ZHIDAO INTERNATIONAL (HOLDINGS) LIMITED
志道國際(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1220)

ANNUAL REPORT 2016

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tung Yee Shing *(Chairman)*
Ms. Cheung Oi Chun

Independent Non-executive Directors

Mr. Chan Yin Tsung
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

AUDIT COMMITTEE

Mr. Chan Yin Tsung *(Chairman)*
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

REMUNERATION COMMITTEE

Mr. Li Kam Chung *(Chairman)*
Mr. Chan Yin Tsung
Ms. Cheung Oi Chun

NOMINATION COMMITTEE

Mr. Chan Yin Tsung *(Chairman)*
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

COMPANY SECRETARY

Mr. Lee Cheuk Man

LEGAL ADVISORS

TC & Co.

AUDITORS

Ascenda Cachet CPA Limited
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Unit 3328D, 33rd Floor
China Merchants Tower, Shun Tak Centre
168 Connaught Road Central
Sheung Wan, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
  Hong Kong Branch

STOCK CODE

01220

COMPANY WEBSITE

www.zdihl.com

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "**Board**") of Zhidao International (Holdings) Limited (the "**Company**"), I am pleased to present the results and operations of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2016 (the "**Year**").

BUSINESS REVIEW

During the Year, it was observed that the Chinese government has been reforming in different aspect of its economy in order to cope with the downward pressure of the slow global recovery. However, the general business environment in China remained challenging during the Year. The Group continued to generate a substantial part of its revenue from its trading of aluminium products and construction projects in China. As a result, the revenue of the Group was decreased to approximately HK$65.0 million from that of 2014/15 approximately HK$96.5 million.

Gross profit for the Year was approximately HK$7.7 million, compared to that of approximately HK$10.7 million in 2014/15. There was a slight increase of gross margin to approximately 11.9% for the Year from that of approximately 11.1% in 2014/15.

Similar to 2014/15, the Group generated approximately 89.8% of revenue from its trading of aluminium products segment. The revenue from the trading of aluminium products segment was approximately HK$58.4 million for the Year, compared to approximately HK$93.3 million in 2014/15. Gross margin for the trading of aluminium products segment was approximately 5.5%, significantly dropped from approximately 10.3% in 2014/15 due to adverse business environment.

Revenue from the Group's construction projects segment was approximately HK$3.1 million for the Year, an approximately 3.3% decrease from that in 2014/15 (2015: HK$3.2 million). Gross margin of the construction projects segment was also recorded a slightly downward trend, which was approximately 33.0% for the Year, in comparison to approximately 33.6% in 2014/15.

With the tough business environment facing the aluminium and construction related businesses in China, the management decided to commence its money lending business in Hong Kong. The Group commenced its money lending business during the Year and recorded revenue of approximately HK$3.5 million for the Year.

On 2 March 2016, the Company issued 131,299,998 share options to the directors and employees of the Group and recognised approximately HK$70.4 million as equity-settled share options expenses. As a result, the Group recorded a significant increase on its loss before tax to approximately HK$73.1 million for the Year, compared to approximately HK$6.0 million in 2014/15.

DIVIDENDS

The Board did not recommend the payment of any dividend for the Year. (2015: Except for the accrual of cumulative preference shares dividend of HK$1,774,000 during the year ended 31 March 2015, no dividend has been declared or paid by the Company for the ordinary shareholders.)

PROSPECTS

Looking forward, the Chinese and global economy remains uncertain and tough. The management expects the economic growth and demand in China will continue to be weak, and will limit the growth of the aluminium products supply and construction projects segments. While the Group will continue to seek business opportunities in these two segments, the management believes the money lending business will be the major source of profit for the next year.

As of the reporting date, the loan and interest receivables for the Group's money lending business was approximately HK$103.2 million. The management will continue to expand the Group's loan portfolio via organic growth and potential acquisitions.

As disclosed in the announcement of the Company dated 4 December 2015, the Group has identified certain targets for acquisitions. The management will continue to identify and pursue new business and investment opportunities in different areas which could bring potential and long-term value to the Group and its shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2016, the Group had cash and bank balances of approximately HK$259.4 million (2015: HK$43.4 million) while net assets was approximately HK$459.5 million (2015: HK$138.7 million). The Group's gearing ratio, being a ratio of total bank and other borrowings to shareholders' funds, was nil as at 31 March 2016 (2015: nil).

Details of the movements in the share capital of the Company during the Year are set out in note 24 to the consolidated financial statements.

Financing

On 24 August 2015, the Company announced that an aggregate of 330,000,000 shares of HK$0.01 each in the capital of the Company were placed to not fewer than six placees, at the placing price of HK$0.985 per placing share, upon completion of the placing agreement dated 10 August 2015 entered into between the Company and Pinestone Securities Limited as the placing agent (the "**Placing**"). The net proceeds from the Placing amounted to approximately HK$324.38 million (the "**Net Proceeds**") which were intended to be used (i) for funding of potential acquisition in the future; and (ii) for the general working capital of the Group to meet any future business development plans and obligations. Details of the fund raising activity are set out in note 24 to the consolidated financial statements.

Use of Proceeds

The cash position of the Group has been strengthened by approximately HK$324 million upon the completion of the Placing. As disclosed in the announcement of the Company dated 4 December 2015, the Board has changed its intention to use the Net Proceeds (i) for funding of potential acquisition(s) by the Group in the future, and (ii) for developing of the money lending business of the Group.

A wholly owned subsidiary of the Company, Wealthy Hero Holdings Limited, was granted a money lenders licence in November 2015. The Board has applied approximately HK$126 million in the Group's money lending business as loan disbursements as at the date of this report, with a reserve of approximately HK$74 million for future loan disbursement.

As at the date of this report, balance of the Net Proceeds of approximately HK$198 million (the "**Balance**") has yet been utilised. The Balance were retained in cash and cash equivalents in the consolidated statement of financial position of the Company of approximately HK$259.4 million as at 31 March 2016 as disclosed in this report.

The Board has currently budgeted approximately HK$150 million for potential acquisition(s) in the next twelve months. As at the date of this report, the Board is in preliminary discussion with two potential targets to explore potential acquisitions or investment opportunities and/or business cooperation, out of which one potential target is in the supply of construction materials business in the People's Republic of China (the "**PRC**") and the other potential target is in the loan guarantee services business in the PRC. As at the date of this report, no agreement has been made with any of the aforesaid potential targets on any such acquisitions.

The plan to develop money lending business and the potential acquisition(s) budget is expected to utilise approximately HK$224 million cash from the Group, which is supported by the entire Net Proceeds and the remaining from the working capital from the Group's trading business. The entire Net Proceeds is therefore currently expected to be fully utilised in the next twelve months.

The Board believes that the change in the use of Net Proceeds as disclosed above will help harnessing the future development for the Group as a whole. As such, the Board believes that the change is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Share Option Scheme

The existing share option scheme was approved and adopted by the shareholders of the Company at the special general meeting held on 31 August 2015 ("**2015 Scheme**"). The primary purpose of the 2015 Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Further details of the 2015 Scheme are as disclosed in the circular of the Company dated 30 July 2015.

During the Year, 131,299,998 share options was granted and no share options was lapsed, exercised or cancelled under the 2015 Scheme.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2016, the majority of the Group's assets and liabilities were denominated in Hong Kong dollars. The Board considered its exposure to foreign exchange risk was insignificant, therefore no financial instruments was made to hedge such exposure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, the Group had 55 (2015: 43) employees. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Group's performance, and individual qualifications and performance.

The emolument policy for the employees of the Group is set up by the Company's remuneration committee on the basis of their merit, qualifications and competence. Discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Group's business performance. The emoluments of the directors are decided by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Disclosure of directors' emoluments is set out in note 7 to the consolidated financial statements.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

ENVIRONMENTAL PERFORMANCE

The Group has minimised the operation impact on the environment and natural resource. To build a greener future, the Company is committed to implementing policies and measures to foster reduction of the Group's environmental impact. During the Year, the Group has collected recycled papers and used it as key printing materials. Aluminium bits and filings from production process was collected for disposal of with recycle purpose. The fabrication factory was fulfilled the standard of ISO9001 on the quality management. Energy saving and power monitoring systems are in place for the fabrication factory to monitor our environmental performance. The Company also strives to follow energy saving practices in office premises where applicable.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance, and ordinance relating to disability, sex, and family status, as well as the Employment Ordinance, the Minimum Wage Ordinance and well-being of its employees. The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and guidelines issued by the Office of the Privacy Commissioner for Personal Data, with a view to protecting the privacy of its employees and customers, etc. The Group has also complied with the Stamp Duty Ordinance, Rating Ordinance and Inland Revenue Ordinance in respect of renting of premises during the Year. During the Year, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

APPRECIATIONS

On behalf of the Board, I would like to take this opportunity to express our appreciation to the staff and management team of the Group for their contribution during the Year and also to give our sincere gratitude to all our shareholders for their continuous support.

