



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

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

ANNUAL REPORT
2015/16

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CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non-executive Director

Mr. Li Wei Qi, Jacky

Independent non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Mr. Chow Chi Shing

Head Office and Principal Place of Business in Hong Kong

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

Registered Office

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

Principal Share Registrar

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

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

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

Legal Advisers

K&L Gates
Angela Ho & Associates

Auditor

Deloitte Touche Tohmatsu

Company Website

www.475hk.com

Stock Code

00475

CHAIRMAN'S STATEMENT

To our Shareholders,

On behalf of the board of directors (the “Board” or “Directors”) of Zhong Fa Zhan Holdings Limited (“Zhong Fa Zhan” or the “Company”), I am pleased to present the annual report of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2016.

During the year under review, in view of the continuing changes in the domestic market environment which has resulted in more difficulties in the operation of fine jewelry business, the Group was pleased to introduce Suncool AB, a leading energy conservation technologies development company in Sweden, to become the strategic shareholder of the Group during the year. In particular, the Group leveraged the CoolStore concept, intellectual property and licensed technology of its solar heating and cooling collector to jointly develop the new energy business with green technology and in turn broaden the source of revenue. The founder and currently fellow subsidiary of Suncool AB, ClimateWell AB (publ) (“ClimateWell”), has a solid foundation as its substantial shareholders are Industrifonden, a venture capital fund of the Swedish government, and Skirner, the founder of SWECO, which is a well-known engineering and environmental consultancy company in Northern Europe. The Group believes that the extensive experience of ClimateWell and Skirner in green technologies and environmental consultancy can bring in further synergy to the Group, and we expect to jointly develop the energy conservation and environmental protection business in the PRC with Suncool AB.

During the year, the Group gradually recruited a number of talents with extensive experience in the relevant industries. Meanwhile, the construction of the production line located at Yuyao in accordance with the production layout of cooling pipes is speeding up. It is expected to commence operation in the fourth quarter of 2016 and generate revenue for the Group in the coming year. With the increasing support of the Chinese government towards the development of new energy, the Group will also continue to take an initiative to consider other potential environmental protection related projects.

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

Wu Hao

Chairman and Executive Director

Hong Kong, 24 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group mainly engaged in the domestic fine jewelry business in China during the year ended 31 March 2016 (the “Current Year”). However, the slowdown in China’s economic growth has hit the nationwide luxury goods market hard. Facing the fierce market competition, the Group has adopted a pragmatic business development strategy as its business scale has remained relatively modest. This has limited the Group’s bargaining power, resulting in less favorable operating conditions.

To ensure stable growth of its business, the Group has proactively explored potential new business opportunities to diversify its operations and broaden its income sources. The increasing global demand for greener energy, complemented by a series of policies launched by the PRC government which emphasize environmental protection, energy conservation, as well as pollution and emissions reduction has provided great encouragement for the renewable energy industry to achieve a new round of rapid growth. On 1 July 2015, the Group announced its entry into the new energy business by signing a subscription agreement (the “Suncool Subscriptions”) with Suncool AB, a Swedish company, to allot and issue 6,000,000 new shares of the Company to Suncool AB at a subscription price of HK\$2.10 per share. Warrants were also granted to Suncool AB for subscribing to an aggregate of 24,000,000 new shares of the Company at an exercise price of HK\$2.50 per warrant share (the “Warrant(s)”). The Group also signed subscription agreements (“Investors Subscriptions”, together with the Suncool Subscriptions, the “Subscriptions”) with six independent investors to allot and issue an aggregate of 36,000,000 new shares of the Company to six independent investors at a subscription price of HK\$2.10 per share.

On the same day, Suncool AB entered into a license agreement (the “License Agreement”) with Nation Power Group Limited (“Nation Power”), a wholly-owned subsidiary of the Company, granting exclusive rights and permissions to Nation Power to use solar heating and cooling collector production technologies with CoolStore proprietary products at the core to promote solar-powered interior climate solutions and products in the Greater China region for 15 years. In addition, also on the same day, the Group entered into a consultation agreement (the “Consultation Agreement”) with China-UK Low Carbon Enterprise (Jiangyin) Investment Management Ltd (“CULCE (Jiangyin)”), a company owned by China Energy Conservation and Environmental Protection Group (“CECEP”) for using the consultation services of CULCE (Jiangyin).

For details regarding the Suncool Subscriptions, the Investors Subscriptions, the License Agreement and Consultation Agreement, please refer to the Company’s announcement dated 5 July 2015 and the circular dated 13 August 2015.

Use of Proceeds from the Subscriptions

As at 2 November 2015, the Group had completed the Subscriptions for a total of 36,000,000 shares, which generated total gross proceeds of approximately HK\$75.6 million. After deducting related expenses payable by the Company, the net proceeds (which represent the total gross proceeds less relevant expenses) amounted to approximately HK\$74.7 million are used for the following purposes: (i) approximately HK\$50.0 million for the development of new energy business in the PRC; (ii) approximately HK\$7.6 million for the repayment of loan from a controlling shareholder of the Company; and (iii) the remaining total net proceeds for general working capital purpose of the Group. During the Current Year, approximately 31% of the net proceeds had been utilized, approximately HK\$6.5 million for developing solar energy business in the PRC, approximately HK\$7.6 million was used to repay the loan from a controlling shareholder of the Company and the remaining was used as general working capital of the Group. The unused net proceeds remain available for intended use.

The actual use of net proceeds up to 31 May 2016 had been applied in the same manner and in the same proportion as proposed usage as follow:

Proposed use of proceeds	Proposed amount to be used (Approximately) HK\$'000	Actual amount used as of 31 May 2016 (Approximately) HK\$'000	Remaining balance (Approximately) HK\$'000	Progress
Repayment of shareholder's loan	7,600	7,600	–	Used as intended
Development of the solar business in the PRC	50,000	7,000 <i>(Note 1)</i>	43,000 <i>(Note 3)</i>	Used as intended and the remaining balance unchanged with the original plan
General working capital	17,100	11,000 <i>(Note 2)</i>	6,100 <i>(Note 4)</i>	Used as intended and the remaining balance unchanged with the original plan
	74,700	25,600	49,100	

Management Discussion and Analysis (Continued)

Note 1: As at 31 May 2016, approximately HK\$7 million was used for the development of solar energy business in the PRC, including approximately HK\$4 million for factory rental deposit, approximately HK\$1 million for staff training cost and technical knowledge transfer and supporting service fee paid to Suncool AB according to the License Agreement and approximately HK\$2 million for general working capital of solar energy business.

Note 2: As at 31 May 2016, approximately HK\$11 million was used for the general working capital of the existing businesses of the Group, including approximately HK\$7 million for staff cost and office rent and approximately HK\$4 million for other recurring operating expenses.

Note 3: In respect of the remaining unutilized proceeds, the Company intends to apply approximately HK\$43 million for developing the solar energy business, including approximately HK\$19 million for acquiring fixed assets, such as machinery, equipment and fixture, approximately HK\$4 million for staff training cost and technical knowledge transfer and supporting service fee paid to Suncool AB according to the License Agreement, approximately HK\$2 million for research and development and approximately HK\$18 million for general working capital purpose up to about one to two years after the commencing of production, including purchase of inventories and other recurring operating expenses, such as factory rent and salary and wages.

Note 4: The Company intends to apply approximately HK\$6.1 million for general working capital of the Group up to second half of the year 2016, including salary and wages, office rent, and other recurring operating expenses.

The support from Suncool AB and CULCE (Jiangyin) has expedited development of the Group's new energy business. During the Current Year, the Group gathered together a team of sophisticated solar technology experts. Senior technicians in the team were sent to Sweden to receive professional training and the most up-to-date knowledge in the new energy industry technology. These technicians and the team have helped laid a solid foundation for the Group to localize the CoolStore cooling pipe and promote new solar collector products effectively.

Apart from the core technical team, the Group has also established an operation and management team in Yuyao, which comprises members with extensive experience in the industry. The functions of the operation and management team are: (i) operation and production; (ii) research and development; (iii) engineering and applications; and (iv) finance and administration. The Group is confident that the Yuyao team will be able to closely collaborate and establish effective communication with its overseas partners, and ensure the research and development of technologies, production, and promotion of engineering service are carried out in good order, thereby help boost the Group's development.

Prospects

Looking ahead, the Group anticipates the luxury goods market in China will continue to shrink in the near future. The Group will maintain a prudent approach to the jewelry business, and reduce direct and indirect costs to maintain a stable operating environment. To strengthen its competitiveness, the Group will also explore more business opportunities in the jewelry wholesale and retail markets in Hong Kong through various channels, in addition to developing its existing jewelry wholesale business in China.

After devoting considerable attention to energy and climate issues in the 12th Five-Year Plan ("FYP"), China's leaders have formulated plans to limit emissions in the 13th FYP. China's next FYP is set to develop the policy framework for increasing the proportion of non-fossil fuels to more than 20 percent in China's energy usage mix by 2030 while sharply cutting the carbon footprint of its energy consumption. As CO₂ emissions from air-conditioning and heating systems in commercial and residential buildings account for a considerable percentage of total emissions, the Group's technical competence can contribute to realizing this vision to reduce emissions.

