiaries	**13,176**	–
	(4,687)	332
Total comprehensive loss for the year attributable to owners of the Company	**(781)**	(41,451)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	15	**19,165**	6,269
Intangible assets	16	**5,588**	5,878
Goodwill	17	**7,148**	53,646
Investment properties	18	**–**	627,328
Deferred tax assets	19	**2,994**	1,804
		34,895	694,925
Current assets			
Financial assets at fair value through profit or loss	20	**28,059**	30,559
Trade and loans receivable	21	**436,407**	177,669
Prepayments, deposits and other receivables	22	**6,410**	2,551
Promissory note receivable	23	**30,000**	–
Cash and cash equivalents	24	**23,959**	26,426
		524,835	237,205
Liabilities			
Current liabilities			
Trade payables	25	**2,574**	511
Accruals and other payables	26	**22,541**	10,767
Tax payables		**3,443**	–
Borrowings	27	**–**	100,720
		28,558	111,998
Net current assets		**496,277**	125,207
Total assets less current liabilities		**531,172**	820,132
Non-current liabilities			
Borrowings	27	**–**	186,881
Bonds	28	**31,078**	21,945
Deferred tax liabilities	19	**1,397**	111,828
		32,475	320,654
Net assets		**498,697**	499,478
Capital and reserves			
Share capital	29	**63,478**	63,478
Reserves		**435,219**	436,000
Total equity		**498,697**	499,478

Approved and authorised for issue by the board of directors on 30 June 2016.

On behalf of the board

Chung Tat Fun *Director*

Huang Weibo *Director*

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital reserves HK$'000	Revaluation reserves HK$'000	Share option reserves HK$'000	Exchange reserves HK$'000	Accumulated losses HK$'000	Total reserves HK$'000	Total Equity HK$'000
At 1 April 2014	55,857	802,210	569,044	85,889	638	–	(1,171)	(1,108,344)	348,266	404,123
Loss for the year	–	–	–	–	–	–	–	(41,783)	(41,783)	(41,783)
Other comprehensive income for the year	–	–	–	–	–	–	332	–	332	332
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	332	(41,783)	(41,451)	(41,451)
Issue of consideration shares	3,321	57,453	–	–	–	–	–	–	57,453	60,774
Shared-based payments	–	–	–	–	–	23,357	–	–	23,357	23,357
Placing of shares	4,300	49,450	–	–	–	–	–	–	49,450	53,750
Expense of issue of shares	–	(1,075)	–	–	–	–	–	–	(1,075)	(1,075)
At 31 March 2015	63,478	908,038	569,044	85,889	638	23,357	(839)	(1,150,127)	436,000	499,478
At 1 April 2015	63,478	908,038	569,044	85,889	638	23,357	(839)	(1,150,127)	436,000	499,478
Profit for the year	–	–	–	–	–	–	–	3,906	3,906	3,906
Other comprehensive loss for the year	–	–	–	–	–	–	(4,687)	–	(4,687)	(4,687)
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	(4,687)	3,906	(781)	(781)
Share option lapsed	–	–	–	–	–	(2,273)	–	2,273	–	–
At 31 March 2016	**63,478**	**908,038**	**569,044**	**85,889**	**638**	**21,084**	**(5,526)**	**(1,143,948)**	**435,219**	**498,697**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Loss before taxation from continuing operations		**(4,583)**	(44,083)
Profit before taxation from discontinued operation	9	**7,818**	12,008
Adjustments for:			
Bank interest income	6	**(48)**	(175)
Finance costs		**15,280**	13,244
Fair value changes on investment properties		**(1,615)**	(12,460)
Fair value changes on financial assets at fair value through profit or loss	6	**2,500**	(3,017)
Reversal of impairment loss on loans receivable	6,21	**(957)**	(10,088)
Loss on early repayment of promissory note		**–**	40,318
Share-based compensation		**–**	23,357
Provision for impairment loss on loans receivable	21	**6,131**	7,246
Depreciation of property, plant and equipment	10,15	**2,588**	1,407
Operating cash flows before movements in working capital		**27,114**	27,757
(Increase)/decrease in trade and loans receivable		**(278,232)**	179,384
(Increase)/decrease in prepayments, deposit and other receivables		**(19,130)**	75,359
Increase/(decrease) in trade payables		**2,063**	(126)
Increase/(decrease) in accruals and other payables		**16,482**	(37,056)
Cash (used in)/generated from operations		**(251,703)**	245,318
Income tax paid		**(423)**	(6,571)
Interest paid		**(14,368)**	(12,316)
Net cash (used in)/generated from operating activities		**(266,494)**	226,431

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from investing activities			
Interest received		**48**	175
Net cash outflow on acquisition of subsidiaries		**–**	(110,515)
Addition on investment properties		**–**	(4,822)
Purchase of property, plant and equipment	15	**(15,629)**	(4,932)
Net cash inflow on disposal of subsidiaries	9	**361,977**	–
Net cash generated from/(used in) investing activities		**346,396**	(120,094)
Cash flows from financing activities			
Issue of bonds		**10,000**	25,000
Repayment of borrowings		**(90,148)**	(12,785)
Expenses of issue of bonds		**(1,250)**	(3,125)
Repayment of promissory note		**–**	(240,000)
Placing of shares		**–**	53,750
Expenses of issue of shares		**–**	(1,075)
Net cash used in financing activities		**(81,398)**	(178,235)
Net decrease in cash and cash equivalents		**(1,496)**	(71,898)
Cash and cash equivalents at beginning of year		**26,426**	98,553
Effect of foreign exchange rate changes		**(971)**	(229)
Cash and cash equivalents at end of year		**23,959**	26,426

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

1 GENERAL INFORMATION

Sino Credit Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "HKEx"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong is Unit 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise of pawn business, commercial factoring, financial leasing and financial consultancy services in the People's Republic of China ("PRC") and money lending service in Hong Kong.

The properties leasing in PRC was discontinued during the year ended 31 March 2016.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as functional currency of the Company, and the functional currency of some subsidiaries is Renminbi ("RMB"). The management considered that it is more appropriate to present the consolidated financial statements in HK$ as the share of the Company are listed on the HKEx. The consolidated financial statements are presented in thousands of units of HK$ (HK$'000), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the current year, the Group has adopted for the first time the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods on or after 1 April 2015.

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

The application of the above new and revised HKFRSs had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvement to HKFRSs 2012-2014 Cycle[1]
HKAS 1 (Amendments)	Disclosure Initative[1]
HKAS 7 (Amendments)	Disclosure Initative[6]
HKAS 12 (Amendments)	Recognition of Deferral Assets for Unrealised Losses[6]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plant[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]
HKFRS 9	Financial Instruments[3]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]

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

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

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

4 Effective for annual periods beginning on or after 1 January 2019, earlier application is permitted if only in conjunction with HKRFS 15.

5 Effective for annual periods beginning on or after a date to be determined.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments shall be applied prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 "Disclosure – Offsetting Financial Assets and Financial Liabilities" issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 "Interim Financial Reporting".

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in opening retained earnings of the earliest comparative period presented.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere in the interim financial report. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company ("Directors") do not anticipate that the application of the said amendments to HKRFRSs will have a material effect on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to HKAS 7 Disclosure Initiative

The amendments to HKAS 7 require entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

To satisfy such requirements, an entity shall disclose (to the extent necessary) the changes in liabilities arising from financing activities including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes.

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

The amendments state that one way to fulfil the new disclosure requirement is to provide reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities.

Finally, the amendments also state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

The amendments will become effective for consolidated financial statements with annual periods beginning on or after 1 January 2017. Early application is permitted.

The Directors anticipate that the application of amendments to HKAS 7 in the future may have a material impact on the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of amendments to HKAS 1 until the Group performs a detailed review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to HKAS 16 and HKAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 "Equity Method in Separate Financial Statements"

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost;
- In accordance with HKFRS 9 "Financial Instruments" (or HKAS 39 "Financial Instruments: Recognition and Measurement" for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 "Investments in Associates and Joint Ventures".

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 "Consolidated Financial Statements" and to HKFRS 1 "First time Adoption of Hong Kong Financial Reporting Standards".

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

HKFRS 9 "Financial Instruments"

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

Key requirements of HKFRS 9 are described below:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

HKFRS 9 "Financial Instruments" (continued)

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the type of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of HKRFS 9 in the future may impact the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (continued)

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments to HKFRS 10 and HKFRS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 "Business Combinations". Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 "Impairment of Assets" regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business, as defined in HKFRS 3, is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The Directors do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 anticipate that the application of HKRFS 15 in the future may impact the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

HKFRS 16 "Leases"

HKFRS 16 was issued on 13 January 2016 and is effective for annual periods beginning on or after 1 January 2019. HKFRS 16 replaces all existing lease accounting requirements and represents a significant change in the accounting and reporting of leases, with more assets and liabilities to be reported on the consolidated statement of financial position and a different recognition of lease costs.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

HKFRS 16 "Leases" (continued)

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments in these consolidated financial statements in Note 31.