Tung Yee Shing
Chairman

Hong Kong, 24 June 2016

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Tung Yee Shing, aged 41, was appointed as an executive Director on 1 December 2013. Mr. Tung has extensive professional and management experience in finance and accounting, mergers and acquisitions ("**M&A**") and strategic planning. Mr. Tung is currently the Chief Financial Officer ("**CFO**") of Taung Gold International Limited (listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Mr. Tung was the CFO of the Company from January 2012 to October 2012, where he focused on financial and accounting management of the Group and assisting the Board in strategic planning of the Group. Before joining the Company as the CFO, Mr. Tung was a Vice President in a private consulting firm focusing on pre-IPO and M&A strategic consulting services.

Prior to that, from 1999 to 2008, Mr. Tung worked for Deloitte Touche Tohmatsu, a global professional firm, mainly in its management consulting and corporate finance divisions, where Mr. Tung assisted various companies in their strategic planning, operational improvement and mergers and acquisitions.

Mr. Tung was an executive director of Green International Holdings Limited (listed on the Stock Exchange) from 7 November 2012 to 31 July 2013.

Mr. Tung is a member of the Association of Chartered Certified Accountant and the Hong Kong Institute of Certified Public Accountants. He holds a Master Degree in Business Administration from the Chinese University of Hong Kong and a Bachelor Degree in Social Science (Economics) from the Chinese University of Hong Kong.

Ms. Cheung Oi Chun, aged 51, was appointed as an executive Director on 9 January 2012. Ms. Cheung worked for the Judiciary of The Government of Hong Kong Special Administrative Region.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yin Tsung, aged 36, was appointed as an independent non-executive Director on 15 September 2014. M. Chan is a Certified Public Accountant certified under the American Institute of Certified Public Accountants. He holds a bachelor degree in commerce from the University of British Columbia and a master degree in financial analysis from The Hong Kong University of Science and Technology.

Mr. Chan has over 13 years of experience in initial public offering, corporate merger and acquisitions, restructuring, due diligence, audit, financial modeling and business valuation. From 2003 to 2010, Mr. Chan held various positions in Ernst & Young, KPMG Transaction Advisory Services and PricewaterhouseCoopers Corporate Finance, providing transaction advisory and audit services in China and Hong Kong to various corporations. Mr. Chan joined the investment banking division of Essence International Financial Holdings Limited in October 2010 where he focused on advising clients in initial public offering. In August 2011, Mr. Chan joined the private equity department of the same company as a senior manager and he was responsible for investment projects' origination, analysis and execution. From July 2012 to July 2013, Mr. Chan was appointed as an executive director of Green International Holdings Limited (listed on the Stock Exchange). Mr. Chan was the Chief Executive Officer of Hao Wen Holdings Limited (listed on the Stock Exchange) from 17 February 2014 to 19 May 2016.

Mr. Li Kam Chung, aged 64, was appointed as an independent non-executive Director on 9 January 2012. Mr. Li is also an independent non-executive director of Taung Gold International Limited (listed on the Stock Exchange). Mr. Li was the chairman of Joint Village Office for Villages in Shuen Wan, Tai Po, New Territories and is currently a member of Tai Po District Council Environment, Housing and Works Committee.

Mr. Kwok Lap Fung Beeson, aged 30, was appointed as an independent non-executive Director on 9 January 2012. Mr. Kwok holds a Bachelor of Business awarded by the University of Technology, Sydney, Australia and is an associate member of CPA Australia.

DIRECTORS' REPORT

The directors (the "**Directors**") of Zhidao International (Holdings) Limited (the "**Company**") are pleased to present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2016 (the "**Year**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. The principal activities and other particulars of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

Further discussion and analysis of the principal activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2015/16, and an indication of likely future development in the Group business, can be found in the preceding sections of this annual report set out in pages 3 to 7. The preceding sections form part of this report.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the Year and the state of the Group's financial position as at 31 March 2016 are set out in the consolidated financial statements on pages 29 to 85.

DIVIDENDS

The board of the Directors of the Company (the "**Board**") did not recommend the payment of any dividend for the Year. (2015: Except for the accrual of cumulative preference shares dividend of HK$1,774,000 during the year ended 31 March 2015, no dividend has been declared or paid by the Company for the ordinary shareholders.)

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of Group during the Year is set out in note 12 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

The Company did not have any significant investments or material acquisitions for the Year.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2016.

COMMITMENTS

Details of the commitments are set out in note 27 to the consolidated 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 on page 32.

DISTRIBUTABLE RESERVES

Under the Companies Act of Bermuda, the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares. As at 31 March 2016, there was no aggregate amount of reserves available for distribution to equity holders of the Company (2015: Nil)

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 24 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

GROUP FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 86 of this report.

DIRECTORS

The Directors during the Year and up to the date of this annual report were as follows:

Executive Directors
Mr. Tung Yee Shing, *Chairman*
Ms. Cheung Oi Chun

Independent Non-executive Directors
Mr. Chan Yin Tsung
Mr. Li Kam Chung
Mr. Kwok Lap Fung, Beeson

In accordance with Bye-laws 87(1) and 87(2), Mr. Tung Yee Shing and Mr. Li Kam Chung will retire by rotation and, being eligible, have offered themselves for re-election at the forthcoming annual general meeting of the Company ("**AGM**").

Biographical details of Directors are set out on page 8.

CONFIRMATION OF INDEPENDENCE

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

MANAGEMENT CONTRACTS

No contract of significance for management and administration of the whole or any substantial part of any business of the Company or any of the subsidiaries had been entered into between the Company or any of the subsidiaries and the controlling Shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the related party transactions disclosed in note 28 to the consolidated financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

DIRECTORS' SERVICE CONTRACTS

None of Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors and senior management of the Company is currently in force and was in force throughout the Year. The Group has appropriately purchased directors and officers liability insurance for the Year to minimize the risks of Directors and senior management for the performance of their corporate duties.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group believes that employees are valuable assets and the key element to sustain its growth and development. Thus the Group maintain a competitive remuneration package, discretionary bonus, training and occupational health and safety to retain the employees. The Group will consistently review the remuneration packages so as to competitive with the market. Further, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Customers and suppliers are another important elements for the Group to success. Thus the Group would value good relationship with the customers and suppliers by ways of providing high quality services and products to the customers, as well as maintaining a mutual trust and commitment with the suppliers.

SHARE OPTIONS

The Company adopted a share option scheme at the annual general meeting held on 31 August 2015 (the "**Adoption Date**") (the "**2015 Scheme**") for the purpose of providing incentives to Participants (as defined in the 2015 Scheme) to contribute to the Group and/or to enable the Group to recruit high-calibre employees and attract resources that are valuable to the Group and the shareholders of the Company as a whole. Participants include the directors and any employees of the Group, supplier of goods or services of the Group, any person provides professional advice, consultancy service or technical support to the Group and any shareholders of any member of the Group. Unless otherwise terminated or amended, the 2015 Scheme will remain in force for 10 years from the Adoption Date. The principal terms of the 2015 Scheme are summarised as follows:

(a) The maximum number of shares in respect of which share options may be granted under the 2015 Scheme must not exceed 10% of the number of shares of the Company in issue as at the Adoption Date. Subject to prior shareholders' approval, the Company may, at any time thereafter, refresh the scheme mandate limit to the extent not exceeding 10% of the shares in issue as at the date of the shareholders' approval. Following the adoption at the Adoption Date, the maximum number of shares in respect of which options may be granted under the 2015 Scheme is 198,000,000 shares, representing 10% of the total number of shares in issue as at the Adoption Date, and representing 10% of the issued share capital of the Company as at 31 March 2016 and the date of this annual report respectively. The maximum number of shares to be issued under the share options granted to each Participant in the 2015 Scheme within any 12-month period is limited to 1% of the number of shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

(c) The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a consideration of HK$1.00 in total by the grantee. The vesting period and exercise period of the share options granted is determinable by the directors, but not exceeding 10 years from the offer date.