The Group's new cooling pipe production line is expected to commence operation in the second half of year 2016 and start contributing revenue to the Group in the coming year. For the time being before production begins, to pave way for the business, the Group will rent a production line short-term to manufacture and assemble solar collectors and CoolStore cooling pipe components to sell to target customers such as educational institutions, government entities, hotel chains, hospitals, medicine suppliers and cold chain logistics sectors. The Group has set up the demonstration kits in its PRC office where visitors and potential customers can better comprehend the principles of CoolStore cooling pipes and the effectiveness of the collectors. The Group also hopes to enable customers to understand the importance of energy conservation and emission reduction as well as the significant economic benefits brought by its products. Through public education and public relations and marketing activities, the Group aims to effect rapid development of its new business and at the same time contribute to the country achieving her emission reduction targets.

In view of the increasing demand for greener energy, the PRC government is giving greater support to the energy conservation and environmental protection industry. The Group will seize this opportunity and step up effort to develop its solar energy business, striving to quickly enhance its share in the solar cooling market of the PRC. The Group will also continue to proactively seek new business opportunities in the energy conservation and environmental protection fields to achieve the ultimate goal of creating greater value for shareholders.

Financial Review

Review of Results

Sales revenue of the Group for the Current Year was HK\$17.8 million (2015: HK\$57.1 million), representing a drop of approximately 68.8% as compared to that for the year ended 31 March 2015 (the "Previous Year"). Decrease in the Group's revenue was mainly attributable to the poor consumer sentiment and decreasing demand for fine jewelry in the PRC.

Gross profit of the Group for the Current Year was HK\$0.5 million (2015: HK\$7.2 million), representing a decrease of approximately 93.6% as compared to that for the Previous Year. Gross profit margin of the Group for the year was approximately 2.6% (2015: 12.6%), representing a decrease of approximately 79.4%. The decrease was mainly due to the intense industry competition and the adverse business environment of the jewelry sector in the PRC domestic market.

During the Current Year, the Company issued 24,000,000 Warrants to Suncool AB (details as set out in the section "Capital Structure" below) with the aggregated estimated fair value of the Warrants amounted to HK\$23.1 million determined by an independent qualified professional valuer. The amounts are expensed over the vesting period and approximately HK\$8.3 million was recognized as equity-settled share-based payment expenses (2015: Nil) during the Current Year (details are set out in note 20 to the financial statements). The Group recorded a net loss of HK\$36.8 million for the Current Year (2015: net loss of HK\$22.2 million). Basic loss per share were 11.8 HK cents (2015: basic loss per share were 7.7 HK cents).

Liquidity and Financial Resources

As at 31 March 2016, the Group had net current assets and current ratio stood at HK\$70.0 million and 27.8 respectively (2015: HK\$23.1 million and 2.9 respectively). The Group's gearing ratio as at 31 March 2016 was nil (2015: Nil) (total interest bearing borrowings divided by bank balance and cash as a percentage of total equity).

As at 31 March 2016, the inventories reduced to nil (2015: HK\$11.6 million) as result of the scaled down of the operation of jewelry business to wholesale only, the fixed assets in relation to jewelry manufacturing were also disposed in order to reduce the direct cost incurred. The Group will maintain a prudent approach in the jewelry business.

As at 31 March 2016, the trade receivable amounted to HK\$3.6 million (2015: HK\$7.6 million) and most of the amounts have been collected subsequently up to the date of this Annual Report, the Group had not provided for any impairment loss. As at 31 March 2016, the cash and bank balance amounted to HK\$64.0 million (2015: HK\$14.8 million).

As at 31 March 2016, the Group had no bank borrowings (2015: Nil). As at 31 March 2016, the Group had no banking facilities and none of the Group's assets were pledged to banks to secure any banking facilities as at 31 March 2016 (2015: Nil). The Group financed its liquidity operations requirements through cash flow generated from operations as well as through the loans from a controlling shareholder and the net proceeds from issue of new shares during the Current Year.

Capital Structure

During the Current Year, a total of 30,000,000 and 6,000,000 ordinary shares of the Company at par value of HK\$0.01 each (the "Share(s)") had been allotted and issued by the Company to various independent investors and Suncool AB respectively at a price of HK\$2.10 per share pursuant to the Investors Subscriptions and the Suncool Subscriptions with gross proceeds of HK\$75.6 million in aggregated. In addition, on 2 October 2015, the Company issued 24,000,000 Warrants at nil consideration to Suncool AB pursuant to the Suncool Subscriptions (details of which were set out in the announcement of the Company dated 5 July 2015, the circular of the Company dated 13 August 2015, and the announcements on progress update dated 30 September 2015, 4 October 2015, 19 October 2015 and 2 November 2015 respectively). The use of proceeds from the new Shares pursuant to the Subscriptions is set out in the section headed "Use of Proceeds from the Subscriptions" in Business Review of this Management Discussion and Analysis.

During the Current Year, 300,000 Shares had been issued and allotted by the Company as a result the exercise of share options at an exercise price of HK\$1.53. The gross proceeds of approximately HK\$0.5 million were used as general working capital for the Group.

As a result of the exercising of share options, the Suncool Subscriptions and the Investors Subscriptions, the number of Shares increased from 293,754,000 Shares as at 31 March 2015 to 330,054,000 Shares as at 31 March 2016.

Charges on Group Assets

As at 31 March 2016, the Group did not have any charges on the Group's assets (2015: Nil).

Commitments and Contingent Liabilities

As at 31 March 2016, the Group did not have any capital commitments (2015: Nil) and had HK\$4.7 million of operating lease commitments (2015: HK\$2.2 million).

As at 31 March 2016, the Group did not have any significant contingent liabilities (2015: Nil).

Human Resources

As at 31 March 2016, the Group had a total of 15 employees (2015: 39) in order to streamline the organisation structure and strengthen cost control. Staff costs for the Current Year was HK\$13.0 million, representing a decrease of 26.5% as compared to the Previous Year of HK\$17.7 million. The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees. Other benefits include share option scheme and contribution to statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

The Share Option Scheme

A share option scheme adopted by the shareholders of the Company pursuant to which the Company may grant options to the directors and employees of the Group and other eligible participants to acquire shares of the Company. The Directors consider that the share option scheme assists in recruiting and retaining high calibre employees. Details of the share option scheme are set out in the section headed "Share Option Scheme" of Report of the Directors.

Foreign Exchange Fluctuation and Hedges

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

As at 31 March 2016, no forward foreign currency contracts are designated in hedging accounting relationships (2015: Nil).

Material Acquisition and Disposal

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

DIRECTORS AND COMPANY SECRETARY

Executive Directors

Mr. Wu Hao, aged 42, is our chairman and an executive Director. He joined the Group in February 2012 and is responsible for overall strategic planning and development. He has held directorship position within the other member of the Group. In 2008, Mr. Wu Hao joined Xinjiang Lian Rui Mining Company Limited* (新疆聯瑞礦業有限公司), which is principally engaged in mining resources business, and was appointed as its vice chairman in 2009. Mr. Wu Hao graduated in legal professional studies from Correspondence Institute of Party School of the Central Committee of Communist Party of China* (中共中央黨校函授學院) in 2002.

Mr. Hu Yangjun, aged 42, is an executive Director. He joined the Group in November 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yangjun has corporate management experience in information technology and international trade and has worked in Zhejiang Orient Group* (浙江東方集團) and Zhejiang Ju Neng Dongfang Holdings Company Limited* (浙江巨能東方控股有限公司). Mr. Hu Yangjun was previously an executive director of Zheda Lande Scitech Limited (stock code: 8106) and Neo Telemedia Limited (stock code: 8167), both of which shares are listed on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. Hu Yangjun graduated from Anhui Normal University and he is currently a member of All-China Youth Federation.

Mr. Hu Yishi, aged 40, is an executive Director. He joined the Group in November 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yishi has experience in China affairs and business. Mr. Hu Yishi was appointed as the executive director and an executive chairman of Northern New Energy Holdings Limited (formerly known as Noble House (China) Holdings Limited) (stock code: 8246) on 27 August 2015, which shares are listed on the GEM of the Stock Exchange. Mr. Hu Yishi was a non-executive director and chairman of Kai Yuan Holdings Limited (stock code: 1215), which shares are listed on the Stock Exchange. Mr. Hu Yishi was also previously an executive director of Softpower International Limited (stock code: 380) and Up Energy Development Group Limited (stock code: 307), both of which shares are listed on the Stock Exchange. Mr. Hu Yishi graduated from Shanghai International Tourism Vocational Technology School.

Mr. Chan Wing Yuen, Hubert (“Mr. Hubert Chan”), aged 58, is our chief executive and an executive Director. He joined the Group in November 2011 and is responsible for business policy formulation and execution. He has held directorship position within the other members of the Group. Mr. Hubert Chan is a member of the Chinese People’s Political Consultative Conference — Heilongjiang Province Committee in the PRC. Mr. Hubert Chan spent over ten years with the Stock Exchange. Mr. Hubert Chan is an executive director of Northern New Energy Holdings Limited (formerly known as Noble House (China) Holdings Limited) (stock code: 8246) since August 2014, which shares are listed on the GEM of the Stock Exchange, and an independent non-executive director of Tian Ge Interactive Holdings Limited (stock code: 1980) since June 2014, which shares are listed on the Stock Exchange. Mr. Hubert Chan was previously a director of Guangdong Investment Limited (stock code: 270), China Smarter Energy Group Holdings Limited (stock code: 1004), EverChina Int’l Holdings Company Limited (stock code: 202) and Softpower International Limited (stock code: 380), all of which shares are listed on the Stock Exchange. Mr. Hubert Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Hubert Chan is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and is also a member of both Hong Kong Securities and Investment Institute and The Hong Kong Institute of Directors.