The Directors anticipate that the application of HKRFS 16 in the future may impact the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

A summary of significant accounting policies adopted by the Group in the preparation of the consolidated financial statements is set out below:

Statement of Compliance

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

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of financial statements and directors' reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual consolidated financial statements have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in these consolidated financial statements based on the new requirements. Information previously required to being discloses under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements. A summary of the significant accounting policies adopted by the Group (as defined hereinafter) is set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

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

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

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

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

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its location and working condition for its intended use. Expenses incurred after item of property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to the consolidated statement of comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

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

Leasehold improvements	33.3%
Furniture, fixtures and office equipment	20% to 50%
Motor vehicle	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gain and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial Instruments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets

The Group's financial assets are classified into the following specified categories: financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a 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.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and loans receivable, other receivables, cash and cash equivalents as well as promissory note receivable) are measured at amortised cost using the effective interest method, less any impairment.

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

Impairment of financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

For certain categories of financial assets, such as trade and loans receivable, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period range from 15 days to 180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets 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 estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF 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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including trade payables, accruals and other payables, bonds as well as borrowings) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including 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 other than financial liabilities classified as at FVTPL.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Derecognition (continued)

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

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

Cash and cash equivalents

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

For the purpose of the consolidated statement of financial positions, cash and cash equivalents comprise cash on hand and at banks, which are not restricted to use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if measured reliably, revenue is recognised in profit or loss as follows:

(a) Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

(b) Interest income form 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.

(c) Consultancy service fee income is recognised when the services are provided.

(d) The Group's policy for recognition of revenue from operating leases is described in the accounting policy below.

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 lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate or return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at 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 at 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of each reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of reporting period the expected future cost of such paid leave earned during the year by the employees and carried forward.

Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

As stipulated by the rules and regulations of the PRC, the Company's subsidiaries registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post- retirement benefits beyond the annual contributions.

The costs of employee retirement benefits are recognised as expenses in the consolidated statements of profit or loss and other comprehensive income in the period in which they are incurred.

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The fair value of share options granted to employee is recognised as an employee cost with a corresponding increase in a capital reserve within equity. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of share options is spread over the vesting period, taking into account the probability that the options will vest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs (continued)

Share option scheme (continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the fair value recognised in prior years is charged/credited to the consolidated statement of comprehensive income for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable 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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based transaction are set out in Note 29.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment arrangements (continued)

Share-based payment transactions of the Company (continued)

For share option that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When 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 retained earnings.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Share-based payment transactions of the acquire in a business combination

When the share-based payment awards held by the employee of an acquiree (acquire awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquire awards and the replacement awards are measured in accordance with HKFRS 2 "Share-based Payment" ('market-based measure') at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquire awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree awards. The excess of the market-based measure of the replacement awards over the market-based measure of the acquire awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquire awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with HKFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment arrangements (continued)

Share-based payment transactions of the acquire in a business combination (continued)

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquire share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligations.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, and asset is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related party transactions

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources and obligations between related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing cost

Borrowing costs are expenses in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies which are described in Note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertain at the end of reporting period, that may have a significant risk in causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Income taxes

The Group is subject to income taxes in numerous tax authorities. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Impairment of intangible assets

Determine whether intangible assets are impaired required estimation of the value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The Group tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of intangible assets have been determined based on discounted cash flow method (Note 16).

The carrying amount of intangible assets at the end of the reporting period was approximately HK$5,588,000 (2015: HK$5,878,000).

Impairment of receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer and the related parties. If the financial conditions of the customers and other debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on as straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the property, plant and equipment regularly in order to determine the amount of depreciation expenses to be recorded during the any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or services output of the assets. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates including:

- current prices in an active market for property of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those difference; and

- recent prices of similar property in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those price; and

- net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the lease, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

The Group uses assumptions that are mainly based on market conditions existing at the end of each of the year.

The principal assumption underlying management's estimation of fair value is related to the estimated amount for which the properties should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and without compulsion.

The Group assesses the fair value of investment properties based on valuation determined by qualified independent professional surveyors.

Share-based payments

The Group follows the guidance of HKFRS 2 when determining the fair value of the share options granted at the grant date. This determination requires significant estimate. In making this judgement, the Group incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price and the valuation technique should be consistent with the generally accepted valuation methodologies for pricing financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Deferred taxation on investment properties

The Group recognises deferred tax in respect of the changes in fair value of the investment properties based on directors' best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed by the Group, rather than consumed substantially all of the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed, the Group may be liable to higher tax upon disposal.

Impairment of goodwill

The Group perform annual test on whether there has been impairment of goodwill in accordance with the accounting policy stated in Note 2. The recoverable amounts of CGUs are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, post-tax discount rates, and other assumptions underlying the value in use calculations.

4 FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2016 **HK$'000**	2015 HK$'000
Financial assets:		
Loans and receivables		
Trade and loans receivable	**436,407**	177,669
Other receivables	**3,192**	1,521
Promissory note receivable	**30,000**	–
Cash and cash equivalents	**23,959**	26,426
Financial assets at FVTPL		
Held for trading	**28,059**	30,559
Financial liabilities:		
At amortised cost		
Trade payables	**2,574**	511
Accruals and other payables	**22,526**	8,929
Bonds	**31,078**	21,945
Borrowings	**–**	287,601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

4 FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are market risk (including interest rate risk, foreign exchange risk and other price risk), credit risk and liquidity risk.

The Group has engaged financing service business in the PRC in the current year. The Group has exposed to financial risk underlying with the expenditure of business operation. The Group has adopted risk management objectives and policies to corporate with the financing service. The management reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices.

Market risk exposures are measured by sensitivity analysis.

Interest rate risk management

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate positions arise from lending activities, bonds and borrowings. The Group's exposures to fair value interest rate risk relates primarily to fixed-rate lendings, bonds and borrowings. The interest rates and terms of repayment of financial assets, borrowings and bonds of the Group are disclosed in Notes 21, 27 and 28.

Although the Group's loans receivable, bonds and fixed-rate borrowing are subject to interest rate risk, they are not remeasured in the consolidated financial statements in response to changes in interest rates and therefore changes in interest rate risk variables would not affect reported profit or loss in the short term.

The Group's cash flow interest rate risk relates primarily to floating-rate borrowing. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

4 FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk management (continued)

Sensitivity analysis on interest rate risk

Regarding the cash flow interest rate risk, the sensitivity analysis set out below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2016 would not be affected (31 March 2015: decrease/increase by approximately HK$1,088,000). This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Foreign exchange risk management

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The main operations of the Group were in the PRC and most of the transactions were denominated in RMB. Foreign exchange risk arises from the foreign currency denominated of commercial transactions, assets and liabilities. The Group has no significant direct exposure to foreign currencies as most of the commercial transactions, assets and liabilities are denominated in a currency as the functional currency of each entity of the Group.

In the opinion of the Directors, since the Group's risk exposure is minimal, no sensitivity analysis is presented.

Other price risk management

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities operating in mining resources, provision of securities brokerage, development of large-scale new town, provision of healthcare and wellness service and provision of artists managements services quoted in the HKEx.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

4 FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Sensitivity analysis on other price risk

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower, net profit for the year ended 31 March 2016 would increase/decrease by approximately HK$1,403,000 (2015: HK$1,528,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. The Group's credit risk are primarily attributable to its trade and loans receivable. In order to minimise the credit risk, the Group have established policies and systems for the monitoring and control of credit risk.

The management has delegated different divisions responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that follow up action is taken to recover overdue debts. The board of directors has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's advance portfolio. In addition, management reviews the recoverable amount of loans and receivables individually or collectively at each reporting date by using the Group's credit rating system to ensure that adequate impairment losses are made for irrecoverable amounts. The Group also requests the customers to provide collateral for real-estate-backed loans and personal property pawn loans arrangement as appropriate. In the event of default or failure to repay any outstanding guarantee amounts by the customers, the Group will proceed with sale of collateral. Besides, the customers provide leased assets as collateral for finance lease. In the event of default, the Group will proceed with sale of leased assets. Moreover, the Group receives financial guarantee from financial institutions or individuals to secure the other loans arrangement. In order to maintain the credit risk at desirable levels, the Group's average loan-to-value ratio was kept at a level that could ensure the recoverability of the outstanding guarantee amount. In this regard, management considers that the Group's credit risk is significantly reduced.

The Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and loans receivable are set out in Note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

4 FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's policy requires the review of individual financial assets that are above materiality thresholds regularly. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the end of the reporting period on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

The credit risk of other financial assets of the Group, mainly comprise of cash and cash equivalent, is mitigated as cash is deposited in bank with high credit rating.