(d) The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares stated in the Stock Exchange's daily quotation sheets on the date of grant; and (ii) the average closing price of the Company's shares stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share.

Details of the share options granted under the 2015 Scheme that remain outstanding as at 31 March 2016 are as follows:

Grant Date	Exercise Price HK$	Grantees	Number of Share Options As at 1/4/2015	Granted	Exercised	Lapsed	As at 31/3/2016	Exercisable Period
2015 Scheme								
2/3/2016	1.20	Tung Yee Shing	–	19,800,000	–	–	19,800,000	2/3/2016–1/3/2021
		Cheung Oi Chun	–	19,800,000	–	–	19,800,000	
		Chan Yin Tsung	–	4,166,666	–	–	4,166,666	
		Li Kam Chung	–	4,166,666	–	–	4,166,666	
		Kwok Lap Fung, Beeson	–	4,166,666	–	–	4,166,666	
		Continuous Contract Employees	–	79,200,000	–	–	79,200,000	
		Total	–	131,299,998	–	–	131,299,998	

Notes:

(1) The closing market price per share as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 1 March 2016 was HK$1.17.

(2) The above share options granted are recognised as expenses in the consolidated financial statements in accordance with the Group's accounting policy as set out in note 2.4 to the consolidated financial statements. Other details of share options granted by the Group are set out in note 25 to the consolidated financial statements.

At the end of the reporting period and at the date of approval of these consolidated financial statements, the Company had 131,299,998 share options valid and outstanding under the 2015 Scheme, exercisable at a price of HK$1.20 per share, which represented approximately 6.63% of the issued ordinary shares of the Company as at the end of the reporting period. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 131,299,998 additional ordinary shares of the Company and additional share capital of approximately HK$1,313,000 and share premium of approximately HK$156,247,000 (before issue expenses).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2016, the interests or short positions of the Directors, chief executives of the Company or their associates in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") adopted by the Company for the Year were as follows:

Long position in the shares and underlying shares

Ordinary shares of HK$0.01 each of the Company

Name of Directors	Number of underlying shares held under share options	Approximate percentage of the issued share capital of the Company
Tung Yee Shing	19,800,000	1.00%
Cheung Oi Chun	19,800,000	1.00%
Chan Yin Tsung	4,166,666	0.21%
Li Kam Chung	4,166,666	0.21%
Kwok Lap Fung, Beeson	4,166,666	0.21%

Save as disclosed above, none of the Directors and chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2016, so far as is known to any Directors or chief executive of the Company, other than the interests disclosed above in respect of the Directors and the chief executive, the following substantial shareholders had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the shares and underlying shares

Ordinary shares of HK$0.01 each of the Company

Substantial shareholder	Capacity	Number of ordinary shares	Approximate percentage of the issued share capital of the Company
Ng Ting Wai	Interest of controlled corporation *(Note a)*	450,000,000	22.73%
Kwok Tao Capital Investment Limited	Beneficial owner	400,000,000	20.20%
	Interest of controlled corporation *(Note a)*	50,000,000	2.53%
		450,000,000	22.73%
深圳市鼎益豐資產管理股份有限公司	Interest of controlled corporation *(Note b)*	219,190,000	11.07%
HK DYF Int'l Holding Group Limited	Beneficial owner	215,500,000	10.88%
	Interest of controlled corporation *(Note b)*	3,690,000	0.19%
		219,190,000	11.07%

Notes:

(a) Mr. Ng Ting Wai ("**Mr. Ng**") was deemed to be interested in these shares through his controlling interest in Kwok Tao Capital Investment Limited ("**Kwok Tao**"). 50,000,000 shares were beneficially owned by Goldstar Success Limited, which was owned as to 70.00% by Prosper Wing Limited and as to 30.00% by Kwok Tao. Kwok Tao was in turn wholly-owned by Mr. Ng.

(b) 深圳市鼎益豐資產管理股份有限公司（"深圳市鼎益豐"）was deemed to be interested in these shares through its controlling interest in HK DYF Int'l Holding Group Limited ("**HK DYF**") which was wholly-owned by 深圳市鼎益豐. 3,690,000 shares were beneficially owned by Singapore DYF Int'l Capital Management Pte. Ltd. which was 95.00% owned by HK DYF.

Save as disclosed above, no other parties had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange as at 31 March 2016.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the respective percentage of purchases attributable to the Group's five largest suppliers combined by value, accounted for 100.0% in value of total purchases, while purchase attributable to the Group's largest supplier by value, accounted for 98.3% in value of total purchases during the Year. The respective percentage of turnover attributable to the Group's five largest customers combined by value accounted for 98.0% in value of the turnover during the Year, while turnover attributable to the Group's largest customer by value accounted for 89.9% in value of the turnover during the Year.

At no time during the Year did the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in the major suppliers or customers noted above.

EQUITY-LINK AGREEMENTS

During the Year, other than the 2015 Scheme as set out above and note 25 to the consolidated financial statements, the Company has not entered into any equity-linked agreement.

PUBLIC FLOAT

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these consolidated financial statements for the year ended 31 March 2016, the Directors have selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Group.

ENVIRONMENTAL PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

Details of which are set out in the section headed "Chairman's Statement and Management Discussion and Analysis" on pages 3 to 7.

AUDITORS

A resolution for the re-appointment of Ascenda Cachet CPA Limited as the auditors of the Company for the subsequent year will be proposed at the AGM.

By order of the Board
Tung Yee Shing
Chairman

Hong Kong, 24 June 2016

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

The Company has adopted the code provisions set out in Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") ("**CG Code**"). The Company was in compliance with all code provisions set out in the CG Code throughout the year ended 31 March 2016 (the "**Year**") except for the following deviations as explained:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any office with the title "chief executive officer". The board of directors (the "**Board**"/"**Directors**") is of the view that currently vesting the roles of chairman and chief executive officer in Mr. Tung Yee Shing provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the Year.

The current corporate governance practice of the Company will be reviewed and updated in a timely manner in order to comply with the CG Code.

THE BOARD

Role of the Board

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

Board Composition

The Board currently has two executive Directors and three non-executive Directors. All the non-executive Directors are independent to ensure that proposed strategies protect all shareholders' interests.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on page 8 under the section headed "Biographical Details of Directors".

The Company complies with Rule 3.10 of the Listing Rules that there is sufficient number of independent non-executive Directors ("**INEDs**") and each of them has appropriate qualifications. The Company has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. In addition, all INEDs do not involve in the daily management of the Company and there are no relationships or circumstances which would interfere with the exercise of their independent judgment. The Board considers that all of the INEDs are independent.

There is respective service contract between the Company and each Director with specific terms. All Directors are subject to re-election by shareholders at the annual general meetings of the Company ("**AGM**") and at least about once every three years on a rotation basis in accordance with the bye-laws of the Company. A retiring Director is eligible for re-election and re-election of retiring Directors at general meetings is dealt with by separate individual resolutions. No Director has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Shareholders may propose a candidate for election as Director in accordance with the bye-laws of the Company. The procedures for such proposal are posted on the website of the Group.

Chairman of the Board

The Chairman of the Board is Mr. Tung Yee Shing, an executive Director of the Company. The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board and, with the support of executive Directors and the Company Secretary, seeking to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive adequate and reliable information in a timely manner. The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders and other stakeholders, as outlined later in the report.

The Company does not at present have an office with the title "chief executive officer". The Board is of the view that currently vesting the roles of chairman and chief executive officer in Mr. Tung Yee Shing provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies.

Board Meetings

The Directors can attend meetings in person or through other electronic means of communication in accordance with the bye-laws of the Company.

The Board meets regularly with meeting dates scheduled in advance. Between scheduled meetings, senior management of the Group provides to Directors on a regular basis monthly updates and other information with respect to the performance, and business activities and development of the Group. Throughout the Year, Directors participate in the consideration and approval of routine and operational matters of the Company by way of circular resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the Group's Company Secretary ("**Company Secretary**") and other executives as and when required. Whenever necessary, additional Board meetings are held. Notice is given to all Directors so as to give them an opportunity to attend. Board papers are circulated not less than three days before the date of a Board meeting to enable the Directors to make informed decision on matters to be raised at the Board meetings. Board minutes are kept by the Company Secretary and are open for inspection by the Directors. In addition, Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas.