* translation for identification purpose only

Ms. Kwong Wai Man, Karina (“Ms. Kwong”), aged 46, is our chief financial officer and an executive Director and held directorship position within the other members of the Group. She joined the Group in September 2013. Ms. Kwong has extensive experience in accounting, financial management and corporate finance. She worked for sizable organizations in various industries as senior executives in both Canada and Hong Kong. Ms. Kwong is an executive director of Northern New Energy Holdings Limited (formerly known as Noble House (China) Holdings Limited) (stock code: 8246) since August 2014, which shares are listed on the GEM of the Stock Exchange. Ms. Kwong was previously an executive director of Sheng Yuan Holdings Limited (stock code: 851) and Kai Yuan Holdings Limited (stock code: 1215), both of which shares are listed on the Stock Exchange. She had also previously held a directorship of Grand Peace Group Holdings Limited (stock code: 8108), which shares are listed on the GEM of the Stock Exchange. Ms. Kwong holds a bachelor’s degree in business administration from the Simon Fraser University, Canada, and is a member of the American Institute of Certified Public Accountants and Hong Kong Securities and Investment Institute.

Non-executive Directors

Mr. Li Wei Qi, Jacky (“Mr. Li”), aged 44, was appointed as a non-executive Director in November 2011. Mr. Li has experience in the financial services field. Mr. Li is currently vice president of the marketing department of Emperor Bullion Investments (Asia) Limited, Emperor Futures Limited, Emperor Securities Limited and Emperor Wealth Management Limited. He is also a licensed representative under the Securities and Futures Ordinance (the “SFO”) to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities, a licensed representative of the Professional Insurance Brokers Association to carry on long term insurance (including linked long term insurance) and general insurance regulated activities, a licensed representative of the Mandatory Provident Fund Schemes Authority to carry on related regulated activities and an account executive registered with The Chinese Gold & Silver Exchange Society. Mr. Li was previously vice president of the marketing department of Tanrich Futures Limited and was a person licensed by the Securities and Futures Commission for dealing and advising in futures contracts and asset management.

Independent Non-executive Directors

Mr. Wu Chi Keung (“Mr. Wu”), aged 59, was appointed as an independent non-executive Director in November 2011. Mr. Wu has experience in the financial audit field and was a partner of Deloitte Touche Tohmatsu. Mr. Wu is an independent non-executive director of China Medical System Holdings Limited (stock code: 867) since June 2010, Jinchuan Group International Resources Co., Ltd (stock code: 2362) since January 2011, Huabao International Holdings Limited (stock code: 336) since August 2013 and YuanShengTai Dairy Farm Limited (stock code: 1431) since November 2013, all of which shares are listed on the Stock Exchange. Mr. Wu was appointed as the independent non-executive director of Huajin International Holdings Limited (stock code: 2738) since March 2016, which shares are listed on the Stock Exchange. Mr. Wu was previously an independent non-executive director of JF Household Furnishings Limited (stock code: 776) and China Wah Yan Healthcare Limited (formerly known as “China Renji Medical Group Limited”) (stock code: 648), both of which shares are listed on the Stock Exchange. He was also previously an independent non-executive director of GreaterChina Professional Services Limited (stock code: 8193) and Link Holdings Limited (stock code: 8237), both of which shares are listed on the GEM of the Stock Exchange. Mr. Wu graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in accountancy. He is an associate of the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom (the “ACCA”).

Mr. Heung Chee Hang, Eric (“Mr. Heung”), aged 48, was appointed as an independent non-executive Director in November 2011. Mr. Heung is a practising solicitor in Hong Kong. Mr. Heung is currently a partner of Tung, Ng, Tse & Heung, Solicitors and is an independent non-executive director of China Environmental Resources Group Limited (stock code: 1130) since January 2015, which shares are listed on the Stock Exchange. He was previously an independent non-executive director of Gold Tat Group International Limited (stock code: 8266), which shares are listed on the GEM of the Stock Exchange. Mr. Heung graduated with a degree in laws from the University of Leicester, England and was admitted as a solicitor of the Supreme Court of Hong Kong.

Ms. Kwok Pui Ha (“Ms. Kwok”), aged 47, was appointed as an independent non-executive Director in November 2011. Ms. Tracy Kwok is the group financial controller of CITIC International Assets Management Limited, a private equity investment and asset management company. Ms. Kwok had worked with Deloitte Touche Tohmatsu and has experience in financial management and accounting with companies of which shares are listed on the Stock Exchange. Ms. Kwok graduated with a bachelor degree in accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong) and is a fellow member of the HKICPA, an Associate of the Institute of Chartered Accountants in England and Wales and a member of Hong Kong Securities and Investment Institute.

Company Secretary

Mr. Chow Chi Shing (“Mr. Chow”), aged 36, is the financial controller and company secretary of the Group. He joined the Group in 2015 and is responsible for the financial and accounting and company secretarial matters of the Group. Mr. Chow is experienced in the accounting and finance field, as well as in company secretarial practices. He worked in a leading international audit firm, companies listed on the Stock Exchange and a multi-national corporation. Mr. Chow graduated with a bachelor degree in accounting from the Hong Kong University of Science and Technology. Mr. Chow is a member of the HKICPA and a fellow member of ACCA.

CORPORATE GOVERNANCE REPORT

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

Compliance with the Corporate Governance Code

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Company has applied the principles and complied with all the applicable code provisions set out in the CG Code throughout the year ended 31 March 2016 except for the deviation from code provision A.6.7 as explained below.

Directors’ Attendance

Under code provision A.6.7, independent non-executive Directors and non-executive Director should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to other business engagement and work commitments, one of the independent non-executive Directors was unable to attend the Company’s annual general meeting and extraordinary general meeting, both held on the same day on 8 September 2015.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2016. The details of the interests and short positions of the Directors and their associates in the Shares are set out in the “Report of the Directors”.

Board of Directors

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

Board Composition

As at the date of this report, the Board comprises nine Directors, including five executive Directors, namely, Mr. Wu Hao (*Chairman*), Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert and Ms. Kwong Wai Man, Karina; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. Biographical details of the Directors are set out under the section headed “Directors and Company Secretary” on pages 10 to 12 of this Annual Report.

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

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

Board and General Meetings

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

Name	Attendance/Number of meetings	
	Board meetings	General meetings
Executive Directors		
Mr. Wu Hao	5/5	2/2
Mr. Hu Yangjun	5/5	0/2
Mr. Hu Yishi	5/5	0/2
Mr. Chan Wing Yuen, Hubert	5/5	2/2
Ms. Kwong Wai Man, Karina	5/5	2/2
Non-executive Director		
Mr. Li Wei Qi, Jacky	5/5	2/2
Independent non-executive Directors		
Mr. Wu Chi Keung	5/5	2/2
Mr. Heung Chee Hang, Eric	5/5	0/2
Ms. Kwok Pui Ha	5/5	2/2

Management Function

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

Relationships between Directors

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

Training and Support of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

All Directors, namely Mr. Wu Hao, Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert, Ms. Kwong Wai Man, Karina, Mr. Li Wei Qi, Jacky, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha confirmed that they have complied with the code provision A.6.5 of the CG Code on Directors' training. All Directors have participated in continuous professional development by reading materials or participating course, seminar and online debriefs regarding taxation, compliance, and global economic development to develop and refresh their knowledge.

The Roles of the Chairman and Chief Executive

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

Non-Executive Directors

The term of the service contracts of all the non-executive Directors (including independent non-executive Directors) are appointed for a fixed term of one year and will be renewed automatically if no objection is raised by both parties. All Directors (including the executive Directors) are subject to retirement by rotation at least once every three years at the annual general meeting of the Company and are eligible for re-election pursuant to the Company's articles of association.

Delegation by the Board

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

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

Audit Committee

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

The primary functions of the Audit Committee include reviewing the financial statements and reports and considering any significant or unusual items, reviewing the effectiveness of the Group's financial reporting processes and adequacy of internal control system, reviewing the risk management system and associated procedures, reviewing the scope and nature of the audit carried out by the Company's auditor. The Audit Committee meets at least twice a year to discuss any issues from the audit and any other matters the external auditor may wish to raise. The Audit Committee has reviewed the Group's annual results for the year ended 31 March 2016.

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

Name	Attendance/ No. of meetings held during the tenure of directorship
Mr. Wu Chi Keung	3/3
Mr. Heung Chee Hang, Eric	3/3
Ms. Kwok Pui Ha	3/3

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

1. Reviewed the Group's interim and annual results and corporate governance matters for inclusion in the Company's annual report for the year ended 31 March 2015 and interim report for the six months ended 30 September 2015 with the management and external auditor of the Company and recommended them to the Board for review and approval;
2. Reviewed the Company's financial controls, internal control and risk management systems and discussed the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems;
3. Reviewed the accounting principles and practices adopted by the Group with the management of the Company for the year ended 31 March 2016; and
4. Reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, their independence and objectivity and made recommendation to the Board on the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company.