Liquidity risk

The Group's liquidity risk management includes diversifying the funding sources. Internally generated cash flow and funds raising from issuance of shares are the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following tables detail the Group's remaining contractual maturity for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative financial liabilities, the table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

4 FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average effective interest rate	Within 1 year	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2016						
Non-derivative financial liabilities						
Accruals and other payables	**–**	**22,526**	**–**	**–**	**22,526**	**22,526**
Trade payables	**–**	**2,574**	**–**	**–**	**2,574**	**2,574**
Bonds	**9.28**	**5,326**	**21,781**	**10,445**	**37,552**	**31,078**
At 31 March 2015						
Non-derivative financial liabilities						
Accruals and other payables	–	8,929	–	–	8,929	8,929
Trade payables	–	511	–	–	511	511
Bonds	9.28	3,803	15,441	10,943	30,187	21,945
Bank borrowing	7.21	45,561	160,148	71,954	277,663	217,601
Loan from other entity	8.00	75,539	–	–	75,539	70,000

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

(i) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively.

(ii) The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

(iii) The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

4 FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Fair value of financial instruments (continued)

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

31 March 2016

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets				
Financial assets at FVTPL	**28,059**	**–**	**–**	**28,059**

31 March 2015

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
Financial assets at FVTPL	30,559	–	–	30,559

There were no transfers between Levels 1 and 2 in the both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

4 FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(c) Capital risk management

The Group's objectives when managing capital are to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debts which include total liabilities except tax liabilities and deferred tax liabilities and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

Gearing ratio

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The ratio is calculated based on total debt and owners' equity. The increase in gearing ratio is mainly due to fund raising from a financial institution for the purpose of the new financial services operations during the year, which led to an increase in total debt.

The gearing ratio at the end of the reporting period was as follows:

	2016 **HK$'000**	2015 HK$'000
Total debt	**56,178**	318,986
Owners' equity	**498,697**	499,478
Gearing ratio	**0.113**	0.639

5 SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed and used by executive directors for strategic decision making. The executive directors consider the business from a product and service perspectives. Summary of details of the operating segments is as follows:

Continuing operations

- Financing services

  Provision of pawn loans services, real estate-backed loan service, other loan service, commercial factoring, finance leasing and financial consultancy services in the PRC, and money lending service in Hong Kong.

Discontinued operation

- Properties leasing

  Receiving profit streams from leasing retail premises in PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

5 SEGMENT INFORMATION

(a) Business segments

An analysis of the Group's revenue, results and certain assets, liabilities and expenditure information for the years ended 31 March 2016 and 2015 by operating segments is as follows:

	Continuing operations Financing services		Discontinued operation Properties leasing		Total	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Revenue (from external customers)	**33,370**	48,932	**19,503**	6,947	**52,873**	55,879
Segment results	**2,801**	24,368	**11,080**	12,008	**13,881**	36,376
Fair value changes on financial assets at FVTPL					**(2,500)**	3,017
Bank interest income					**1**	1
Dividend income					**1,526**	–
Finance costs					**–**	(424)
Share-based compensation					**–**	(23,357)
Loss on early repayment of promissory note					**–**	(40,318)
Unallocated expenses					**(6,411)**	(7,370)
Profit/(loss) before taxation					**6,497**	(32,075)
Taxation					**(2,591)**	(9,708)
Profit/(loss) for the year					**3,906**	(41,783)
Segment assets	**499,406**	213,476	**–**	687,936	**499,406**	901,412
Financial assets at FVTPL					**28,059**	30,559
Unallocated assets					**32,265**	159
Total assets					**559,730**	932,130
Segment liabilities	**58,378**	94,544	**–**	335,294	**58,378**	429,838
Unallocated liabilities					**2,655**	2,814
Total liabilities					**61,033**	432,652

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

5 SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Other segment information:

	Continuing operations Financing services		Discontinued operation Properties leasing		Unallocated items		Total	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Depreciation	**(2,580)**	(1,400)	**–**	–	**(8)**	(7)	**(2,588)**	(1,407)
Impairment loss on loans receivable	**(6,131)**	(7,246)	**–**	–	**–**	–	**(6,131)**	(7,246)
Fair value change on investment properties	**–**	–	**1,615**	12,460	**–**	–	**1,615**	12,460
Additions to non-current assets*	**(15,629)**	(4,932)	**–**	–	**–**	–	**(15,629)**	(4,932)
Reversal of impairment loss recognised on loans receivable	**957**	10,088	**–**	–	**–**	–	**957**	10,088

* Additions to non-current assets only include the additions to property, plant and equipment during the year.

Segment results represents the profit/(loss) earned by each segment without allocation of fair value changes on financial assets at FVTPL, finance income, finance costs and corporate expenses. This is the measure reported to the Directors for the purpose of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than financial assets at FVTPL, promissory note receivable and corporate financial assets;

- All liabilities are allocated to reportable segments other than corporate financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

5 SEGMENT INFORMATION (continued)

(b) Geographical information

The Group operates in two principal areas – the PRC and Hong Kong. Revenue and non-current assets by location from continuing operations are detailed below:

	Revenue from external customers		Non-current assets	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**6,505**	7,351	**1,898**	2,673
PRC	**26,865**	41,581	**32,997**	692,252
	33,370	48,932	**34,895**	694,925

(c) Major customers

Continuing operations

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2016	2015
	HK$'000	HK$'000
Customer A	**6,034**	6,846

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

6 REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES

Continuing operations

	2016 HK$'000	2015 HK$'000
Revenue		
Real estate-backed loan interest income	**3,383**	8,446
Personal property pawn loan interest income	**5,431**	10,820
Other loans interest income	**17,934**	17,365
Financial consultancy service income	**312**	2,622
Commercial factoring interest income	**4,687**	7,019
Financing lease interest income	**1,623**	2,660
	33,370	48,932
Other income		
Bank interest income	**48**	161
Dividend income	**1,526**	–
Others	**3**	4
	1,577	165
Other gains and losses, net		
Write back of long outstanding other payables	**469**	–
Reversal of impairment loss on loans receivable (Note 21)	**957**	10,088
Fair value change on financial assets at FVTPL	**(2,500)**	3,017
Loss on early repayment of promissory notes	**–**	(40,318)
Exchange gain/(loss)	**67**	(1)
	(1,007)	(27,214)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

7 FINANCE COSTS

Continuing operations

	2016 HK$'000	2015 HK$'000
Interest on:		
Borrowings	**3,831**	5,600
Promissory notes	**–**	424
Bonds	**2,733**	504
	6,564	6,528

8 TAXATION

Continuing operations

	2016 HK$'000	2015 HK$'000
Current income tax		
– PRC	**(3,884)**	(5,873)
Total current tax	**(3,884)**	(5,873)
Deferred tax (Note 19)	**1,293**	(720)
Taxation	**(2,591)**	(6,593)

PRC corporate income tax is provided for at the rate of 25% (2015: 25%) on the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose.

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising from Hong Kong during the year. The Group has no assessable profit under Hong Kong profits tax for the years ended 31 March 2016 and 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

8 TAXATION (continued)

Continuing operations (continued)

	2016 HK$'000	2015 HK$'000
Loss before taxation	**(4,583)**	(44,083)
Tax calculated at domestic tax rates applicable to profits in the respective country	**(1,680)**	(4,804)
Tax effects of:		
– Tax effect of income not taxable for tax purpose	**(3,558)**	(2,522)
– Tax effect of expenses not deductible for tax purpose	**6,319**	5,176
– Tax effect of unrecognised tax loss	**2,803**	8,023
– Tax effect of unrecognised temporary differences	**(1,293)**	720
Tax charge	**2,591**	6,593

9 DISCONTINUED OPERATION

On 12 November 2015, the Company has disposed of its entire interest in Best Volume Investments Limited and its subsidiaries (collectively referred to as "Best Volume Group"). The operation of the Best Volume Group represented the entire business segment of properties leasing of the Group and therefore the disposal of the business was treated as discontinued operation in these consolidated financial statements in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The comparative consolidated statement of profit or loss, profit before taxation stated in these consolidated financial statements and the relevant disclosure notes for profit or loss items are re-presented for discontinued operation in the current period.