During the Year, the Company held 11 Board meetings, the 2015 AGM and a special general meeting on 31 August 2015. The attendance of each Director is set out as follows:

Name of Directors	Board Meeting Attended/Eligible to Attend	2015 AGM Attended	Special General Meeting Attended
Executive Directors			
Mr. Tung Yee Shing, *Chairman*	11/11	✓	✓
Ms. Cheung Oi Chun	11/11	✓	✓
Independent Non-executive Directors			
Mr. Chan Yin Tsung	11/11	✓	✓
Mr. Li Kam Chung	10/11	–	–
Mr. Kwok Lap Fung, Beeson	9/11	✓	✓

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation.

Directors' Training

All Directors have participated in continuous professional development and provided a record of training they received for the Year to the Company. In addition to their own participation in professional training, relevant training and reading materials was provided to the Directors by the Company in the Year to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Year.

Board Committees

The Board is supported by three permanent board committees: the Audit Committee, the Remuneration Committee and the Nomination Committee, details of which are described later in this report. The terms of reference for these Committees, which have been reviewed and revised with reference to the CG Code and adopted by the Board, are available on the websites of the Group and the Stock Exchange.

Board Diversity Policy

The Board has adopted a Board Diversity Policy on 28 November 2013 (the "**Policy**") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board delegated certain duties under the Policy to the Nomination Committee. The Nomination Committee will discuss and review the measurable objectives for implementing the Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to Directors comprehensive meeting agendas and papers. Minutes of all Board meetings and Board Committees are prepared and maintained by the Company Secretary to record in sufficient details the matters considered and decisions reached by the Board or Committee, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors and Committee members respectively for comments and records and are available for inspection by any Director upon request.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, he organises seminars on specific topics of significance and interest and disseminate reference materials to the Directors for their information.

The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on their obligations for disclosure of interests and dealings in the Group's securities, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the bye-laws of the Company. Whilst the Company Secretary reports to the Chairman, all members of the Board have access to the advice and service of the Company Secretary. The Company Secretary has been appointed since 2011 and has day-to-day knowledge of the Group's affairs. In response to specific enquiries made, the Company Secretary confirmed that he has complied with all the required qualifications, experience and training requirements of the Listing Rules.

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group and ensuring that the statements give a true and fair presentation in accordance with statutory requirements and applicable accounting standards. The Directors ensure the publication of the Group's consolidated financial statements in a timely manner.

The statement of the Group's Auditors about their reporting responsibilities on the accounts of the Group is set out in the Independent Auditors' Report on pages 27 to 28 of this Annual Report.

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

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Audit Committee

The Company established the Audit Committee with written terms of reference on 9 January 2012. The terms of reference of the Audit Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the CG Code. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Chan Yin Tsung (Chairman of the Audit Committee), Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson. The Chairman of the Audit Committee has the appropriate professional qualification as required by the Listing Rules.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the interim and annual reports and consolidated financial statements of the Group; and overseeing the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and internal control procedures.

The Audit Committee meets the external auditors regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

The Audit Committee held two meeting during the Year.

Name of Members	Attended/Eligible to Attend
Mr. Chan Yin Tsung *(Chairman)*	2/2
Mr. Li Kam Chung	2/2
Mr. Kwok Lap Fung, Beeson	2/2

External Auditors

The Audit Committee reviews and monitors the external auditors' independence and objectivity and effectiveness of the audit process. It receives each year the letter from the external auditors confirming their independence and objectivity and holds meetings with representatives of the external auditors to consider the scope of their audit, approve their fees, and the scope and appropriateness of non-audit services, if any, to be provided by them. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditors.

The accounts for the Year were audited by Ascenda Cachet CPA Limited whose term of office will expire upon the forthcoming AGM. The Audit Committee has recommended to the Board that Ascenda Cachet CPA Limited be re-appointed as the auditors of the Company at the forthcoming AGM.

Auditors' Remuneration

During the Year, the total remuneration in respect of statutory audit services provided by the Company's external auditors, Ascenda Cachet CPA Limited, amounted to approximately HK$595,000 (including the related disbursement).

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective internal control systems for the Group in order to safeguard the Group's assets and shareholders' interests, as well as for reviewing the effectiveness of such systems. The Board will from time to time conduct a review of the Group's internal control system. During the Year, the Board, through the Audit Committee, reviewed the overall effectiveness of the system of internal control of the Group over financial, operational and compliance issues, risk management process, information systems security, scope and quality of the management's monitoring of risks and the effectiveness of financial reporting and compliance with the Listing Rules. The Board considered that the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget were adequate. The Board concluded that in general, the Group had set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance.

Group Risk Management

Appropriate insurance cover on Directors' liabilities has been in force to protect the Directors of the Group from their risks arising from the businesses of the Group.

REMUNERATION OF DIRECTORS

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference on 9 January 2012. The terms of reference of the Remuneration Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Remuneration Committee are aligned with the code provisions set out in the CG Code. The written terms of reference clearly define the role, authority and function of the Remuneration Committee.

The Remuneration Committee is currently chaired by Mr. Li Kam Chung with Mr. Chan Yin Tsung (both were Independent Non-executive Directors) and Ms. Cheung Oi Chun (Executive Directors) as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. The Committee meets towards the end of each year for the determination of the remuneration package of Directors of the Group.

The principal duties of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating employees of the highest calibre and experience needed to shape and execute strategy across the Group's business operations. It includes making recommendations to the Board on the Company's policy and structure on the remuneration package of all Director and senior management remuneration and on the establishment of a fair and transparent procedure for developing remuneration policy.

The Company has adopted a share option scheme on 31 August 2015. The emoluments of Directors, including discretionary bonus and share options, are determined based on the duties and responsibilities of each Director and the Group's business performance. The Directors' fees were reviewed by the Remuneration Committee.

During the Year, the Remuneration Committee held its meeting once to review and approve the remuneration package of each Director. The attendance record is set out below.

Name of Member	Attended/Eligible to attend
Mr. Li Kam Chung *(Chairman)*	1/1
Mr. Chan Yin Tsung	1/1
Ms. Cheung Oi Chun	1/1

Remuneration Policy

The remuneration payable to Directors depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee of the Company, the performance of the Group and the prevailing market conditions.

Emoluments of Directors

Details of the emoluments of the Directors for the Year are set out in note 7 to the consolidated financial statements.

NOMINATION OF DIRECTORS

Nomination Committee

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

The Company established the Nomination Committee with written terms of reference on 9 January 2012. The terms of reference of the Nomination Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Nomination Committee are aligned with the code provisions set out in the CG Code.

The Nomination Committee is currently chaired by Mr. Chan Yin Tsung with Mr. Li Kam Chung and Mr. Kwok Lap Fung, Beeson as members. All the Nomination Committee members are INEDs of the Company.

The function of the Nomination Committee are to review and monitor the structure, size and composition of the Board and made recommendations on any proposed changes to the Board to complement the Group's strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman.

During the Year, the Nomination Committee held its meeting once to assess the independence of the INEDs, to consider the re-election of Directors and to review the composition of the Board. The attendance record is set out below.

Name of Member	Attended/Eligible to attend
Mr. Chan Yin Tsung *(Chairman)*	1/1
Mr. Li Kam Chung	1/1
Mr. Kwok Lap Fung, Beeson	1/1

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. The policy is subject to regular review by the Board to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports in accordance with the continuing disclosure obligations under the Listing Rules. An up-to-date consolidated version of the Bye-laws of the Company is published on the websites of the Group and the Stock Exchange.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. Shareholders are encouraged to attend all general meetings of the Company. The results of the poll are published on the websites of the Group and the Stock Exchange. Regularly updated financial, business and other information on the Group is made available on the Group's website for shareholders and stakeholders. Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from attending such meetings. Separate resolutions were proposed at 2015 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 31 August 2015.

Procedures for Putting Forward Proposed Resolution and Statements by Shareholders at Shareholders' Meeting

Shareholders may by a written request put forward a proposed resolution to or a statement of not more than one thousand words to a resolution at a general meeting. The number of shareholders necessary shall be any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates or not less than one hundred shareholders.