Remuneration Committee

The Remuneration Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Remuneration Committee conforms to the requirements laid down in the CG Code. The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Wu Chi Keung, as chairman, and Mr. Heung Chee Hang, Eric; and one executive Director, namely Mr. Chan Wing Yuen, Hubert. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration structure for all Directors and senior management of the Group. The annual emoluments payable to Directors were recommended by the Remuneration Committee, with a view to recruit and retain high-calibre personnel that are valuable to the Group, by making reference to the experience, responsibilities and duties as well as the prevailing market conditions. Details of Directors' remuneration for the year ended 31 March 2016 are set out in note 10 to the financial statements.

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

Name	Attendance/ No. of meetings held during the tenure of directorship
Mr. Wu Chi Keung	3/3
Mr. Heung Chee Hang, Eric	3/3
Mr. Chan Wing Yuen, Hubert	3/3

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

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

Nomination Committee

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

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

During the year, a meeting was held and the attendance of each member is set out as follows:

Name	Attendance/ No. of meetings held during the tenure of directorship
Mr. Wu Chi Keung	1/1
Ms. Kwok Pui Ha	1/1
Mr. Chan Wing Yuen, Hubert	1/1

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

1. Reviewed the policy for the nomination of Directors and senior management;
2. Reviewed the structure, size, composition and the board diversity policy (including the skills, knowledge and experience) of the Board;
3. Recommended to the Board the re-appointment of Mr. Chan Wing Yuen, Hubert as executive Director; and Mr. Heung Chee Hang and Ms. Kwok Pui Ha as independent non-executive Directors; and
4. Assessed the independence of the independent non-executive Directors.

Nomination Criteria and Procedures

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

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

Auditor's Remuneration

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor, Deloitte Touche Tohmatsu, for the year ended 31 March 2016 is as follows:

Nature of services	Amount HK\$'000
Audit services	448
Non-audit services — Interim Review	160
Non-audit services — Others	37

Company Secretary

Mr. Chow Chi Shing has been appointed as the company secretary of the Company since 1 November 2015. Mr. Chow reports to the chief executive of the Group directly and is responsible to the Board for ensuring that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully apprised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors. According to the Rule 3.29 of the Listing Rules, Mr. Chow has taken no less than 15 hours of relevant professional training for the year ended 31 March 2016.

Constitutional Documents

During the Current Year, there is no significant change in the Company's constitutional documents.

Responsibilities in Respect of the Financial Statements

The Directors are responsible for ensuring that the financial statements for each financial year are prepared to reflect a true and fair view of the state of affairs, profitability and cash flows of the Group in accordance with the disclosure requirements of the Listing Rules, Hong Kong Companies Ordinance and the applicable accounting standards.

The Directors acknowledge their responsibilities for the preparation of financial statements for the year ended 31 March 2016. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relatively to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement issued by the external auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 32 to 33 of this Annual Report.

Internal Control

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

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

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

Inside Information and Disclosure

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

Communications with Shareholders and Shareholders' Right

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

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

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

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

During the year ended 31 March 2016, the Company has not made any changes to its articles of association. An up to date version of the Company's articles of association is also available on the websites of the Company and the Stock Exchange.

Investor Relations

The Company endeavours to maintain good investor relationship with the shareholders and potential investors by way of meeting them at annual general meetings and publishing interim and annual reports on the websites of the Company and the Stock Exchange.

The Company's website has set up as a means to provide information of the Company to the shareholders and potential investors and to communicate with them directly and effectively. Shareholders are also encouraged to attend the Company's annual general meetings and general meetings for which notices are served for an adequate period in accordance with the provisions of the Listing Rules and the Company's articles of association. The Directors are available to answer questions on the Group's business at the meetings.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited financial statements for the year ended 31 March 2016.

Principal Activities

The Group is principally engaged in jewelry business in the PRC. The principal activities of the Company's subsidiaries are set out in note 1 to the financial statements. Details and respective analysis of the main segments information of the Group during the year are set out in note 6 to the financial statements.

Business Review

The business review of the Group for the year ended 31 March 2016 and a review of the Group's future development is set out in the section headed "Management Discussion and Analysis" on pages 4 to 9 of this Annual Report.

Environmental Policy and Performance

The Group paid high attention to environmental protection and energy conservation to enhance the capacity of sustainable development and undertake relative social responsibility. The Group is committed to maximize energy conservation in its offices by promoting efficient use of resources such as lighting and air-conditioning systems and encouraging recycle of office supplies and other materials. The Group continually seeks to identify and manage energy efficiency opportunities in order to minimize environmental impacts attributable to its operational activities if possible.

Compliance with Relevant Law and Regulations

As far as the Board and management are aware, the Group has complied all related laws and regulations in all material aspects which may have significant impact on the operation of the Group.

Major risks and uncertainties

The capital risk management and financial risk management objectives and policies of the Group are set out in note 4 and note 5 to the financial statement.

Emolument Policy

The emolument policy of the general staff of the Group is set up by the management of the Group on the basis of their performance and work experience and the prevailing market rates.

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

Relationship of Stakeholders

To the best knowledge of the Group, employees, customers and business partners are the key to have continuous sustainable development. We commit to be people oriented and build up good relationship with employees, and work together with our business partners to provide high quality products and services to achieve the goal of sustainable development and contribution to the society.

Use of Proceeds

The net proceeds (which represent the total gross proceeds less relevant expenses) from the subscriptions amounted to approximately HK\$74.7 million. For the details of the use of the above proceeds, please refer to the "Use of Proceeds from the Subscriptions" paragraph under the section headed "Management Discussion and Analysis" on pages 4 to 9 of this annual report.

Results and Dividends

The results of the Group for the year ended 31 March 2016 and the financial position of the Company and of the Group at that date are set out in the financial statements on pages 34 to 75 of this Annual Report.

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

Closure of Register of Members

The register of members will be closed from Wednesday, 7 September 2016 to Friday, 9 September 2016 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the forthcoming annual general meeting to be held on 9 September 2016 (the "Annual General Meeting"), all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 6 September 2016.

Five Year Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 76 of this Annual Report.

Property, Plant and Equipment

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

Borrowings

The Group had no bank borrowings and no banking facilities as at 31 March 2016.

Subsidiaries

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

Reserves

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

Distributable Reserves

The Company had no reserves available for distribution to the shareholders as at 31 March 2016 and 2015.

Share Capital

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

Unlisted Warrants

During the year, 24,000,000 warrants were issued by the Company, details of which are set out in the note 20 to the financial statements.

Major Customers and Suppliers

For the year ended 31 March 2016, the aggregate percentage of sales attributable to the Group's five largest customers is approximately 90% of the total sales of the Group and the largest customer included therein amounted to approximately 30%.

For the year ended 31 March 2016, the aggregate percentage of purchase attributable to the Group's five largest suppliers is approximately 95% of the total purchases of the Group and the largest supplier included therein amounted to approximately 54%.

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

Directors

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

Executive Directors:

Mr. Wu Hao (*Chairman*)

Mr. Hu Yangjun

Mr. Hu Yishi

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

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

Non-executive Director:

Mr. Li Wei Qi, Jacky

Independent non-executive Directors:

Mr. Wu Chi Keung

Mr. Heung Chee Hang, Eric

Ms. Kwok Pui Ha

In accordance with Article 87 of the articles of association of the Company, Mr. Wu Hao and Ms. Kwong Wai Man, Karina, being executive Directors and, Mr. Li Wei Qi, Jacky, being a non-executive Director, shall retire from office by rotation and, being eligible, will offer themselves for re-election at the Annual General Meeting.

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

Update On Directors’ Information Under Rule 13.51B(1) Of The Listing Rules

Upon specific enquiry by the Company and confirmations from the Directors, the changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the year and up to the date of this Annual Report are set out below:

Mr. Hu Yishi, an executive Director, was appointed as an executive director and an executive chairman of Northern New Energy Holdings Limited (formerly known as Noble House (China) Holdings Limited) (Stock Code: 8246), which shares are listed on the Growth Enterprise Market of the Stock Exchange, on 27 August 2015. Also, he resigned as a non-executive director and the chairman of Kai Yuan Holdings Limited (Stock Code: 1215), which shares are listed on the Stock Exchange, on 1 June 2016.

Mr. Wu Chi Keung, an independent non-executive Director, was appointed as an independent non-executive director of Huajin International Holdings Limited (Stock Code: 2738), which shares are list on the Stock Exchange, on 23 March 2016.

Directors’ Service Contracts

None of the Directors proposed for re-election at the Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Permitted Indemnity Provision

During the year and the time when this Report of the Directors are approved, a permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance (Chapter 622 of the laws of Hong Kong). The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors.