Profit from the discontinued operation were as follows:

	2016 HK$'000	2015 HK$'000
Profit after taxation (note (a))	**7,855**	8,893
Gain on disposal of subsidiaries (note (d))	**3,225**	–
Profit from discontinued operation attributable to owners of the Company	**11,080**	8,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

9 DISCONTINUED OPERATION (continued)

(a) Analysis of the results of discontinued operation is as follows:

	2016 HK$'000	2015 HK$'000
Revenue	**19,503**	6,947
Other income	**31**	14
Fair value changes on investment properties	**1,615**	12,460
Other gains and losses	**(13)**	–
Administrative expenses	**(4,602)**	(697)
Finance cost	**(8,716)**	(6,716)
Profit before taxation	**7,818**	12,008
Taxation	**37**	(3,115)
Profit after taxation	**7,855**	8,893

(b) Profit before taxation from discontinued operation is arrived at after charging the following:

	2016 HK$'000	2015 HK$'000
Business taxes and other levies	**1,068**	548
Legal and professional fee	**500**	59

(c) Analysis of the cash flows of discontinued operation is as follows:

	2016 HK$'000	2015 HK$'000
Net cash inflow from operating activities	**18,848**	29,505
Net cash inflow/(outflow) from investing activities	**3**	(4,805)
Net cash outflow from financing activities	**(20,147)**	(12,785)
Net cash (outflow)/inflow from discontinued operation	**(1,296)**	11,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

9 DISCONTINUED OPERATION (continued)

(d) Disposal of subsidiaries

Analysis of assets and liabilities over which control was lost

	2016 HK$'000
Net assets disposed of	
Goodwill (Note 17)	46,498
Investment properties (Note 18)	606,858
Trade receivables	996
Other receivables	22,745
Tax recoverable	3
Cash and cash equivalents (note (e))	8,023
Receipt in advance	(734)
Accruals and other payables	(4,176)
Bank borrowing	(190,191)
Deferred tax liabilities (Note 19)	(106,423)
	383,599

	2016 HK$'000
Gain on disposal of subsidiaries	
Net assets disposed of	(383,599)
Consideration	400,000
Cumulative exchange loss in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	(13,176)
Gain on disposal of subsidiaries	3,225

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

9 DISCONTINUED OPERATION (continued)

(e) Net cash inflow on disposal of subsidiaries

	2016 HK$'000
Analysis of net cash flow in respect of the disposal of subsidiaries is as follows:	
Cash consideration received	370,000
Cash and cash equivalents disposed of (note (d))	(8,023)
Total cash inflow from disposal of subsidiaries	361,977

10 PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is arrived at after charging:

Continuing operations

	2016 HK$'000	2015 HK$'000
Staff cost:		
Salaries, wages and other benefits (including directors' emoluments)	9,646	12,395
Retirement benefit contributions	411	588
Share-based compensation	–	23,357
	10,057	36,340
Business taxes and other levies	794	2,238
Depreciation of property, plant and equipment	2,588	1,407
Auditors' remuneration	700	600
Legal and professional fee	3,843	3,553
Minimum lease payments under operating leases in respect of land and buildings	3,583	3,480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

11 EMPLOYEE BENEFIT EXPENSES

(a) Directors' Emoluments

Directors' remuneration for the years ended 31 March 2016 and 2015, disclosed pursuant to the CO and the Listing Rules is as follows:

2016	Fees HK$'000	Salaries and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors				
Mr. Chung Tat Fun (Note i)	–	731	9	740
Mr. Chung Ho Chun	–	1,460	9	1,469
Mr. Fu Ear Ly (Note iii)	–	120	6	126
Mr. Huang Weibo (Note iv)	60	180	9	249
Non-executive directors				
Mr. So Chak Fai, Francis	240	–	–	240
Ms. Wong Yee Shuen, Regina (Note ii)	160	480	6	646
Independent non-executive directors				
Ms. Lee Shiow Yue	120	–	–	120
Mr. Poon Wai Hoi, Percy	120	–	–	120
Mr. Tang Chi Ho, Francis	120	–	–	120
	820	2,971	39	3,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

11 EMPLOYEE BENEFIT EXPENSES (continued)

(a) Directors' Emoluments (continued)

2015

	Fees HK$'000	Salaries and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors					
Mr. Chung Tat Fun (Note i)	–	704	8	2,322	3,034
Mr. Chung Ho Chun	–	1,462	5	2,389	3,856
Ms. Wong Yee Shuen, Regina (Note ii)	–	1,440	15	2,389	3,844
Mr. Fu Ear Ly (Note iii)	–	50	–	–	50
Non-executive directors					
Mr. So Chak Fai, Francis	240	–	–	–	240
Mr. Huang Weibo (Note iv)	230	–	–	2,389	2,619
Independent non-executive directors					
Ms. Lee Shiow Yue	120	–	–	–	120
Mr. Poon Wai Hoi, Percy	120	–	–	–	120
Mr. Tang Chi Ho, Francis	120	–	–	–	120
	830	3,656	28	9,489	14,003

Notes:

(i) Mr. Chung Tat Fun was re-designated as the chairman on 23 September 2014.

(ii) Ms. Wong Yee Shuen, Regina was resigned as chief executive officer and re-designated as non-executive director on 1 August 2015.

(iii) Mr. Fu Ear Ly was appointed as an executive director on 27 October 2014.

(iv) Mr. Huang Weibo was appointed as a non-executive director on 15 April 2014, and was re-designated as executive director on 24 June 2015.

For the years ended 31 March 2016 and 2015, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of the directors has waived any emoluments for the years ended 31 March 2016 and 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

11 EMPLOYEE BENEFIT EXPENSES (continued)

(b) Five Highest Paid Individuals and Senior Management

The five individuals with the highest emoluments include 2 Directors for the year ended 31 March 2016 (2015: 3 Directors). The emoluments in respect of other 3 (2015: 2) individuals, are senior management, are as follows:

	2016 **HK$'000**	2015 HK$'000
Basic salaries, other allowances and benefits in kind	**2,792**	1,691
Share-based payments	**–**	4,645
Pension scheme contributions	**54**	33
	2,846	6,369

The emoluments of the 3 (2015: 2) senior management fell within the following bands:

	Number of individuals	
	2016	2015
Nil-HK$1,000,000	**2**	–
HK$1,000,001-HK$1,500,000	**1**	–
HK$1,500,001-HK$2,000,000	**–**	–
HK$2,000,001-HK$2,500,000	**–**	–
HK$2,500,001-HK$3,000,000	**–**	1
HK$3,000,001-HK$3,500,000	**–**	1

For the years ended 31 March 2016 and 2015, no emoluments were paid by the Group to the non-director, highest paid employee as an inducement to join, or upon joining the Group, or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

12 EARNINGS/(LOSS) PER SHARE

Continuing and discontinued operations

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

	2016 HK$'000	2015 HK$'000
Profit/(loss)		
Profit/(loss) for the purpose of earnings/(loss) per share	**3,906**	(41,783)

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (in thousand shares)	**634,780**	609,628
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share (in thousand shares) (Note)	**644,967**	614,048

Continuing operations

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

	2016 HK$'000	2015 HK$'000
Profit/(loss)		
Group's profit/(loss) attributable to the owners of the Company	**3,906**	(41,783)
Less: Profit for the year from discontinued operation	**(11,080)**	(8,893)
Loss for the purpose of loss per share from continuing operations	**(7,174)**	(50,676)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

12 EARNINGS/(LOSS) PER SHARE (continued)

Discontinued operation

Basic earnings per share from discontinued operation is 1.75 HK cents per share (2015: 1.46 HK cents per share) and diluted earnings per share from the discontinued operation is 1.72 HK cents per share (2015: 1.45 HK cents per share), based on the profit for the year from the discontinued operation of HK$11,080,000 (2015: HK$8,893,000) and the denominators detailed above for both basic and diluted earnings per share.

For the year ended 31 March 2015, the effects of the Company's outstanding share options were anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

Note:

The weighted average number of ordinary shares of 644,967,000 (2015: 614,048,000) for the purpose of diluted earnings/(loss) per share for the year ended 31 March 2016 was derived from the adjustment in relation to potential dilutive share option issued by the Company of 10,187,000 shares (2015: 4,420,000 shares).

13 DIVIDEND

The Directors do not recommend the payment of any dividend for the years ended 31 March 2016 and 2015.

14 BUSINESS COMBINATIONS

Virtue Crest Acquisition

On 11 August 2014, Best Volume Investments Limited ("Best Volume"), a direct wholly owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Ace Guide Holdings Limited ("Ace Guide") to acquire equity interests in Virtue Crest Investments Limited ("Virtue Crest") and its subsidiaries (collectively referred to as the "Virtue Crest Group"). On 31 October 2014, the transaction was completed and the consideration for acquisition was settled by the (i) cash with amount of HK$120,000,000; (ii) issuance of the promissory note with a principal amount of HK$240,000,000; and (iii) issuance of the 33,210,000 ordinary shares of the Company ("Consideration Shares"). Details of the transactions were disclosed in the Company's circular dated 30 September 2014.