A copy or copies of requisition signed by all requisitionists shall be deposited to the company secretary at the Company's principal place of business in Hong Kong in the case of:

(i) a requisition requiring notice of a resolution, not less than six weeks before the general meeting unless the general meeting is called for a date six weeks or less after the copy has been deposited; and

(ii) any other requisition, not less than one week before the general meeting.

The Board shall include the proposed resolution in the agenda of the general meeting upon confirmation of the written requisition is proper and in order by the Company's share registrars and there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in serving and circulating the notice of the proposed resolution or the statement to a resolution in accordance with relevant statutory requirement to give effect thereto.

Shareholders to Convene a Special General Meeting

Shareholders holding at the date of deposit of the requisition ("**Requisition Date**") not less than one-tenth of the paid-up capital of the Company carrying the voting right at general meetings are entitled to request the Board to convene special general meeting ("**SGM**") by written requisition, duly signed by all the concerned shareholders and deposited to the company secretary of the Company at the principal place of business in Hong Kong.

Shareholders shall state the purposes of SGM in the written requisition and may consist of several documents in like form each signed by one or more of those concerned shareholders.

The written requisition will be verified by the Company's share registrar and upon their confirmation that such requisition is proper and in order, the Board shall convene SGM by serving the notice to all shareholders for passing special resolution by not less than 21 clear days' notice in writing and for ordinary resolution by not less than 14 clear days' notice in writing

If the Board do not within twenty-one (21) days from the Requisition Date proceed to convene SGM and do not within two (2) months from the Requisition Date to hold the SGM, the concerned shareholders or any of them representing more than one half of the total voting rights of all of them, may convene a SGM themselves but the SGM shall be held within three (3) months from the Requisition Date.

Voting By Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of 2015 AGM will be voted by poll.

Written Communications by Shareholders to the Board

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Shareholders may send written enquiries, comments and suggestions to the Board or the Company addressed to the Company Secretary at the Company's principal place of business in Hong Kong by mail to Unit 3328D, 33rd Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Sheung Wan, Hong Kong or by email at info@zdihl.com.

By order of the Board
Lee Cheuk Man
Company Secretary

Hong Kong, 24 June 2016

Ascenda CACHET
天健德揚

13F Neich Tower
128 Gloucester Road
Wanchai Hong Kong

To the shareholders of Zhidao International (Holdings) Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Zhidao International (Holdings) Limited (the "**Company**") and its subsidiaries set out on pages 29 to 85, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 HKICPA. 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT

OPINION

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

Ascenda Cachet CPA Limited
Certified Public Accountants

Chan Chi Yuen
Practising Certificate Number P02671

Hong Kong
24 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
REVENUE	5	**64,999**	96,515
Cost of sales		**(57,283)**	(85,833)
Gross profit		**7,716**	10,682
Other income and gains	5	**307**	122
Impairment of goodwill	13	**–**	(573)
Impairment of intangible asset	14	**–**	(252)
Written off of retention receivables		**–**	(6,222)
Equity-settled share options expenses	25	**(70,377)**	–
General and administrative expenses		**(10,772)**	(9,799)
LOSS BEFORE TAX	6	**(73,126)**	(6,042)
Income tax expense	9	**(547)**	(723)
LOSS FOR THE YEAR		**(73,673)**	(6,765)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(214)**	–
NET OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(214)**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(73,887)**	(6,765)
Loss attributable to:			
Owners of the Company		**(73,673)**	(6,765)
Non-controlling interests		**–**	–
		(73,673)	(6,765)
Total comprehensive income attributable to:			
Owners of the Company		**(73,887)**	(6,765)
Non-controlling interests		**–**	–
		(73,887)	(6,765)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		**(3.98) cents**	(0.52) cent
Diluted		**(3.98) cents**	(0.52) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	**2016 HK$'000**	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**339**	284
Goodwill	*13*	**–**	–
Intangible asset	*14*	**–**	–
Retention receivables	*15*	**–**	–
Total non-current assets		**339**	284
CURRENT ASSETS			
Inventories	*16*	**584**	437
Trade receivables	*17*	**95,409**	94,545
Loan and interest receivables	*18*	**103,224**	–
Prepayments, deposits and other receivables	*19*	**4,004**	4,267
Retention receivables	*15*	**–**	325
Tax recoverable	*2*	**–**	433
Cash and cash equivalents	*20*	**259,378**	43,365
Total current assets		**462,599**	143,372
CURRENT LIABILITIES			
Trade payables	*21*	**75**	72
Other payables and accruals	*22*	**3,296**	3,904
Retention payables	*23*	**–**	325
Dividend payables		**–**	697
Tax payables		**52**	–
Total current liabilities		**3,423**	4,998
NET CURRENT ASSETS		**459,176**	138,374
TOTAL ASSETS LESS CURRENT LIABILITIES		**459,515**	138,658
NON-CURRENT LIABILITY			
Retention payables	*23*	**–**	–
Total non-current liability		**–**	–
Net assets		**459,515**	138,658

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*24*	**19,800**	16,500
Reserves	*26*	**439,715**	122,188
Total shareholders' fund		**459,515**	138,688
Non-controlling interests		**–**	(30)
Total equity		**459,515**	138,658

Tung Yee Shing
Chairman

Cheung Oi Chun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium account HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Preference shares dividend reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2014	16,500	164,612	30	109	(10,070)	–	(23,954)	147,227	(30)	147,197
Loss for the year	–	–	–	–	–	–	(6,765)	(6,765)	–	(6,765)
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–
Cumulative preference shares dividend *(note 11)*	–	–	–	–	(1,774)	–	–	(1,774)	–	(1,774)
Set-off upon on conversation of preference shares into ordinary shares	–	–	–	–	11,844	–	(11,844)	–	–	–
At 31 March 2015 and 1 April 2015	**16,500**	**164,612***	**30***	**109***	**–***	**–***	**(42,563)***	**138,688**	**(30)**	**138,658**
Loss for the year	–	–	–	–	–	–	(73,673)	(73,673)	–	(73,673)
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	(214)	–	–	–	(214)	–	(214)
Equity-settled share options arrangements *(note 25)*	–	–	–	–	–	70,377	–	70,377	–	70,377
Acquisition of subsidiaries *(note 1(b))*	–	–	(30)	–	–	–	–	(30)	30	–
Issue of shares *(note 24)*	3,300	321,750	–	–	–	–	–	325,050	–	325,050
Shares issue expenses *(note 24)*	–	(683)	–	–	–	–	–	(683)	–	(683)
At 31 March 2016	**19,800**	**485,679***	**–***	**(105)***	**–***	**70,377***	**(116,236)***	**459,515**	**–**	**459,515**

* These reserve accounts comprise the consolidated reserves of approximately HK$439,715,000 (2015: HK$122,188,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(73,126)**	(6,042)
Adjustments for:			
Depreciation	12	**22**	21
Other interest income	5	**(305)**	(2)
Loss on disposal of property, plant and equipment		**–**	10
Impairment of goodwill	13	**–**	573
Impairment of intangible asset	14	**–**	252
Written off of retention receivables	15	**–**	6,222
Equity-settled share options expenses	25	**70,377**	–
		(3,032)	1,034
(Increase)/Decrease in inventories		**(147)**	406
Decrease in retention receivables		**325**	13,446
(Increase)/Decrease in trade receivables		**(864)**	4,380
Increase in loan and interest receivables		**(103,224)**	–
Decrease/(Increase) in prepayments, deposits and other receivables		**263**	(55)
Increase/(Decrease) in trade payables		**3**	(790)
(Decrease)/Increase in other payables and accruals		**(608)**	68
Decrease in retention payables		**(325)**	(325)
Cash (used in)/generated from operations		**(107,609)**	18,164
Hong Kong profits tax paid		**–**	(1,489)
PRC income taxes paid		**(61)**	(28)
Net cash flows (used in)/from operating activities		**(107,670)**	16,647
CASH FLOWS FROM INVESTING ACTIVITIES			
Other interest received		**305**	2
Purchases of items of property, plant and equipment	12	**(88)**	–
Proceeds from disposal of property, plant and equipment		**–**	1
Net cash flows from investing activities		**217**	3
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares	24	**324,367**	–
Preference shares dividend paid		**(697)**	(11,147)
Net cash flows from/(used in) financing activities		**323,670**	(11,147)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**216,217**	5,503
Cash and cash equivalents at beginning of year		**43,365**	37,862
Effect of foreign exchange rate changes, net		**(204)**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		**259,378**	43,365
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**259,378**	43,365

1. CORPORATE AND GROUP INFORMATION

Zhidao International (Holdings) Limited (the "**Company**") is a limited liability company incorporated in Bermuda on 8 July 1997. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is situated at Unit 3328D, 33th Floor, China Merchants Tower, Shun Tak Centre, 168 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holdings. The Company and its subsidiaries (collectively, the "**Group**") is principally engaged in trading of aluminium products and supply of aluminium products in the construction projects. During the year, the Group extended its business into the operation of money lending business.