Directors’ Interests in Contracts of Significance

Save as disclosed in the section headed “Related Party Transactions and Connected Transactions” in this report of the Directors, no contracts of significance, to which the Company, its holding company, fellow subsidiaries or its subsidiaries was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interest in Competing Business

As at 31 March 2016, none of the Directors and their respective associates (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) has an interest in any business which competes or may compete with the business in which the Group is engaged.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2016, the interests and short positions of the Directors and their associates in the ordinary shares (the "Share(s)"), underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions

Ordinary Shares of HK\$0.01 each

Name of Director	Capacity	Number of issued ordinary Shares held (Including underlying shares) <i>(Note 1)</i>	Percentage of the issued ordinary share capital of the Company
Mr. Hu Yangjun	<i>(Note 2)</i>	207,454,000	62.85%
Mr. Hu Yishi	<i>(Note 3)</i>	207,454,000	62.85%
Mr. Wu Hao		2,736,000	0.83%
Mr. Chan Wing Yuen, Hubert	<i>(Note 4)</i>	2,736,000	0.83%
Mr. Li Wei Qi, Jacky		2,736,000	0.83%
Mr. Wu Chi Keung	<i>(Note 5)</i>	270,000	0.08%
Mr. Heung Chee Hang, Eric	<i>(Note 5)</i>	270,000	0.08%
Ms. Kwok Pui Ha	<i>(Note 5)</i>	270,000	0.08%

Notes:

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

Save as disclosed above, as at 31 March 2016, no interest and short position in the Shares, underlying Shares or debentures were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executives of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

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

Share Option Scheme

A share option scheme adopted by the shareholders of the Company on 26 February 2007 (the “Share Option Scheme 2007”) pursuant to which the Company may grant options to the directors and employees of the Group and other eligible participants to acquire shares of the Company. The Directors consider that the share option scheme assists in recruiting and retaining high calibre employees.

Particulars of the Share Option Scheme 2007 and the calculation of the fair value of the share options are set out in note 20 to the financial statements. Details of the movements of share options granted, exercised or lapsed during the year and outstanding as at 31 March 2016 are as follows:

	Number of share options					Exercise period (both dates inclusive)	Exercise price HK\$	Closing price immediately before the date of grant HK\$
	At 1 April 2015	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2016			
Directors:								
Mr. Chan Wing Yuen, Hubert	2,736,000	—	—	—	2,736,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Wu Chi Keung	270,000	—	—	—	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Heung Chee Hang, Eric	270,000	—	—	—	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Ms. Kwok Pui Ha	270,000	—	—	—	270,000	27 June 2012 to 30 December 2016	1.53	1.53
Total Directors	3,546,000	—	—	—	3,546,000			
Employees	300,000	—	(300,000)	—	—	27 June 2012 to 30 December 2016	1.53	1.53
Total Employees	300,000	—	(300,000)	—	—			
Total All Categories	3,846,000	—	(300,000)	—	3,546,000			

Proposed Adoption of New Share Option Scheme

Since the Share Option Scheme 2007 will be expired on 25 February 2017, the Board proposed at the Annual General Meeting an ordinary resolution approving the termination of Share Option Scheme 2007 and the adoption of the new share option scheme proposed to be adopted by the Company (the "New Share Option Scheme"). As required by Rule 17.01(4) of the Listing Rules, the New Share Option Scheme must also be approved by the shareholders at the Annual General Meeting. A circular containing, among other things, details relating to the proposed termination of Share Option Scheme 2007 and the adoption of New Share Option Scheme will be despatched to the shareholders in due course together with the notice of the Annual General Meeting.

Substantial Shareholders

As at 31 March 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors and their associates, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long Positions

Ordinary Shares of HK\$0.01 each

Name of Shareholder	Capacity	Number of issued ordinary Shares held	Percentage of the issued ordinary share capital of the Company
Resources Rich	<i>(Note 1)</i>	204,718,000	62.03%
Mr. Hu Yangjun	<i>(Note 2)</i>	207,454,000	62.85%
Mr. Hu Yishi	<i>(Note 3)</i>	207,454,000	62.85%
Ms. Zhang Qi	<i>(Note 4)</i>	207,454,000	62.85%
Ms. Lin Min, Mindy	<i>(Note 5)</i>	207,454,000	62.85%
Suncool AB	<i>(Note 6)</i>	30,000,000	9.09%
Stiftelsen Industrifonden	<i>(Note 7)</i>	30,000,000	9.09%

Notes:

- (1) 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.
- (2) Mr. Hu Yangjun had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.
- (3) Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.
- (4) Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the 207,454,000 Shares which Mr. Hu Yangjun is interested in pursuant to the SFO.
- (5) Ms. Lin Min, Mindy is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the 207,454,000 Shares which Mr. Hu Yishi is interested in pursuant to the SFO.
- (6) According to the disclosure of interest notices filed by Suncool AB, Suncool AB had a direct interest of 30,000,000 Shares and 24,000,000 Shares of which represent the warrants granted by the Company to subscribe for 24,000,000 Shares at subscription price of HK\$2.5 per Share.
- (7) According to the disclosure of interest notices filed by Stiftelsen Industrifonden, Stiftelsen Industrifonden owned 47% shareholding interest in Suncool AB. Stiftelsen Industrifonden was deemed to be interested in 30,000,000 Shares held by Suncool AB pursuant to the SFO and 24,000,000 Shares of which represent the warrants granted to Suncool AB by the Company to subscribe for 24,000,000 Shares at subscription price of HK\$2.5 per Share.

Save as disclosed above, as at 31 March 2016, there were no other parties, had interests or short positions in the Shares or underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Related Party Transactions and Connected Transactions

On 18 December 2015, CECEP (Yuyao) Low Carbon Technology Development Co., Ltd. (中節能(余姚)低碳技術開發有限公司) (“CECEP Yuyao”), as landlord, and the Company, as tenant, entered into a framework tenancy agreement, pursuant to which the Company or any subsidiary of the Company, may enter into a tenancy to lease a factory to be constructed by CECEP Yuyao at the location of North of Binhai Avenue, Binhai New Area, Yuyao, Zhejiang Province, the PRC, with an estimated gross floor area of 27,500 square metres (the “Leased Factory”) from CECEP Yuyao for a period commenced from 18 December 2015 and ending on 31 August 2017 at a fixed monthly rental amounted to RMB 632,500 (“Framework Tenancy Agreement”) to use as the production plant for solar energy business. Upon signing of the Framework Tenancy Agreement, the landlord will begin the construction of the Leased Factory and the Group paid a sum of RMB3,795,000 as security set out (the “Deposit”) to CECEP Yuyao which the Deposit shall be used to set off the future rent payable. Details were set out in the announcement of the Company dated 18 December 2015.

The Directors had expected the annual caps under the Framework Tenancy Agreement for the year ending 31 March 2016 and the year ending 31 March 2017 are RMB4,427,500 and RMB3,162,500 respectively (equivalent to approximately HK\$5,313,000 and HK\$3,795,000 respectively). No rent was paid to CECEP Yuyao by the Group during the year as the construction of the Leased Factory has not completed at the year ended 31 March 2016. CECEP Yuyao is a connected person of the Company by virtue of being an associate of Mr. Hu Yishi, an executive Director and a controlling shareholder of the Company, and accordingly, the entering into of the Framework Tenancy Agreement and all the transactions contemplated thereunder constitute continuing connected transactions of the Company which were subject to reporting, announcement and annual review requirements but exempt from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors, obtained and reviewed the referential rental value of the Leased Factory as assessed by an independent valuer and confirmed that the terms of the Framework Tenancy Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable, and the entering into of the Framework Tenancy Agreement is in the interests of the Group and the Shareholders as a whole.

With regard to the related party transactions as disclosed in note 24 to the financial statements (other than the Framework Tenancy Agreement mentioned above), they constitute fully exempt connected transactions of the Company, for all of which the applicable requirements under the Listing Rules have been duly complied with.

Save as disclosed above, there were no transaction during the year ended 31 March 2016 constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules.

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

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

Management Contracts

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

Employee Retirement Benefit

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

Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent.

Audit Committee

The Audit Committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited consolidated financial statements for the year ended 31 March 2016.

As at the date of this Annual Report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Wu Chi Keung (chairman of the Audit Committee), Mr. Heung Chee Hang, Eric, and Ms. Kwok Pui Ha.

Corporate Governance

A report on the principal corporate governance practice adopted by the Company is set out in the "Corporate Governance Report" section on pages 13 to 21 of this Annual Report.

Events After The Reporting Period

On 22 July 2016, the Board proposed to make certain amendments to the Memorandum and Articles of Association of the Company, which will be subject to shareholders' approval at the Annual General Meeting.

The Board also proposed to terminate the Share Option Scheme 2007 and adopt the New Share Option Scheme, which will be subject to Shareholders' approval at the Annual General Meeting and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, on the Stock Exchange any shares which may fall to be allotted and issued pursuant to the exercise of options that may be granted under the New Share Option Scheme.

Details are set out in the Company's announcement dated 22 July 2016 and a circular containing, among others, further details of the amendments to the Memorandum and Articles of Association, the proposed termination of the Share Option Scheme 2007 and the proposed adoption of the New Share Option Scheme of the Company will be despatched to the shareholders in due course together with the notice of the Annual General Meeting.

Save as above, the Group had no material event after 31 March 2016.

Pre-Emptive Rights

There are no provisions for pre-emptive or similar rights under the memorandum and articles of association of the Company and the laws of the Cayman Islands where the Company is incorporated.