Virtue Crest Group is principally engaged in the properties leasing in PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

14 BUSINESS COMBINATIONS (continued)

Virtue Crest Acquisition (continued)

The net assets acquired in the transaction arising are as follows:

	Acquiree's carrying amount 31 Oct 2014 HK$'000	Fair value adjustment HK$'000	Fair value 31 Oct 2014 HK$'000
Net assets acquired of:			
Investment properties (Note 18)	620,321	(10,620)	609,701
Prepayment and other receivable	76,948		76,948
Cash and cash equivalents	9,485		9,485
Receipt in advance	(592)		(592)
Other payables	(24,551)		(24,551)
Bank borrowing	(230,276)		(230,276)
Deferred tax liabilities (Note 19)	(109,836)	2,655	(107,181)
Net assets	341,499		333,534
Goodwill arising on acquisition (Note 17)			46,498
			380,032
Satisfied by:			
Cash			120,000
Fair value of Consideration Shares issued			60,774
Fair value of promissory notes issued			199,258
			380,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

14 BUSINESS COMBINATIONS (continued)

Virtue Crest Acquisition (continued)

Impact of acquisition on the results of the Group

Included in the revenue for the year is approximately HK$6,947,000 and HK$12,008,000 profit for the year attributable to the additional business generated by Virtue Crest Group.

Had these business combinations been effected at 1 April 2014, the revenue of the group from continuing operations would have been approximately HK$8,141,000, and the profit for the year from continuing operations would have been approximately HK$366,599,000. The Directors consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Net cash outflow on acquisition of subsidiaries

	HK$'000
Consideration paid in cash	120,000
Less: Cash and cash equivalent balances acquired	(9,485)
	110,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor Vehicle HK$'000	Total HK$'000
Cost				
At 1 April 2014	5,385	1,955	–	7,340
Addition	3,852	1,080	–	4,932
Exchange alignment	3	1	–	4
At 31 March 2015 and 1 April 2015	9,240	3,036	–	12,276
Addition	32	14,529	1,068	15,629
Exchange alignment	(178)	(102)	–	(280)
At 31 March 2016	**9,094**	**17,463**	**1,068**	**27,625**
Accumulated depreciation				
At 1 April 2014	3,985	612	–	4,597
Charged for the year	1,046	361	–	1,407
Exchange alignment	2	1	–	3
At 31 March 2015 and 1 April 2015	5,033	974	–	6,007
Charged for the year	1,901	579	108	2,588
Exchange alignment	(103)	(30)	(2)	(135)
At 31 March 2016	**6,831**	**1,523**	**106**	**8,460**
Carrying amount				
At 31 March 2016	**2,263**	**15,940**	**962**	**19,165**
At 31 March 2015	4,207	2,062	–	6,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

16 INTANGIBLE ASSETS

	Pawn shop license HK$'000	Rights in sharing of profit streams HK$'000	Total HK$'000
Cost			
At 1 April 2014	5,862	1,495,278	1,501,140
Exchange alignment	16	–	16
At 31 March 2015 and 1 April 2015	5,878	1,495,278	1,501,156
Exchange alignment	(290)	–	(290)
At 31 March 2016	**5,588**	**1,495,278**	**1,500,866**
Accumulated impairment losses			
At 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016	**–**	**1,495,278**	**1,495,278**
Carrying amount			
At 31 March 2016	**5,588**	**–**	**5,588**
At 31 March 2015	5,878	–	5,878

The intangible assets represent the right in sharing of profit streams from junket business at the casinos' VIP rooms in Macau and the right in operating pawn business in the PRC for an indefinite period of time. Such intangible asset is carried at cost less accumulated impairment losses. The recoverable amount of the intangible asset has been determined based on a value in use calculation.

Rights in sharing of profit streams

An impairment loss of approximately HK$113,539,000 was recognised during the year ended 31 March 2014 due to the termination of Nove Junket Representative Agreement for Nove Profit on 31 December 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

16 INTANGIBLE ASSETS (continued)

Pawn shop licenses

The pawn shop licenses is renewable every six years by the Economic & Information Commission of Guangdong Province. The Directors are not aware of any expected impediment with respect to the renewal of licenses and consider that the possibility of failing in license renewal is remote. Therefore, the Directors consider that the intangible asset is treated as having indefinite useful lives.

No impairment loss was recognised during the year ended 31 March 2016. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a post-tax discount rate of 20.4% per annum (2015: 20.6% per annum). Cash flows beyond that five-year period have been extrapolated using a steady growth rate of 2.0% per annum (2015: 3.0% per annum) which is the projected long-term average inflation rate for the financing services. Key assumptions for the discounted cash flow method relate to the estimation of cash inflows/outflows which include gross margin, growth and discount rate, such estimation is based on past experience and management's expectations for the market development. The Directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the group of units to exceed its recoverable amount.

17 GOODWILL

	HK$'000
At 1 April 2014	7,148
Recognised from business combinations occurring during the year (Note 14)	46,498
At 31 March 2015 and 1 April 2015	53,646
Derecognised on disposal of subsidiaries (Note 9)	(46,498)
At 31 March 2016	**7,148**

The carrying amount of goodwill was allocated to groups of CGUs as follow:

	2016 **HK$'000**	2015 HK$'000
Financial services	**7,148**	7,148
Properties leasing	**–**	46,498
	7,148	53,646

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

17 GOODWILL (continued)

Financial services

Goodwill has been allocated to a single CGU of financial services during the year. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a post-tax discount rate of 20.4% (2015: 18.6%) per annum. Cash flows beyond that five-year period have been extrapolated using a steady growth rate of 2.0% (2015: 3.0%) per annum which is the projected long-term average inflation rate for the financing services. Key assumptions for the discounted cash flow method relate to the estimation of cash inflows/outflows which include gross margin, growth and discount rate, such estimation is based on past experience and management's expectations for the market development. The Directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the group of units to exceed its recoverable amount.

18 INVESTMENT PROPERTIES

	HK$'000
Investment properties in PRC at fair value	
At 1 April 2014	–
Acquisition during the year (Note 14)	609,701
Net gain in fair value recognised in consolidated statement of profit or loss	12,460
Addition	4,822
Exchange adjustments	345
At 31 March 2015 and 1 April 2015	627,328
Net gain in fair value recognised in consolidated statement or profit or loss	1,615
Derecognised on disposal of subsidiaries (Note 9)	(606,858)
Exchange adjustments	(22,085)
At 31 March 2016	**–**

Fair value gain on investment properties included in profit or loss for the year ended 31 March 2015 amounting to approximately HK$12,460,000. The direct operating expense from properties amounting to approximately HK$2,180,000.

The fair value of the investment properties at date of acquisition and 31 March 2015 has been arrived at on the basis of valuations carried out on the respective date by Cushman & Wakefield Valuation Advisory Services (HK) Limited ("Cushman & Wakefield"), independent qualified professional valuers not connected with the Group. Cushman & Wakefield have appropriate qualification and recent experience in the valuation of similar property in the relevant locations. The highest and best use of the investment properties is its current use in estimating the fair value of the properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

18 INVESTMENT PROPERTIES (continued)

The fair value was determined based on the income approach. It operated by taking into account the net rental income of the property derived from the existing tenancy with due allowance for the reversionary income potential, which are then capitalised into the value at an appropriate capitalisation rate. The market rentals reassessed by reference to the rentals achieved in the letterable units of the property. The capitalisation rate is determined by reference to the yields derived from analysing the sales transaction of similar commercial property in the PRC and adjusted to take in account the market expectation from property investors to reflect factors specific to the Group's investment properties.

Significant unobservable inputs used to determine the fair value

				Range of significant unobservable inputs	
Description	**Fair value at 31 March 2015** HK$'000	**Valuation technique**	**Fair value hierarchy**	**Market unit rent on gross floor area basis** (note (i))	**Capitalistion rate** (note (ii))
Investment properties located in the PRC	627,328	Income approach	Level 3	RMB349 to RMB1,101 per month per square metre	3.75% to 4.75%

Note: Description of the sensitivity in unobservable inputs and interrelationship:

(i) The fair value measurement is positively correlated to the unobservable input that a higher factor will result in a higher fair value.

(ii) The fair value measurement is negatively correlated to the unobservable input that a lower factor will result in a higher fair value.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2015 are as follows:

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'0000
Commercial properties units located in the PRC	–	–	627,328	627,328

There were no transfers into or out of Level 3 during the year.

The properties are either leased out in return of receiving rental income or held for capital appreciation and are measure using the fair value model and are classified and accounted as investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

18 INVESTMENT PROPERTIES (continued)

The investment properties are situated in PRC and are held under medium term lease.

During the year ended 31 March 2015, the Group had pledged the investment properties to secure bank borrowing granted to the Group.

19 DEFERRED TAXATION

The movements in deferred tax assets and liabilities during the year, are as follows:

Deferred tax assets

	2016 HK$'000	2015 HK$'000
At 1 April	**1,804**	2,522
Credited/(debited) to the consolidated statement of profit or loss (Note 8)	**1,293**	(720)
Exchange alignment	**(103)**	2
At 31 March	**2,994**	1,804

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. At 31 March 2016, the deferred tax assets are arising in PRC of provision for impairment losses on loans receivable (Note 21).