The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 23 September 1997.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ paid-up capital	Percentage of equity attributable to the Company®		Principal activities
			Direct	Indirect	
Zhidao Investment Limited	Hong Kong	HK$1	100	–	Not yet commenced business
Wealthy Hero Investments Limited *(note a)*	British Virgin Islands ("**BVI**")	US$1	100	–	Investment holdings
Rongbao Holdings Limited *(note a)*	BVI	US$1	100	–	Investment holdings
Golden Beach Enterprises Limited *(note a)*	BVI	US$1	100	–	Investment holdings
Wealthy Hero Holdings Limited	Hong Kong	HK$1	–	100	Money lending business
Rongbao Investments Limited	Hong Kong	HK$1	–	100	Not yet commenced business
Fast Excel Limited	Hong Kong	HK$10	–	100	Investment holdings
Parkson Trade Services Limited	Hong Kong	HK$1	–	100	Trading of aluminium products
Tak Lee Metal Manufactory (Hong Kong) Company Limited	Hong Kong	HK$3,210,000	–	100	Supply of aluminium products in construction projects
Fast Excel Gold Mountain Zhongshan Aluminium Products (Hong Kong) Limited *(note b)*	Hong Kong	HK$5	–	100 (2015: 60)	Not yet commenced business
Zhongshan City Minzhong Deli Metal Company Limited *(notes a & c)*	People's Republic of China (the "**PRC**")	US$500,000	–	100	Manufacturing aluminium windows and gates

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Notes:

(a) Not audited by Ascenda Cachet CPA Limited.

(b) In prior, the Company disposed of 40% equity interests of its subsidiary, Fast Excel Gold Mountain Zhongshan Aluminium Products (Hong Kong) Limited ("**FEGM**"), to an independent third party (the "**Buyer**") at a cash consideration of HK$2. Upon completion of the disposal, the equity interests in FEGM held by the Group decreased from 100% to 60%, and a gain on partial disposal (the "**Gain on Disposal**") of FEGM of approximately HK$30,000 was recognised in capital reserve. During the year ended 31 March 2016, the Company acquired back such 40% equity interests of FEGM from the Buyer at a cash consideration of HK$2. Upon completion of the acquisition, the equity interests in FEGM held by the Group increased from 60% to 100%, and therefore, the Gain on Disposal of approximately HK$30,000 was reversed from the capital reserve.

(c) This subsidiary is registered as a wholly-foreign owned enterprise under the PRC law.

® There was no changes in the percentage of equity attributable to the Company except otherwise indicated.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control as described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements to 2010–2012 cycle	Amendments to a number of HKFRSs
Annual Improvements to 2011–2013 cycle	Amendments to a number of HKFRSs

Other than as explained below regarding the impact of HKAS 19, the adoption of the above revised standard has had no significant financial effect on these consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The Annual Improvements to HKFRSs 2010–2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

HKAS 24 Related Party Disclosures: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. Details of related party transactions have been disclosed in note 28 to the consolidated financial statements.

(c) The Annual Improvements to HKFRSs 2011–2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

HKFRS 3 Business Combinations: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

HKFRS 13 Fair Value Measurement: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

HKAS 40 Investment Property: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance, Cap. 622 came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[1]
Annual Improvements to 2012–2014 cycle	Amendments to a number of HKFRSs[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 an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations or financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Impairment of non-financial assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Related parties

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

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

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

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

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

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

(vi) the entity is controlled or joint controlled by a person identified in (a);

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

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

Property, plant and equipment and depreciation

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

Plant and machineries	10%
Furniture, fixture and equipment	20%
Motor vehicles	10%

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

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

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value the through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Investments and other financial assets (continued)

Loans and receivables

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

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the profit or loss. The loss arising from impairment is recognised in the profit or loss in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investment and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the profit or loss in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets. If management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

Derecognition of financial assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

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

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit or loss, is removed from other comprehensive income and recognised in the profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss — is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade payables, other payables and accruals, retention payables and dividend payables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

Loans and borrowings

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Income tax (continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Revenue recognition

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

(a) from the sales of goods, when the significant risks and rewards of ownership have been transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or shorter period, when appropriate, to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Revenue from cost plus construction contracts is recognised on the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the Group's subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Employee benefits (continued)

Share-based payment

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Binomial model, further details of which are given in note 25 to the consolidated financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

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

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provision are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Percentage of completion of construction works

The Group recognises its contract revenue according to the percentage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contracts as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding cost of the contract revenue.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in notes 13 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Useful lives of property, plant and equipment

The management of the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Provision for impairment of trade receivables

The policy for the provision for impairment of trade receivables of the Group is based on the evaluation of collectibles and ageing analysis of accounts and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these trade receivables, including these current creditworthiness and the past collection history of each customer.

Provision for impairment of retention receivables

The policy for the provision for impairment of retention receivables of the Group is based on the evaluation of collectibles of accounts and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these retention receivables, including these current creditworthiness and the past collection history of each customer.

Impairment of loan and interest receivables

The Group assesses provision for impairment of loan and interest receivables based on an estimate of the recoverability of these receivables. Provisions are applied to loan and interest receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of loan and interest receivables requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

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

Provision for impairment of amounts due from subsidiaries

The policy for the provision for impairment of amounts due from subsidiaries is based on the evaluation of collectibles and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of the amount.

Provision for impairment of interests in subsidiaries

Impairment testing of the interests in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the investee's net assets including goodwill.

4. OPERATING SEGMENT INFORMATION

The principal activities of the Group are engaged in trading of aluminium products and supply of aluminium products in the construction projects. During the year, the Group extended its business into the operation of money lending business.

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) trading of aluminium products segment — sales of aluminium products;

(b) construction projects segment — supply of aluminium products in the construction projects; and

(c) money lending segment — provision of loan financing.

The Group's chairman, who is the chief operating decision maker, monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

4. OPERATING SEGMENT INFORMATION (continued)

Segment assets exclude cash and cash equivalents, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payables, dividend payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Year ended 31 March 2016	Trading of aluminium products HK$'000	Construction projects HK$'000	Money lending HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	58,400	3,109	–	61,509
Loans interest income	–	–	3,490	3,490
	58,400	3,109	3,490	64,999
Segment results	(33,616)	(1,432)	3,027	(32,021)
Interest income				305
Corporate and other unallocated income				2
Corporate and other unallocated expenses				(41,412)
Loss before tax				(73,126)
Segment assets	94,673	5,659	103,224	203,556
Corporate and other unallocated assets				259,382
Total assets				462,938
Segment liabilities	1,258	1,553	260	3,071
Corporate and other unallocated liabilities				352
Total liabilities				3,423
Other segment information:				
Capital expenditure *	–	88	–	88
Depreciation of property, plant and equipment	–	22	–	22

* The capital expenditure included additions of property, plant and equipment.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2015	Trading of aluminium products HK$'000	Construction projects HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	93,300	3,215	96,515
Segment results	4,376	(8,062)	(3,686)
Interest income			2
Corporate and other unallocated expenses			(2,358)
Loss before tax			(6,042)
Segment assets	93,776	5,934	99,710
Corporate and other unallocated assets			43,946
Total assets			143,656
Segment liabilities	1,380	2,621	4,001
Corporate and other unallocated liabilities			997
Total liabilities			4,998
Other segment information:			
Written off of retention receivables	–	6,222	6,222
Impairment of goodwill	–	573	573
Impairment of intangible asset	–	252	252
Depreciation of property, plant and equipment	–	21	21

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2016 HK$'000	2015 HK$'000
Hong Kong	**3,490**	–
PRC	**61,509**	96,515
	64,999	96,515

The classification of the revenue arising from the trading of aluminium products segment and the construction projects segment is based on the location of the customer's operation.