Sufficiency of Public Float

During the year ended 31 March 2016 and at the date of this Annual Report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

Auditor

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

On behalf of the Board

Wu Hao

Chairman and Executive Director

Hong Kong, 24 June 2016

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF ZHONG FA ZHAN HOLDINGS LIMITED

中發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Zhong Fa Zhan Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 75, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Revenue	6	17,765	57,092
Cost of sales		(17,301)	(49,870)
Gross profit		464	7,222
Other income		127	402
Other gains and losses	7	324	190
Distribution costs		(2,320)	(5,910)
Administrative expenses		(27,122)	(24,058)
Equity-settled share-based payment	20	(8,279)	–
Loss before taxation		(36,806)	(22,154)
Income tax	8	–	–
Loss for the year	9	(36,806)	(22,154)
Other comprehensive expense for the year			
Item that will not be reclassified subsequently to profit or loss			
Exchange differences arising on translation to presentation currency		(872)	(466)
Total comprehensive expense for the year		(37,678)	(22,620)
Loss per share	11		
Basic and diluted (HK cents)		(11.84)	(7.69)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment	13	880	2,384
Rental deposits		399	–
		1,279	2,384
Current assets			
Inventories	14	–	11,607
Trade receivables	15	3,640	7,605
Other receivables, deposits and prepayments	15	4,921	1,487
Bank balances and cash	16	64,039	14,758
		72,600	35,457
Current liabilities			
Trade and other payables and accruals	17	2,610	5,398
Loan from a controlling shareholder	18	–	6,953
		2,610	12,351
Net current assets		69,990	23,106
		71,269	25,490
Capital and reserves			
Share capital	19	3,301	2,938
Reserves		67,968	22,552
		71,269	25,490

The consolidated financial statements on pages 34 to 75 were approved and authorised for issue by the Board of Directors on 24 June 2016 and are signed on its behalf by:

MR. WU HAO
 DIRECTOR

MR. CHAN WING YUEN, HUBERT
 DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Warrant reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2014	2,736	32,243	16,347	—	8,047	(42,083)	17,290
Loss for the year	—	—	—	—	—	(22,154)	(22,154)
Exchange differences arising on translation to presentation currency	—	—	—	—	(466)	—	(466)
Total comprehensive expense for the year	—	—	—	—	(466)	(22,154)	(22,620)
Transfer upon lapse of share options	—	—	(34)	—	—	34	—
Exercise of share options	202	44,316	(13,698)	—	—	—	30,820
At 31 March 2015	2,938	76,559	2,615	—	7,581	(64,203)	25,490
Loss for the year	—	—	—	—	—	(36,806)	(36,806)
Exchange differences arising on translation to presentation currency	—	—	—	—	(872)	—	(872)
Total comprehensive expense for the year	—	—	—	—	(872)	(36,806)	(37,678)
Issue of new shares (note 19)	360	75,240	—	—	—	—	75,600
Exercise of share options	3	660	(204)	—	—	—	459
Transaction costs attributable to issue of new shares	—	(881)	—	—	—	—	(881)
Equity-settled share-based payment (note 20)	—	—	—	8,279	—	—	8,279
At 31 March 2016	3,301	151,578	2,411	8,279	6,709	(101,009)	71,269

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(36,806)	(22,154)
Adjustments for:		
Interest income	(48)	(26)
Equity-settled share-based payment	8,279	—
Depreciation of property, plant and equipment	1,213	1,326
Write down of inventories	113	—
Loss on disposal of property, plant and equipment	103	55
Operating cash flows before movements in working capital	(27,146)	(20,799)
Decrease in inventories	11,199	2,660
Decrease in trade receivables	3,710	4,404
(Increase) decrease in other receivables, deposits and prepayment	(3,930)	416
Decrease in trade and other payables and accruals	(2,691)	(6,966)
NET CASH USED IN OPERATING ACTIVITIES	(18,858)	(20,285)
INVESTING ACTIVITIES		
Interest received	48	26
Purchase of property, plant and equipment	(43)	(904)
Proceeds on disposal of property, plant and equipment	218	400
NET CASH FROM (USED IN) INVESTING ACTIVITIES	223	(478)
FINANCING ACTIVITIES		
Advance from a controlling shareholder	780	4,000
Repayment to a controlling shareholder	(7,556)	(12,410)
Proceeds from exercise of share options	459	30,820
Proceeds from issue of new shares	75,600	—
Transaction costs attributable to issue of new share	(881)	—
NET CASH FROM FINANCING ACTIVITIES	68,402	22,410
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,767	1,647
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	14,758	13,372
Effect of foreign exchange rate changes	(486)	(261)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	64,039	14,758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. General

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

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry design, manufacture and wholesale business in the People's Republic of China ("PRC") (excluding Hong Kong). The Group is currently preparing to expand its principle business activities to include solar energy business which has yet commenced during the year ended 31 March 2016.

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

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

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

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

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

For the year ended 31 March 2016

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

New and revised HKFRSs in issue but not yet effective

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

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

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

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ Effective for annual periods beginning on or after a date to be determined.

For the year ended 31 March 2016

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

HKFRS 15 Revenue from contracts with customers

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

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

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

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

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

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It 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. However, the standard does not significantly change the accounting of lessors.

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 to these financial statements.

Except as described above, the directors of the Company anticipate that the application of new and revised HKFRSs in issue but not yet effective will have no material impact on Group’s financial performance and position and/or on the disclosures set out in the consolidated financial statements.

For the year ended 31 March 2016

3. Significant Accounting Policies

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

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

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

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

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

For the year ended 31 March 2016

3. Significant Accounting Policies (Continued)

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

For the year ended 31 March 2016

3. Significant Accounting Policies (Continued)

Revenue recognition

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

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

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

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

Property, plant and equipment

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

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

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

For the year ended 31 March 2016

3. Significant Accounting Policies (Continued)

Impairment losses on tangible assets

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

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

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

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

Leasing

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

The Group as lessee

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

For the year ended 31 March 2016

3. Significant Accounting Policies (Continued)

Foreign currencies

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

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

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses item are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Retirement benefit costs

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

Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because 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.

For the year ended 31 March 2016

3. Significant Accounting Policies (Continued)

Income tax (Continued)

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

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

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

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

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

Current and deferred tax 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.

Inventories

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

For the year ended 31 March 2016

3. Significant Accounting Policies (Continued)

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Impairment of loans and receivables

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

For the year ended 31 March 2016

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of loans and receivables (Continued)

Objective evidence of impairment could include:

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

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

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

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

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

For the year ended 31 March 2016

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Derecognition

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

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

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

For the year ended 31 March 2016

3. Significant Accounting Policies (Continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

Share options granted to consultants

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

Warrants granted to a technology provider

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

For the year ended 31 March 2016

4. Capital Risk Management

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

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

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

5. Financial Instruments

Categories of financial instruments

	2016 HK\$'000	2015 HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	67,707	22,941
Financial liabilities		
Amortised cost	434	10,738

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and loan from a controlling shareholder. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

For the year ended 31 March 2016

5. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk

Interest rate risk

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

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

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

Currency risk

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

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

	Assets		Liabilities	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Functional currency as US\$ against HK\$	475	863	—	(1,216)
Functional currency as RMB against HK\$	52,649	9,108	(897)	(709)

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

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

For the year ended 31 March 2016

5. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis

If HK\$ against RMB increases/decreases by 5%, with all other variables held constant, the Group's loss for the year would decrease/increase by approximately HK\$2,588,000 (2015: HK\$420,000). 5% is the sensitivity rate used by the management in the assessment of the reasonably possible change in the foreign exchange rate.

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

Credit risk

The Group's maximum exposure to credit risk, which will cause financial loss to the Group, in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial assets arises from the carrying amounts of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The management closely monitors the subsequent settlement of the debts and does not grant long credit period to customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has a concentration of credit risk, 85% (2015: 57%) of the total trade receivables balance is due from the Group's two major customers (2015: one major customer) as at 31 March 2016. The directors of the Group are of the opinion that the credit risk in respect of these customers are not material as continuous repayments from these customers are noted subsequent to the end of the reporting period.

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

For the year ended 31 March 2016

5. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate % per annum	Less than 1 year and total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 March 2016			
Trade payables	—	5	5
Other payables	—	429	429
		434	434
At 31 March 2015			
Trade payables	—	2,110	2,110
Other payables	—	1,675	1,675
Loan from a controlling shareholder	—	6,953	6,953
		10,738	10,738

For the year ended 31 March 2016

5. Financial Instruments (Continued)

Fair value

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

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

6. Revenue and Segment Information

Revenue

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

Segment information

The Group operates and manages its business as a single segment that includes primarily the jewelry design, manufacture and wholesale business. During the year ended 31 March 2016, the Group scaled down the operation of jewelry business to wholesale only. The newly set up subsidiary in the PRC for solar energy business has not commenced the business during the year. The executive directors, being the Group's chief operating decision makers, only review the revenue derived from customers in different geographical locations when making decisions about allocating resources and assessing performance of the Group. As no other discrete financial information is available for the assessment of performance of the different locations, no other segment information is presented.

Geographical information

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

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

For the year ended 31 March 2016

6. Revenue and Segment Information (Continued)

Geographical information (Continued)

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

	2016 HK\$'000	2015 HK\$'000
The PRC	24	528
Hong Kong	856	1,856
	880	2,384

Note: Non-current assets excluded rental deposits.