At 31 March 2016, the Group had tax losses of approximately HK$83,408,000 (2015: HK$78,098,000) that are available to carry forward indefinitely for offsetting against future taxable profits.

Deferred tax liabilities

	2016 HK$'000	2015 HK$'000
At 1 April	**111,828**	1,466
Acquisition of subsidiaries (Note 14)	**–**	107,181
(Credit)/debited to the consolidated statement of profit or loss	**(57)**	3,115
Derecognised on disposal of subsidiaries (Note 9)	**(106,423)**	–
Exchange alignment	**(3,951)**	66
At 31 March	**1,397**	111,828

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

19 DEFERRED TAXATION (continued)

The carrying amount of deferred tax liabilities was allocated as follows:

	2016 **HK$'000**	2015 HK$'000
Intangible assets	**1,397**	1,469
Investment properties	**–**	110,359
	1,397	111,828

At 31 October 2014, the Group has recognised deferred tax liabilities in relation to the investment properties during the acquisition of Virtue Crest Group (Note 14).

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 **HK$'000**	2015 HK$'000
Financial assets at fair value through profit or loss comprise:		
Held for trading:		
– Equity securities listed in Hong Kong	**28,059**	30,559

The fair values of the listed equity securities are determined based on the quoted market bid prices available on the HKEx.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

21 TRADE AND LOANS RECEIVABLE

	2016 HK$'000	2015 HK$'000
Trade receivable		
Rental receivable	–	2,305
Loans receivable		
Real estate-backed loans receivable (note (a))	**34,743**	6,962
Personal property pawn loans receivable (note (b))	**76,953**	20,036
Commercial factoring receivable (note (c))	**17,042**	48,026
Financing lease receivable (note (d))	**24,580**	48,492
Other loans receivable (note (e))	**295,069**	59,066
	448,387	182,582
Trade and loans receivable	**448,387**	184,887
Less: Provision for impairment loss	**(11,980)**	(7,218)
	436,407	177,669

Based on the loan commencement date set out in the relevant contracts, aging analysis of the Group's trade and loans receivable as of each reporting date is as follows:

	2016 HK$'000	2015 HK$'000
Within 3 months	**65,549**	45,335
3-6 months	**291,804**	58,200
6-12 months	**10,713**	22,286
Over 12 months	**80,321**	59,066
	448,387	184,887
Less: Provision for impairment loss	**(11,980)**	(7,218)
	436,407	177,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

21 TRADE AND LOANS RECEIVABLE (continued)

Aging analysis of the trade and loans receivable that were neither past due nor impaired is as follows:

	2016 HK$'000	2015 HK$'000
Within 3 months	**65,019**	44,692
3-6 months	**288,888**	55,748
6-12 months	**10,535**	18,163
Over 12 months	**71,965**	59,066
	436,407	177,669

Trade and loans receivable which were neither past due nor impaired related to a wide range of customers for whom there was no recent history default.

Movements in the impairment loss of the loans receivable during the year are as follows:

	2016 HK$'000	2015 HK$'000
At beginning of the year	**(7,218)**	(10,088)
Impairment loss recognised on loans receivable	**(6,131)**	(7,246)
Reversal of impairment loss * (Note 6)	**957**	10,088
Exchange alignment	**412**	28
At end of the year	**(11,980)**	(7,218)

* The Directors considered that the amounts due could not be recovered and full impairment has been made in the previous year. During the year, the debtor has made repayment in respect of the outstanding amount, therefore, the reversal of impairment loss was recognised for the year.

The Group has certain concentration risk on loans receivable as it has five (2015: five) customers with total outstanding balances of approximately HK$210,634,000 (2015: HK$112,265,000) as at 31 March 2016 and one (2015: two) customer contribute more that 10% loans receivable of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

21 TRADE AND LOANS RECEIVABLE (continued)

The Directors consider that the fair values of trade and loans receivable which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Notes:

(a) Real estate-backed loans receivable arising from the Group's real estate-backed loans services, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan period range from 90 days to 365 days. The loans are secured by real estate collateral with fair value of approximately HK$52,498,000 (2015: HK$13,707,000).

(b) Personal property pawn loans receivable arising from the Group's pawn loans business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan period range 20 days to 180 days. The loans are secured by personal property as collateral with fair value of approximately HK$113,069,000 (2015: HK$28,435,000).

(c) Commercial factoring receivable arising from the Group's commercial factoring business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan period range within 365 days.

(d) Finance lease receivable arising from the Group's finance leasing business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The loans are secured by leased assets as collateral with fair value of approximately HK$51,038,000 (2015: HK$50,499,000). The loan period range from 90 days to 1,095 days.

(e) Other loans receivable arising from the provision of money lending services business, the customers are obligated to settle the amounts according to the terms set out in the relevant contracts. The loan period for other loan range from 30 days to 365 days. The loans are guaranteed by financial institutions or individuals.

The Group is not permitted to sell or re-pledge the collateral in the absence of default by the customers.

Interest rates on loans receivable are offered to customers based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collateral as well as the general economic trends. The effective interest rates of loan range from 0.58% to 3.00% per month (2015: 0.67% to 4.2% per month).

Rentals are receivable from tenants pursuant to the Group's lease agreements entered into with all tenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

22 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	HK$'000	HK$'000
Prepayments	**2,233**	205
Deposits	**985**	825
Other receivables	**3,192**	1,521
	6,410	2,551

23 PROMISSORY NOTE RECEIVABLE

In November 2015, the Group disposed of its interest in Best Volume Group at an aggregate consideration of HK$400,000,000 which was satisfied by promissory note of HK$30,000,000 and cash of HK$370,000,000. The promissory note is non-interest bearing, unsecured and maturing within three business days after the date of a final and effective judgement or an effective and binding settlement agreement of the lawsuit between the Best Volume Group and a construction engineering company in respect of not paying certain payment under the construction contract of the Best Volume Group's investment properties located in Guangzhou, Guangdong Province, PRC.

24 CASH AND CASH EQUIVALENTS

At the end of the reporting period, the cash at bank and in hand of the Group denominated in RMB amounted to approximately HK$20,775,000 (2015: HK$26,374,000). Cash at banks earns interest at floating rates based on the prevailing market rate which at 0.35% per annum (2015: 0.35% per annum) during the reporting period. The cash at banks are deposits with creditworthy banks with no recent history of default. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations

25 TRADE PAYABLES

The following is an analysis of trade payables by age based on the invoice date.

	2016	2015
	HK$'000	HK$'000
Within 3 months	**2,574**	511

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

26 ACCRUALS AND OTHER PAYABLES

	2016	2015
	HK$'000	HK$'000
Receipt in advance	**15**	1,838
Accruals	**1,551**	2,423
Deposit received	**12,752**	2,573
Other payables	**8,223**	3,933
	22,541	10,767

27 BORROWINGS

	2016	2015
	HK$'000	HK$'000
Loan from other entity	**–**	70,000
Bank borrowing – secured	**–**	217,601
	–	287,601
Carrying amount repayable:		
On demand or within one year	**–**	100,720
More than one year, but not exceeding two years	**–**	30,720
More than two years, but not exceeding five years	**–**	92,161
More than five years	**–**	64,000
	–	287,601
Less: Amount shown under current liabilities	**–**	(100,720)
Amount shown under non-current liabilities	**–**	186,881

During the year, the Group had fully released the bank borrowing upon the disposal of Best Volume Group. (Note 9)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

28 BONDS

	2016 HK$'000	2015 HK$'000
Unlisted corporate bonds	**31,078**	21,945

On 17 December 2014, the Company issued an unlisted corporate bond at a principal amount of HK$5 million which is unsecured, bears a fixed interest rate of 7% per annum and is fully redeemable by the Company after 8 years from the issue date at its principal amount of HK$5 million.

On 22 December 2014, the Company issued an unlisted corporate bond at a principal amount of HK$10 million which is unsecured, bears a fixed interest rate of 7% per annum and is fully redeemable by the Company after 8 years from the issue date at its principal amount of HK$10 million.

On 15 January 2015, the Company issued an unlisted corporate bond at a principal amount of HK$10 million which is unsecured, bears a fixed interest rate of 7% per annum and is fully redeemable by the Company after 8 years from the issue date at its principal amount of HK$10 million.

On 26 May 2015, the Company issued an unlisted corporate bond at a principal amount of HK$10 million which is unsecured, bears a fixed interest rate of 7% per annum and is fully redeemable by the Company after 8 years from the issue date at its principal amount of HK$10 million.