The classification of the revenue arising from money lending segment is based on the location of borrowed funds first available to their borrowers.

(b) Non-current assets

	2016 HK$'000	2015 HK$'000
Hong Kong	**–**	–
PRC	**339**	284
	339	284

The classification of the non-current assets is based on the locations of the assets (excluded goodwill).

Information about major customer

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

	2016 HK$'000	2015 HK$'000
Customer A *	**58,400**	93,300

* Revenue from trading of aluminium products segment

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of (i) goods sold, after allowances for returns and trade discounts; (ii) an appropriate proportion of contract revenue of construction contracts; and (iii) loan interest income from its money lending business during the year.

An analysis of revenue, other income and gains is as follows:

	2016 HK$'000	2015 HK$'000
Revenue		
Trading of aluminium products	**58,400**	93,300
Construction projects	**3,109**	3,215
Loans interest income	**3,490**	–
Total revenue	**64,999**	96,515
Other income and gains		
Interest income	**305**	2
Others	**2**	120
Total other income and gains	**307**	122
Total revenue, other income and gains	**65,306**	96,637

6. LOSS BEFORE TAX

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

	2016 HK$'000	2015 HK$'000
Cost of construction and inventories sold*	**57,283**	85,833
Auditors' remuneration	**595**	550
Depreciation *(note 12)*	**22**	21
Impairment of goodwill *(note 13)*	**–**	573
Impairment of intangible asset *(note 14)*	**–**	252
Written off of retention receivables *(note 15)*	**–**	6,222
Loss on disposal of property, plant and equipment	**–**	10
Employee benefits expenses (including directors' remuneration *(note 7)*):		
Wages and salaries	**5,293**	5,627
Pension scheme contributions	**287**	265
Equity-settled share options expenses *(note 25)*	**70,377**	–
	75,957	5,892
Minimum lease payments under operating leases on land and buildings	**1,874**	1,479
Interest income	**(305)**	(2)

* Depreciation of the property, plant and equipment of approximately HK$10,000 (2015: HK$8,000) for the year ended 31 March 2016 was included in "cost of construction and inventories sold" in the consolidated statement of profit or loss and other comprehensive income.

7. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2016 HK$'000	2015 HK$'000
Fees	350	532
Other emoluments:		
Salaries, allowances and benefits in kind	1,235	1,235
Pension scheme contributions	36	35
Equity-settled share option expenses	27,925	–
	29,196	1,270
	29,546	1,802

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Equity–settled share option expenses HK$'000	Total remuneration HK$'000
2016					
Executive directors					
Mr. Tung Yee Shing	–	650	18	10,613	11,281
Ms. Cheung Oi Chun	–	585	18	10,613	11,216
	–	1,235	36	21,226	22,497
Independent Non-executive directors					
Mr. Kwok Lap Fung, Beeson	100	–	–	2,233	2,333
Mr. Li Kam Chung	100	–	–	2,233	2,333
Mr. Chan Yin Tsung	150	–	–	2,233	2,383
	350	–	–	6,699	7,049
	350	1,235	36	27,925	29,546

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

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2015				
Executive directors				
Mr. Tung Yee Shing	–	650	18	668
Ms. Cheung Oi Chun	–	585	17	602
	–	1,235	35	1,270
Independent Non-executive directors				
Mr. Choi Wing Koon *(note (a))*	250	–	–	250
Mr. Kwok Lap Fung, Beeson	100	–	–	100
Mr. Li Kam Chung	100	–	–	100
Mr. Chan Yin Tsung *(note (b))*	82	–	–	82
	532	–	–	532
	532	1,235	35	1,802

Notes:

(a) Resigned on 15 September 2014.

(b) Appointed on 15 September 2014.

There was no arrangement under which a director of the Company ("**Director(s)**") waived or agreed to waive any remuneration during the year (2015: Nil).

During the year, no emoluments have been paid to the Directors as an inducement to join or upon joining the Group; or as compensation for loss of office (2015: Nil).

The number of Directors and chief executive, whose remuneration fell within the following bands is as follows:

	Number of directors **2016**	2015
Nil to HK$1,000,000	**–**	6
HK$1,000,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$5,000,000	**3**	–
HK$5,000,001 to HK$10,000,000	**–**	–
Over HK$10,000,000	**2**	–
	5	6

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2015: two) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining three (2015: three) non-directors, highest paid employees for the year are as follows:

	2016 HK$'000	2015 HK$'000
Salaries, allowances and benefits in kind	**1,235**	2,095
Pension scheme contributions	**40**	53
Equity-settled share option expenses	**31,839**	–
	33,114	2,148

The number of non-directors, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2016	2015
Nil to HK$1,000,000	**–**	3
HK$1,000,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$5,000,000	**–**	–
HK$5,000,001 to HK$10,000,000	**–**	–
Over HK$10,000,000	**3**	–
	3	3

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising from Hong Kong during the year.

PRC enterprise income tax is calculated at 25% (2015: 25%) on the estimated assessable profits for the year ended 31 March 2016.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2016 HK$'000	2015 HK$'000
Current tax — Hong Kong		
Charge for the year	**486**	702
Current tax — PRC		
Charge for the year	**36**	–
Under-provision in previous year	**25**	21
Total tax charge for the year	**547**	723

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2016 HK$'000	**%**	2015 HK$'000	%
Loss before tax	**(73,126)**		(6,042)	
Tax at the statutory tax rates	**(12,106)**	**16.6**	(1,014)	16.8
Expenses not deductible for tax	**11,802**	**(16.1)**	1,135	(18.8)
Income not taxable for tax	**(50)**	**0.1**	–	–
Tax losses not recognised	**923**	**(1.3)**	603	(10.0)
Temporary differences in respect of depreciable assets not recognised	**(2)**	**–**	(2)	–
Under-provision in previous year	**25**	**(0.1)**	21	(0.4)
Tax concession for year of assessment	**(45)**	**0.1**	(20)	0.4
Tax charge at effective tax rate	**547**	**(0.7)**	723	(12.0)

9. INCOME TAX EXPENSE (continued)

The Group had deferred tax benefits not recognised in respect of tax losses available and decelerated depreciation for offsetting future assessable profits calculated at the statutory rate of 16.5% (2015: 16.5%) as follows:

	2016 **HK$'000**	2015 HK$'000
Tax losses	**3,552**	2,629
Decelerated depreciation	**26**	28
	3,578	2,657

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculations of basic loss per share are based on:

	2016 **HK$'000**	2015 HK$'000
Loss		
Loss for the year attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(73,673)**	(6,765)

	Number of shares	
	2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	**1,849,262,295**	1,307,671,233

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

The calculation of diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares used in the basic loss per share calculation, as adjusted for the share options and convertible preference shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of diluted loss per share for the years ended 31 March 2016 and 2015 is based on:

	2016 HK$'000	2015 HK$'000
Loss		
Loss for the year attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(73,673)**	(6,765)

	Number of shares 2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	**1,849,262,295**	1,307,671,233
Effect on dilution — weighted average number of ordinary shares		
• Convertible preference shares	**–**	–*
• Share options	**–#**	–
Weight average number of ordinary shares for the purpose of diluted loss per share	**1,849,262,295**	1,307,671,233

* The convertible preference shares had an anti-diluted effect on the basic loss per share for the year ended 31 March 2015.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the year) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options. Hence, the share options have a dilutive effect only when the average market price of ordinary shares exceeds the exercise price of the share options. During the year ended 31 March 2016, there is no dilutive event as the average market price of ordinary shares did not exceed its exercise price of the share options.

11. DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 March 2016. (2015: Except for the accrual of cumulative preference shares dividend of HK$1,774,000 (note 33) during the year ended 31 March 2015, no dividend has been declared or paid by the Company for the ordinary shareholders.)