Information about major customers

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

	2016 HK\$'000	2015 HK\$'000
Customer A	Note	5,730
Customer B	2,994	Note
Customer C	5,381	7,407
Customer D	3,955	8,060

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

For the year ended 31 March 2016

7. Other Gains and Losses

	2016 HK\$'000	2015 HK\$'000
Loss on disposal of property, plant and equipment	(103)	(55)
Net exchange gain	427	262
Others	—	(17)
	324	190

8. Income Tax

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

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

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

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

	2016 HK\$'000	2015 HK\$'000
Loss before taxation	(36,806)	(22,154)
Taxation at the EIT rate of 25% (2015: 25%)	(9,202)	(5,539)
Tax effect of income not taxable for tax purpose	(33)	(53)
Tax effect of expenses not deductible for tax purpose	4,449	3,374
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,780	1,787
Tax effect of tax losses not recognised	1,975	515
Others	31	(84)
Income tax for the year	—	—

For the year ended 31 March 2016

9. Loss for the Year

	2016 HK\$'000	2015 HK\$'000
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	627	591
Write down of inventories	113	–
Operating lease payments in respect of rented properties	1,487	2,491
Staff costs (including directors' remuneration):		
Salaries and allowances and benefits	12,542	16,844
Retirement benefit scheme contributions	485	877
Total staff costs	13,027	17,721
Cost of inventories recognised as an expense	15,654	44,472
Interest income	(48)	(26)

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

Directors' and the chief executive's emoluments

For the year ended 31 March 2016

	Directors' fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors				
Wu Hao	200	144	6	350
Hu Yangjun	200	–	–	200
Hu Yishi	200	–	–	200
Chan Wing Yuen, Hubert	200	1,950	116	2,266
Kwong Wai Man, Karina	200	1,820	109	2,129
Non-executive director				
Li Wei Qi, Jacky	200	–	–	200
Independent non-executive directors				
Wu Chi Keung	200	–	–	200
Heung Chee Hang, Eric	200	–	–	200
Kwok Pui Ha	200	–	–	200
Total emoluments	1,800	3,914	231	5,945

For the year ended 31 March 2016

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

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

For the year ended 31 March 2015

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

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

During the years ended 31 March 2016 and 2015, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any remuneration during both years.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

For the year ended 31 March 2016

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

Employees' emoluments

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

	2016 HK\$'000	2015 HK\$'000
Salaries and other benefits	1,412	3,597
Retirement benefit scheme contributions	78	171
	1,490	3,768

Their emoluments were within the following bands:

	2016 No. of employee	2015 No. of employee
Nil to HK\$1,000,000	1	—
HK\$1,000,001 to HK\$1,500,000	1	3

During the years ended 31 March 2016 and 2015, no emoluments were paid by the Group to the above-mentioned individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

For the year ended 31 March 2016

11. Loss Per Share

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

	2016	2015
	HK\$'000	HK\$'000
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	(36,806)	(22,154)
	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	310,804,000	288,014,340

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

12. Dividends

No dividend was paid or proposed during the year ended 31 March 2016, nor has any dividend been proposed since the end of the reporting period (2015: nil).

For the year ended 31 March 2016

13. Property, Plant and Equipment

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST				
At 1 April 2014	3,681	3,750	827	8,258
Additions	—	77	827	904
Disposals	—	(6)	(827)	(833)
Exchange realignments	(49)	(74)	—	(123)
At 31 March 2015	3,632	3,747	827	8,206
Additions	—	43	—	43
Disposals	(1,924)	(2,948)	—	(4,872)
Exchange realignments	(50)	(77)	—	(127)
At 31 March 2016	1,658	765	827	3,250
DEPRECIATION				
At 1 April 2014	2,202	2,633	145	4,980
Provided for the year	723	293	310	1,326
Disposals	—	(6)	(372)	(378)
Exchange realignments	(44)	(62)	—	(106)
At 31 March 2015	2,881	2,858	83	5,822
Provided for the year	633	332	248	1,213
Eliminated on disposals	(1,811)	(2,740)	—	(4,551)
Exchange realignments	(47)	(67)	—	(114)
At 31 March 2016	1,656	383	331	2,370
CARRYING VALUES				
At 31 March 2016	2	382	496	880
At 31 March 2015	751	889	744	2,384

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

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

For the year ended 31 March 2016

14. Inventories

	2016 HK\$'000	2015 HK\$'000
Raw materials	—	5,465
Work in progress	—	447
Finished goods	—	5,695
	—	11,607

15. Trade and Other Receivables, Deposits and Prepayments

Trade receivables

	2016 HK\$'000	2015 HK\$'000
Trade receivables	3,640	7,605

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

	2016 HK\$'000	2015 HK\$'000
Within 1 month	475	1,172
Over 1 month but within 3 months	2,859	2,280
Over 3 months but within 6 months	306	4,153
	3,640	7,605

At 31 March 2016, the Group allowed a credit period ranging from 30 to 120 days (2015: 30 to 120 days) to its customers. Included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately HK\$1,207,000 (2015: HK\$7,131,000), which were past due at the end of the reporting period for which the Group had not provided for impairment loss. In the opinion of directors of the Company, there had not been a significant change on credit quality of these customers and continuous repayments were noted from these customers subsequent to the end of the reporting period. The Group did not hold any collateral over these balances.

For the year ended 31 March 2016

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

Ageing of trade receivables which are past due but not impaired

	2016 HK\$'000	2015 HK\$'000
Past due within 1 month	276	4,768
Past due over 1 month but within 3 months	513	2,349
Past due over 3 months but within 6 months	418	14
	1,207	7,131

Other receivables

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

Deposits

Included in deposits is an amount of RMB3,795,000 (equivalent to approximately HK\$4,541,000) (2015: nil) which is a deposit representing six months of rent payable paid to a landlord in respect of entering into a lease under a framework tenancy agreement. A controlling shareholder, who is also an executive director, of the Company is an indirect beneficial owner having significant influence over the landlord and, therefore, the deposit paid by the Group to the landlord is a related party transaction. Pursuant to the agreement, the Group can enter into the tenancy for the factory for a lease term from 18 December 2015 to 31 August 2017 after the completion of construction. The factory is expected to complete in the third quarter of year 2016. The deposit can be either utilised as rental for the first two quarters upon the commencement of the lease term of the tenancy or refundable when the lease term expires. In the opinion of directors of the Company, the Group will utilise the deposit when the lease term of the tenancy commences.

For the year ended 31 March 2016

16. Bank Balances and Cash

The amounts included short-term deposits with an original maturity of three months or less. Bank deposits carried interest at prevailing market interest rates at 0.001% to 0.5% (2015: 0.001% to 0.5%) per annum.

17. Trade and Other Payables and Accruals

Trade payables

	2016 HK\$'000	2015 HK\$'000
Trade payables	5	2,110

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

	2016 HK\$'000	2015 HK\$'000
Within 1 month	4	88
Over 1 month but within 3 months	—	299
Over 3 months but within 6 months	1	1,719
Over 6 months but within 12 months	—	4
	5	2,110

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

Other payables and accruals

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

For the year ended 31 March 2016

18. Loan from a Controlling Shareholder

The loan was unsecured, interest-free and repayable within 60 days upon the receipt of written notice of repayment. During the year ended 31 March 2016, the Group repaid the entire balance of the loan.

19. Share Capital

	Number of ordinary shares of HK\$0.01 each		Nominal value	
	2016	2015	2016 HK\$'000	2015 HK\$'000
Authorised:				
At beginning and end of the year	10,000,000,000	10,000,000,000	100,000	100,000
Issued and fully paid:				
At beginning of the year	293,754,000	273,610,000	2,938	2,736
Exercise of share options (note 20)	300,000	20,144,000	3	202
Issue of new shares (Note)	36,000,000	—	360	—
At end of the year	330,054,000	293,754,000	3,301	2,938

Note:

Pursuant to the Suncool subscription agreement (the "Suncool Subscriptions") and the investors subscription agreements (the "Investor Subscriptions") dated 1 July 2015 entered into between the Company, Suncool AB, an independent third party not connected with the Group, and six investors respectively, the Company agreed to (i) allot and issue to Suncool AB 6,000,000 new ordinary shares at a price of HK\$2.10 per share and grant Suncool AB an aggregate of 24,000,000 warrants with an exercise price of HK\$2.50 per warrant share under the Suncool Subscriptions; and (ii) allot and issue to six investors an aggregate of 36,000,000 new ordinary shares at a price of HK\$2.10 per share under the Investors Subscriptions. On the same date, Suncool AB and a wholly-owned subsidiary of the Company entered into a license agreement (the "Licence Agreement") pursuant to which Suncool AB granted an exclusive right and license to the subsidiary of the Company for the use of solar energy related technology (the "Technology") for a term of 15 years upon the completion of the Suncool Subscriptions. The Technology will be applied in the Group's proposed new solar business. Suncool AB shall be entitled to receive royalty from the Group representing 5% of the revenue generated from the new solar business. Details of the Suncool Subscriptions, the Investor Subscriptions and the Licence Agreement are set out in the circular dated 13 August 2015.

The Suncool Subscriptions were completed on 2 October 2015 and the Investor Subscriptions were completed by batches with the last batch on 2 November 2015. However, only 30,000,000 new ordinary shares were issued finally under the Investor Subscriptions as one of the six investors failed to perform the duties to complete the Investors Subscriptions. The Group is currently considering to undertake any possible action against this investor.

The gross proceeds received by the Group in respect of the issue of new ordinary shares under the Suncool Subscriptions and the Investor Subscriptions were approximately HK\$75,600,000.