The effective interest rate of the unlisted corporate bonds are approximately 9.28%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

29 SHARE CAPITAL

(a) Ordinary Shares

		Number of shares '000	Share capital HK$'000
Authorised:			
Ordinary shares of HK$0.1 each as at 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016		**6,000,000**	**600,000**
Issued and fully paid:			
Ordinary shares of HK$0.1 each as at 1 April 2014		558,570	55,857
Consideration shares	(note i)	33,210	3,321
Placing of new ordinary shares	(note ii)	43,000	4,300
Ordinary shares of HK$0.1 each at 31 March 2015, 1 April 2015 and 31 March 2016		**634,780**	**63,478**

Notes:

(i) The consideration of the Virtue Crest Acquisition was settled by the issue of 33,210,000 consideration shares by the Company at a price of HK$1.83 per share (Note 14). The completion of the Virtue Crest Acquisition was on 31 October 2014.

(ii) On 20 May 2014, the Company issued 43,000,000 ordinary shares of HK$0.10 each at the issued price of HK$1.25 per share by way of placing. Net proceeds as a result of the placing was approximately HK$52.7 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

29 SHARE CAPITAL (continued)

(b) Share option scheme

The Company approved and adopted a new share option scheme ("New Scheme") on 28 September 2012, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The purpose of the New Scheme is to enable the Company to grant options to selected employees and directors (including any directors, whether executive or non-executive and whether independent or not of the Company or any subsidiaries) and any suppliers, consultants, agents and adviser of any person who, in the sole discretion of the board of directors, has contributed or may contribute to the Group.

The subscription price for shares under the New Scheme will be a price determined by the board of directors and notified to each grantee and will be the higher of (i) the average closing prices of the shares on the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant; or (ii) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant, which must be a business day; and (iii) the nominal value of a share.

The maximum number of shares to be issued upon exercise of all outstanding options under the New Scheme and any other share option schemes of the Company will not exceed 30% (or where applicable, such higher percentage as may from time to time to be permitted under the Listing Rules or by the Stock Exchange) of the total number of the issued shares from time to time. The total number of shares available for issue under options which may be granted under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 21,549,385 shares, after the share consolidation effected on 2 September 2014, representing 10% of the issued share capital of the Company, as at the date of adoption of the New Scheme. The Company may seek approval of its shareholders at a general meeting to renew the 10% limit. However, the total number of shares available for issue under options which may be granted under the New Scheme and any other share option schemes of the Company in these circumstances, must not exceed 10% of the issued share capital of the Company at the date of approval of renewing such a limit. No option may be granted to any one person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options granted and to be granted to him/her in the 12-month period up to and including the date of such a grant, to exceed 1% of the issued share capital of the Company as at the date of the grant. Any further grant of options in excess of the foregoing limit must be subject to the approval of the shareholders of the Company in a general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

29 SHARE CAPITAL (continued)

(b) Share option scheme (continued)

On 2 September 2014, the Company granted an aggregate of 21,000,000 share options to subscribe for ordinary shares of HK$0.1 each of the share to a number of eligible participants ("grantees") under the New Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HK$1.25 per share.

The terms and conditions of the options granted at 2 September 2014 are stipulated as below:

Grantees	Directors	Consultant
Start Date	2 September 2014	2 September 2014
Expiry Date	1 September 2017	1 September 2017
Exercise Price	HK$1.25 per share	HK$1.25 per share
Earliest Exercise Date	Tranche 1: 2 September 2014	Tranche 1: 2 September 2014
	Tranche 2: 2 March 2015	Tranche 2: 2 March 2015
Number of Share Options Granted	Tranche 1: 9,000,000	Tranche 1: 1,500,000
	Tranche 2: 9,000,000	Tranche 2: 1,500,000

On 30 September 2014, the Company granted an aggregate of 39,000,000 share options to subscribe for ordinary shares of HK$0.1 each of the share to a number of grantees under the New Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HK$1.23 per share.

The terms and conditions of the options granted at 30 September 2014 are stipulated as below:

Grantees	Directors	Consultants/Employees
Start Date	30 September 2014	30 September 2014
Expiry Date	29 September 2017	29 September 2017
Exercise Price	HK$1.23 per share	HK$1.23 per share
Earliest Exercise Date	Tranche 1:30 September 2014	Tranche 1: 30 September 2014
	Tranche 2: 30 March 2015	Tranche 2: 30 March 2015
Number of Share Options Granted	Tranche 1: 3,000,000	Tranche 1: 16,500,000
	Tranche 2: 3,000,000	Tranche 2: 16,500,000

At 31 March 2016, the number of shares in respect of which option had been granted and remained outstanding under the New Scheme was 54,000,000 (2015: 60,000,000), representing 8.5% (2015: 9.4%) of the shares in issue at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

29 SHARE CAPITAL (continued)

(b) Share option scheme (continued)

The fair value of the share options granted at 2 September 2014 was HK$8,336,000. Options were priced using a binomial option pricing model.

Inputs into the model

Grantees	Directors	Consultants
Option Life	3 years	3 years
Vesting Period (in year)	Tranche 1: N/A Tranche 2: 0.5	Tranche 1: N/A Tranche 2: 0.5
Risk-free Rate	0.709%	0.709%
Grant Date Share Price	HK$1.25 per share	HK$1.25 per share
Exercise Price	HK$1.25 per share	HK$1.25 per share
Expected Exercise Multiple	2.8x of the exercise price	2.2x of the exercise price
Expected Dividend Yield	0%	0%
Expected Volatility of Share Price	46.72%	46.72%

The fair value of the share options granted at 30 September 2014 was HK$15,021,000. Options were priced using a binomial option pricing model.

Inputs into the model

Grantees	Directors	Consultants/Employees
Option Life	3 years	3 years
Vesting Period (in year)	Tranche 1: N/A Tranche 2: 0.5	Tranche 1: N/A Tranche 2: 0.5
Risk-free Rate	0.925%	0.925%
Grant Date Share Price	HK$1.23 per share	HK$1.23 per share
Exercise Price	HK$1.23 per share	HK$1.23 per share
Expected Exercise Multiple	2.8x of the exercise price	2.2x of the exercise price
Expected Dividend Yield	0%	0%
Expected Volatility of Share Price	45.72%	45.72%

Expected volatility of share prices determined with reference to annualised historical weekly volatility of comparable listed companies' shares prices.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

29 SHARE CAPITAL (continued)

(b) Share option scheme (continued)

The following table discloses movements of the Company's share option held by directors, top executives, consultants and employees during the year ended 31 March 2016.

	Number of share options							Exercise		
	Outstanding at 1 April 2015	Granted during the year	Exercised during the year	Lapsed during the year	Reclassified during the year	Adjustment during the year	Outstanding at 31 March 2016	price at 31 March 2016	Date of grant	Exercisable period
Directors										
Ms. Wong Yee Shuen,	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017
Regina	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017
Mr. Chung Ho Chun	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017
	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017
Mr. Huang Weibo	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017
	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017
Mr. Chung Tat Fun	3,000,000	–	–	–	–	–	3,000,000	1.23	30 Sep 2014	30 Sep 2014 to 29 Sep 2017
	3,000,000	–	–	–	–	–	3,000,000	1.23	30 Sep 2014	30 Mar 2015 to 29 Sep 2017
	24,000,000	–	–	–	–	–	24,000,000			
Consultants										
Consultant 1	1,500,000	–	–	–	–	–	1,500,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017
	1,500,000	–	–	–	–	–	1,500,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017
Consultant 2	1,500,000	–	–	–	3,000,000	–	4,500,000	1.23	30 Sep 2014	30 Sep 2014 to 29 Sep 2017
	1,500,000	–	–	–	3,000,000	–	4,500,000	1.23	30 Sep 2014	30 Mar 2015 to 29 Sep 2017
	6,000,000	–	–	–	6,000,000	–	12,000,000			
Employees	15,000,000	–	–	(3,000,000)	(3,000,000)	–	9,000,000	1.23	30 Sep 2014	30 Sep 2014 to 29 Sep 2017
	15,000,000	–	–	(3,000,000)	(3,000,000)	–	9,000,000	1.23	30 Sep 2014	30 Mar 2015 to 29 Sep 2017
	30,000,000	–	–	(6,000,000)	(6,000,000)	–	18,000,000			
Total	60,000,000	–	–	(6,000,000)	–	–	54,000,000			
Weighted average exercise price	–	–	–	–	–	–	HK$1.24			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

30 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 50 of the consolidated financial statements

Share premium

The share premium account of the Group includes shares issued at premium.

Contributed surplus

The contributed surplus of approximately HK$2,696,000 represents the difference between the nominal value of the shares, the share premium account and the contributed surplus of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

The balance of approximately HK$472,295,000 was resulted from the elimination of accumulated losses from the share premium account during the year ended 31 March 2009. The amount of approximately HK$325,372,000 was credited to the contributed surplus due to capital reduction during year ended 31 March 2010.

The amount of approximately HK$231,319,000 was offset from the contributed surplus account to accumulated losses during 31 March 2010.