The proceeds are intended to be used for (i) the development of the solar business in the PRC, (ii) the general working capital purpose and (iii) repayment of the loan from a controlling shareholder.

Details of the warrants granted by the Company to Suncool AB during the year are set out in note 20.

For the year ended 31 March 2016

20. Share Options Scheme and Warrants

Share options scheme

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

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

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

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

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

As at 31 March 2016, 3,546,000 share options (2015: 3,846,000 share options) remains outstanding under the Share Option Scheme, representing 1.1% (2015: 1.3%) of the ordinary shares of the Company in issue at that date.

For the year ended 31 March 2016

20. Share Options Scheme and Warrants (Continued)

Share options scheme (Continued)

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

Grantee	Date of grant	Exercise price HK\$	Exercise period	Number of options					
				Outstanding at 1 April 2014	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2015	Exercised during the year	Outstanding at 31 March 2016
Directors	27.6.2012	1.53	27.6.2012 to 30.12.2016	14,490,000	(10,944,000)	—	3,546,000	—	3,546,000
Employees	27.6.2012	1.53	27.6.2012 to 30.12.2016	4,150,000	(3,800,000)	(50,000)	300,000	(300,000)	—
Other grantees*	27.6.2012	1.53	27.6.2012 to 30.12.2016	5,400,000	(5,400,000)	—	—	—	—
				24,040,000	(20,144,000)	(50,000)	3,846,000	(300,000)	3,546,000
Exercisable at the end of the year				24,040,000			3,846,000		3,546,000
Weighted average exercise price				HK\$1.53	HK\$1.53	HK\$1.53	HK\$1.53	HK\$1.53	HK\$1.53

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

For the year ended 31 March 2016

20. Share Options Scheme and Warrants (Continued)

Share options scheme (Continued)

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK\$2.25 (2015: HK\$1.79).

Unlisted warrants

As disclosed in note 19, an aggregate of 24,000,000 warrants with an exercise price of HK\$2.5 per warrant share was granted by the Company to Suncool AB under the Suncool Subscriptions on 2 October 2015. The warrants granted are exercisable from 1 October 2016 to 30 September 2018 and are vested in three tranches at the beginning of each exercisable period with (i) 8,000,000 warrants shall become exercisable from 1 October 2016 to 30 September 2018; (ii) 8,000,000 warrants shall become exercisable from 1 April 2017 to 30 September 2018; and (iii) 8,000,000 warrants shall become exercisable from 1 October 2017 to 30 September 2018.

The following table discloses details of the warrants held by Suncool AB and movements in such holding during the year.

Grantee	Date of grant	Exercise price HK\$	Exercise period	Number of warrants		
				Outstanding at 1 April 2015	Granted during the year	Outstanding at 31 March 2016
Suncool AB	2.10.2015	2.5	1.10.2016 to 30.9.2018	—	24,000,000	24,000,000
Exercisable at the end of the year						—
Weighted average exercise price					HK\$2.5	HK\$2.5

The estimated fair value of warrants granted on 2 October 2015 was HK\$23,111,000.

For the year ended 31 March 2016

20. Share Options Scheme and Warrants (Continued)

Unlisted warrants (Continued)

The fair value of the warrants was calculated using the Binomial model. The inputs into the model were as follows:

Stock price	HK\$2.35 per share
Exercise price	HK\$2.5 per share
Risk-free rate	0.657%
Expected dividend yield	0%
Expected volatility	64.258%
Expiry date	30 September 2018
Time to maturity	3 years

Expected volatility was determined by using the historical volatility of the Company's share price over the past 780 trading days.

During the year ended 31 March 2016, the Group recognised the total expense of HK\$8,279,000 in relation to the warrants granted by the Company.

21. Deferred Taxation

At the end of the reporting period, the Group has unused tax losses of HK\$29,136,000 (2015: HK\$21,236,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$19,833,000 (2015: HK\$15,270,000) that will expire in 5 years from the year of origination which is ranging from years 2017 to 2021 (2015: years 2016 to 2020). Other losses may be carried forward indefinitely.

For the year ended 31 March 2016

22. Operating Lease Commitments

The Group as lessee

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

	2016 HK\$'000	2015 HK\$'000
Within one year	1,573	1,710
In the second to fifth year inclusive	3,129	398
Over five years	8	114
	4,710	2,222

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

23. Retirement Benefits Scheme

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

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

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of HK\$485,000 (2015: HK\$877,000) represents contributions paid to the schemes by the Group at rates specified in the rules of the schemes.

For the year ended 31 March 2016

24. Related Party Transactions

Compensation of key management personnel

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

	2016 HK\$'000	2015 HK\$'000
Directors' fee, salaries and other short-term employee benefits	7,126	10,514
Retirement benefit scheme contributions	308	462
	7,434	10,976

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

Deposit with a related company

Details of the deposit with a related company as at 31 March 2016 are set out in note 15.

For the year ended 31 March 2016

25. Particulars of Subsidiaries of the Company

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

Name of subsidiary	Country/place of incorporation or registration	Principal place of operation	Nominal value of issued/ registered capital		Proportion of nominal value of issued/ registered capital held by the Group		Principal activities
			2016	2015	2016	2015	
First Corporate International Limited*	British Virgin Islands ("BVI")	Hong Kong	US\$1	US\$1	100%	100%	Investment holding
Nation Power Group Limited*	BVI	Hong Kong	US\$100	US\$100	100%	100%	Investment holding
Sinoble Jewelry Limited	Hong Kong	Hong Kong	HK\$1	HK\$1	100%	100%	Investment holding and acting as a purchase agent
廣州億恒珠寶有限公司 (Note 1)	The PRC	The PRC	HK\$15,000,000	HK\$15,000,000	100%	100%	Jewelry design, manufacture and wholesale business
Guo Rong Holdings Limited	Hong Kong	Hong Kong	HK\$1	HK\$1	100%	100%	Cost center for other group entities
Global Fortune Investment Limited (Note 2)*	Republic of Seychelles	Hong Kong	US\$1	—	100%	—	Investment holding
Luck Sign Limited (Note 2)	Republic of Seychelles	Hong Kong	US\$1	—	100%	—	Investment holding
Sun Bless Limited (Note 2)	Hong Kong	Hong Kong	HK\$1	—	100%	—	Investment holding
寧波升谷節能科技有限公司 (Notes 1, 2 and 3)	The PRC	The PRC	HK\$25,000,000	—	100%	—	Solar energy business for manufacturing and distribution of cooling-stored pipes

* Directly held by the Company.

Notes:

- (1) Registered as a wholly foreign owned enterprise.
- (2) The subsidiaries are newly set up during the year ended 31 March 2016.
- (3) The subsidiary is in the start-up stage and not yet commenced the business during the year ended 31 March 2016.

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

For the year ended 31 March 2016

26. Statement of Financial Position and Reserves of the Company

	2016 HK\$'000	2015 HK\$'000
Non-current asset		
Unlisted investments in subsidiaries	—	—
Current assets		
Amounts due from subsidiaries	37,470	21,597
Bank balances	33,614	9,110
	71,084	30,707
Current liabilities		
Loan from a controlling shareholder	—	6,953
Other payables and accruals	897	709
	897	7,662
Net current assets	70,187	23,045
	70,187	23,045
Capital and reserves		
Share capital (note 19)	3,301	2,938
Reserves (Note)	66,886	20,107
Total equity	70,187	23,045

For the year ended 31 March 2016

26. Statement of Financial Position and Reserves of the Company (Continued)

Note:

Movement in the Company's reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Warrants reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2014	32,243	22,666	16,347	—	(57,701)	13,555
Loss and total comprehensive expense for the year	—	—	—	—	(24,066)	(24,066)
Transfer upon lapse of share options	—	—	(34)	—	34	—
Exercise of share options	44,316	—	(13,698)	—	—	30,618
At 31 March 2015	76,559	22,666	2,615	—	(81,733)	20,107
Loss and total comprehensive expense for the year	—	—	—	—	(36,315)	(36,315)
Issue of new shares (note 19)	75,240	—	—	—	—	75,240
Transaction costs attributable to issue of new shares	(881)	—	—	—	—	(881)
Equity-settled share-based payment (note 20)	—	—	—	8,279	—	8,279
Exercise of share options	660	—	(204)	—	—	456
At 31 March 2016	151,578	22,666	2,411	8,279	(118,048)	66,886

FIVE YEARS FINANCIAL SUMMARY

Results

	For the year ended 31 March				
	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue	17,765	57,092	67,591	75,770	487,601
(Loss) profit before taxation	(36,806)	(22,154)	(20,190)	(31,123)	10,247
Income tax credit (charge)	—	—	198	—	(1,741)
(Loss) profit for the year	(36,806)	(22,154)	(19,992)	(31,123)	8,506
(Loss) profit attributable to owners of the Company	(36,806)	(22,154)	(19,992)	(31,123)	10,119

Assets and Liabilities

	At 31 March				
	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Non-current assets	1,279	2,384	3,779	13,082	13,509
Current assets	72,600	35,457	41,587	39,484	57,153
Current liabilities	(2,610)	(12,351)	(28,076)	(15,723)	(18,464)
Net current assets	69,990	23,106	13,511	23,761	38,689
Total assets less current liabilities	71,269	25,490	17,290	36,843	52,198
Non-current liabilities	—	—	—	(198)	(303)
Net assets	71,269	25,490	17,290	36,645	51,895