Capital reserves

The capital reserve of the Group represents the cash received in excess of the fair value of a promissory note issued by the Company on 4 January 2007.

Revaluation reserves

Included in the revaluation reserve, amount of approximately HK$638,000 represents the adjustment on change in fair values of Triple Gain between the initial acquisition of 60% equity interest on 10 December 2007 and further acquisition of 40% equity interest on 18 December 2007.

Share option reserves

Share option reserves related to share options granted under the Company's share option scheme and which are reclassified to share capital and share premium when the share options were exercised, and to accumulated losses when the share options were lapsed or expired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

31 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

At 31 March 2016, the Group had capital commitment of approximately HK$Nil (2015: HK$1,890,000) in related to the addition of investment properties.

(b) Operating lease commitments

The Company as lessee

The Group leases certain of its offices under operating lease arrangements, which are negotiated for terms ranging from one to five years.

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

	2016	2015
	HK$'000	HK$'000
Not later than one year	**3,108**	2,849
Later than one year and no later than five years	**1,603**	2,308
	4,711	5,157

The Company as lessor

At 31 March 2016, the Group had contracted with the tenants for the following future minimum lease receivables:

	2016	2015
	HK$'000	HK$'000
Not later than one year	**–**	24,345
Later than one year and no later than five years	**–**	109,280
More than five years	**–**	100,307
	–	233,932

(c) Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2016 and 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

32 MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2016 and 2015, the Group had entered into the following transactions with related parties which, in the opinion of the Directors, were carried out in the ordinary course of the Group's business.

Key management personnel remuneration

Remuneration for key personnel management, including amount paid to the Company's directors and senior management of the Company as disclosed in Note 11 to the consolidated financial statements, is as follows:

	2016 **HK$'000**	2015 HK$'000
Basic salaries, other allowances and benefits in kind	**6,584**	6,177
Share-based payments	**–**	14,134
Pension scheme contributions	**93**	61
	6,677	20,372

33 MAJOR NON-CASH TRANSACTION

As set out in Note 9, the Group disposed its entire interest in Best Volume Group by receipt of promissory notes with a principle amount of HK$30,000,000 on 12 November 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

34 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of Financial Position of the Company

		2016 **HK$'000**	2015 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**7**	16
Interests in subsidiaries		**35,241**	35,241
		35,248	35,257
Current assets			
Amounts due from subsidiaries		**516,533**	556,332
Financial assets at fair value through profit or loss		**28,059**	30,559
Prepayments, deposits and other receivables		**1,370**	133
Promissory note receivable		**30,000**	–
Cash and cash equivalents		**1,656**	12
		577,618	587,036
Liabilities			
Current liabilities			
Amounts due to subsidiaries		**251,893**	75,786
Accruals and other payables		**2,656**	2,815
Borrowings		**–**	70,000
		254,549	148,601
Net current assets		**323,069**	438,435
Total assets less current liabilities		**358,317**	473,692
Non-current liabilities			
Amount due to a subsidiary		**–**	157,063
Bonds		**31,078**	21,945
		31,078	179,008
Net assets		**327,239**	294,684
Equity attributable to owners of the Company			
Share capital		**63,478**	63,478
Reserves	(b)	**263,761**	231,206
Total equity		**327,239**	294,684

Approved and authorised for issue by the board of directors on 30 June 2016.
On behalf of the board

Chung Tat Fun
Director

Huang Weibo
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

(b) Reserves Movement of the Company

	Share premium	Contributed surplus	Capital reserves	Share option reserves	Accumulated losses	Total reserve
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2014	802,210	569,044	85,889	–	(1,264,041)	193,102
Loss for the year	–	–	–	–	(77,214)	(77,214)
Issue of consideration shares	57,453	–	–	–	–	57,453
Share based payments	–	–	–	9,490	–	9,490
Placing of new shares	49,450	–	–	–	–	49,450
Expense of issue of shares	(1,075)	–	–	–	–	(1,075)
At 31 March 2015 and 1 April 2015	908,038	569,044	85,889	9,490	(1,341,255)	231,206
Profit for the year	–	–	–	–	32,555	32,555
At 31 March 2016	**908,038**	**569,044**	**85,889**	**9,490**	**(1,308,700)**	**263,761**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

35 PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the result, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

All of these are controlled subsidiaries as defined under Note 2 and have been consolidated into the financial statements of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued share capital/registered share capital	Percentage of equity interest attributable to the company Direct (%)	Indirect (%)
Ability Wealth Holdings Limited	British Virgin Islands	Investment holding	HK$390,000 Ordinary	100%	–
Best Review Investments Limited	British Virgin Islands	Investment holding	US$1 Ordinary	100%	–
Pure Profit Holdings Limited	Hong Kong	Money lending	HK$1 Ordinary	–	100%
Greater China Leasing Limited	Hong Kong	Investment holding	HK$39,300,001 Ordinary	–	100%
廣東聚謙融資租賃有限公司	PRC	Financial leasing	HK$156,000,000 Registered capital	–	100%
廣東利都典當有限公司 (Note)	PRC	Pawn business	RMB100,000,000 Registered capital	–	100%
廣州市源謙投資諮詢有限責任公司	PRC	Consultation service	HK$750,000 Registered capital	–	100%
深圳市前海華銀商業保理有限公司	PRC	Commercial factoring	RMB50,000,000 Registered capital	–	100%
深圳前海華銀融資租賃有限公司	PRC	Financial leasing	RMB170,000,000 Registered capital	–	100%
廣東恒昇商業保理有限公司	PRC	Commercial factoring	RMB50,000,000 Registered capital	–	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

35 PRINCIPAL SUBSIDIARIES (continued)

Note:

The subsidiary is a domestic enterprise with limited liability established in the PRC. The subsidiary is indirectly held by the Company through contractual arrangements by the registered owners of the subsidiary.

For the year ended 31 March 2016, the revenue subject to the contractual arrangements are approximately HK$6.6 million (2015: approximately HK$14.3 million). As at 31 March 2016, the total assets and the loans receivable (net off provision of impairment loss) subject to the contractual arrangements are approximately HK$128.3 million and HK$73.5 million (2015: approximately HK$135.1 million and approximately HK$25.3 million).

For the details of the contractual arrangement, please refer to the section of "Report of Directors" on the annual report.

36 EVENT AFTER THE REPORTING PERIOD

On 29 November 2015, the Group entered into three subscription agreements with Swiree Capital Limited ("Swiree"), Richlane Ventures Limited ("Richlane") and Best Global Ventures Limited ("Best Global") for subscription of 1,653,073,872 new shares, 275,512,312 new shares and 137,756,156 new shares of the Group respectively at HK$0.77 per subscription share. On 18 February 2016, the Group entered into first supplemental agreement with each of Swiree, Richlane and Best Global respectively to amend and clarify certain terms in the subscription agreements. As at the date of this results announcement, the Group and each of Swiree, Richlane and Best Global respectively have preliminarily agreed to extend the long stop date as set out in the Subscription agreements, however the relevant formal supplemental agreements have not been entered into as the parties are in the process of discussing the date of the extended long stop date. The Group and each of Swiree, Richlane and Best Global will enter into formal supplemental agreements in this respect once the parties have agreed on the date of the extended Long Stop Date. The Group has also conditionally agreed to acquire entire equity interest in GOME Xinda Commercial Factoring Co., Ltd. which is a commercial factoring company wholly-owned by Gome Finance Holding Investment Co., Ltd.

The total number of the subscription shares is 2,066,342,340 which will represent 75% of the entire issued share capital of the Company as enlarged by the allotment and issue of the subscription shares and new Shares upon the exercise of the share options in full. The Group intends to apply the net proceeds mainly for the expansion of the Group's financial service business.

The transaction has not yet been completed at the date of this results announcement. The completion is conditional upon certain conditions including approvals by regulatory bodies. Details of the transaction were disclosed in the Company's announcement dated 8 December 2015 and 19 February 2016.

37 COMPARATIVE FINANCIAL INFORMATION

The comparative statement of profit or loss has been re-presented as the property leasing segment disposed during the current year. Certain comparative amounts have been reclassified to conform to the current year's presentation. In the opinion of the Company's directors, such reclassification provide a more appropriate presentation on the Group's business segments.

38 AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2016.

FIVE YEAR FINANCIAL SUMMARY

The consolidated results, and assets and liabilities of the Group for the last five financial years are summarised below.

Results

	Year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations					
Revenue	**33,370**	48,932	28,304	25,614	44,590
Profit/(loss) for the year attributable to					
– Owners of the Company	**3,906**	(41,783)	(98,097)	16,477	9,190

Assets and liabilities

	As at 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**559,730**	932,130	499,132	265,477	248,994
Total liabilities	**(61,033)**	(432,652)	(95,009)	(1,541)	(1,535)
Total equity	**498,697**	499,478	404,123	263,936	247,459