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machineries HK$'000	Furniture, fixture and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
31 March 2016				
1 April 2015:				
Cost	723	47	46	816
Accumulated depreciation	(482)	(29)	(21)	(532)
Net carrying amount	241	18	25	284
At 1 April 2015, net of accumulated depreciation	241	18	25	284
Additions	88	–	–	88
Depreciation provided during the year	(10)	(4)	(8)	(22)
Exchange realignment	(10)	–	(1)	(11)
At 31 March 2016, net of accumulated depreciation	309	14	16	339
At 31 March 2016:				
Cost	782	47	44	873
Accumulated depreciation	(473)	(33)	(28)	(534)
Net carrying amount	309	14	16	339

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and machineries HK$'000	Furniture, fixture and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
31 March 2015				
1 April 2014:				
Cost	723	47	71	841
Accumulated depreciation	(474)	(24)	(27)	(525)
Net carrying amount	249	23	44	316
At 1 April 2014, net of accumulated depreciation	249	23	44	316
Disposal	–	–	(11)	(11)
Depreciation provided during the year	(8)	(5)	(8)	(21)
At 31 March 2015, net of accumulated depreciation	241	18	25	284
At 31 March 2015:				
Cost	723	47	46	816
Accumulated depreciation	(482)	(29)	(21)	(532)
Net carrying amount	241	18	25	284

13. GOODWILL

	2016 HK$'000	2015 HK$'000
Cost	**–**	1,243
Accumulated impairment	**–**	(1,243)
Net carrying amount	**–**	–

Impairment testing of goodwill

The goodwill arose from the acquisition of Tak Lee Metal Manufactory (Hong Kong) Company Limited and its subsidiary during the year ended 31 March 2011 has been allocated to cash-generating unit in respect of the supply of aluminium products in the construction project business. During the year ended 31 March 2015, the goodwill had been fully impaired. The recoverable amount of the goodwill was determined based on a value in use calculation which using a cash flow projection based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 8%. The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period was 2%. Based on the value in use calculation prepared by the management, an impairment of goodwill of HK$573,000 (note 6) was made by the management during the year ended 31 March 2015. The goodwill has been fully written off during the year ended 31 March 2016.

Assumptions were used in the value in use calculation of the goodwill as at 31 March 2015. The following describes each key assumption on which management had based its cash flow projections to undertake impairment testing of goodwill:

	2015
Gross margin	35%
Growth rare	2%
Discount rate	8%

Management determined the budgeted gross-margin based on past performance and its expectation for market development. The discount rates used were pre-tax that reflected current market assessments of the time value of money and the risks specific risks relating to the relevant segments.

14. INTANGIBLE ASSET

	2016 HK$'000	2015 HK$'000
Cost	–	252
Impairment during the year	–	(252)
Net carrying amount	–	–

The amount represented the cost incurred for the application for inclusion into the Hong Kong Housing Authority's list of approved suppliers for stainless steel gate sets and aluminium windows in the past practice. The Directors were of the opinion that the name of a subsidiary had been included in the list of approved suppliers has an indefinite useful life. As a result, the intangible asset should not be amortised until its useful life is determined to be finite. Instead it should be tested for impairment annually whenever there was an indication that it may be impaired. Based on the valuation results prepared by the management, details of which were set out in note 13 to the consolidated financial statements, an impairment of intangible asset of HK$252,000 (note 6) was made by the management during the year ended 31 March 2015. The intangible asset has been fully written off during the year ended 31 March 2016.

15. RETENTION RECEIVABLES

	2016 HK$'000	2015 HK$'000
Retention receivables	–	325
Less: Current portion of retention receivables	–	(325)
Non-current portion of retention receivables	–	–

Retention receivables represented certified contract payments in respect of works performed, for which payments were withheld by customers for retention purposes, and the amount retained was withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum. No aging analysis of retention receivables was presented as the retentions were released to the Group pursuant to the provisions of the relevant contracts after the completion of the projects in question. During the year ended 31 March 2015, the Group had written off of its retention receivables of approximately HK$6,222,000 (note 6) as the Directors were of the opinion that such retention receivables were uncollectible. The remaining balances of approximately HK$325,000 had been fully received during the year ended 31 March 2016.

16. INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials	**383**	344
Finished goods	**201**	93
	584	437

17. TRADE RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	**95,409**	94,545
Impairment	**–**	–
Net carrying amounts	**95,409**	94,545

(a) The movements in the provision for impairment of trade receivables are as follows:

	2016 HK$'000	2015 HK$'000
At 1 April	**–**	6,000
Impairment losses recognised	**–**	–
Amount written off as uncollectible	**–**	(6,000)
At 31 March	**–**	–

(b) The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

The Group allows a credit period normally 0 to 90 days to its trade customers. An aging analysis of the trade receivables as at the end of the reporting period, based on the date of invoice, is as follows:

	2016 HK$'000	2015 HK$'000
Within 1 month	**13,709**	11,445
1 to 2 months	**–**	10,200
2 to 3 months	**6,300**	10,200
Over 3 months	**75,400**	62,700
Trade receivables	**95,409**	94,545

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2016 HK$'000	2015 HK$'000
Neither past due nor impaired	**20,009**	31,845
Less than 1 month past due	**–**	10,200
1 to 3 months past due	**–**	–
Over 3 months past due	**75,400**	52,500
	95,409	94,545

17. TRADE RECEIVABLES (continued)

(b) (continued)

Receivables that were neither past due nor impaired relate to two (2015: two) customers for whom there was no recent history default.

Receivables that were past due but not impaired relate to a single customer and the Group has a high concentration of credit risk accordingly. Based on the past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of this balance as there has not been a significant change in credit quality and the balance is still considered fully recoverable.

18. LOAN AND INTEREST RECEIVABLES

During the year, the Group extended its business into the operation of money lending business. The loan receivables represented the outstanding loans arose from money lending business during the year.

Loan receivables bear interest at fixed rates and with credit periods mutually agreed between the contracting parties. Loan receivables are secured by the pledge of debtors' assets. Overdue balances are reviewed regularly and handled closely by senior management.

	2016 HK$'000	2015 HK$'000
Loan receivables	**101,840**	–
Interest receivables	**1,384**	–
Impairment	**–**	–
Net carrying amounts	**103,224**	–
Less: Current portion of loan and interest receivables	**(103,224)**	–
Non-current portion of loan and interest receivables	**–**	–

The loan and interest receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	2016 HK$'000	2015 HK$'000
Receivable:		
Within 3 months	**21,384**	–
3 months to 1 year	**81,840**	–
Over 1 year	**–**	–
	103,224	–
Less: Current portion of loan and interest receivables	**(103,224)**	–
Non-current portion of loan and interest receivables	**–**	–

18. LOAN AND INTEREST RECEIVABLES (continued)

The aged analysis of the loan and interest receivables that are not individually nor collectively considered to be impaired is as follows:

	2016 HK$'000	2015 HK$'000
Neither past due nor impaired	**103,224**	–
Less than 1 month past due	**–**	–
1 to 3 months past due	**–**	–
	103,224	–

Loan and interest receivables that were neither past due nor impaired relate to certain debtors for whom there was no recent history of default.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Prepayments	**56**	202
Trade deposits	**1,557**	4,995
Utility deposits	**598**	603
Other receivables	**3,349**	23
	5,560	5,823
Impairment	**(1,556)**	(1,556)
	4,004	4,267

20. CASH AND CASH EQUIVALENTS

	2016 HK$'000	2015 HK$'000
Cash and bank balances	**259,378**	43,365

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to approximately HK$152,000 (2015: HK$277,000). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

21. TRADE PAYABLES

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

	2016 HK$'000	2015 HK$'000
Within 1 month	**55**	65
1 to 2 months	**–**	–
2 to 3 months	**19**	6
Over 3 months	**1**	1
	75	72

The trade payables are non interest bearing and are normally settled on 30 to 60 days terms.

22. OTHER PAYABLES AND ACCRUALS

	2016 HK$'000	2015 HK$'000
Other payables	**2,235**	2,965
Accruals	**1,061**	939
	3,296	3,904

23. RETENTION PAYABLES

	2016 HK$'000	2015 HK$'000
Retention payables	–	325
Less: Current portion of retention payables	–	(325)
Non current portion of retention payables	–	–

Retention payables represented certified contract payments in respect of works performed, for which payments were withheld by the Group for retention purposes, and the amount retained was withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum. No aging analysis of retention payables was presented as the retentions were released to the subcontractors pursuant to the provisions of the relevant contracts after the completion of the projects in question.

24. SHARE CAPITAL

	2016 HK$'000	2015 HK$'000
Authorised:		
2,800,000,000 ordinary shares of HK$0.01 each	**28,000**	28,000
850,000,000 preference shares of HK$0.01 each	**8,500**	8,500
	36,500	36,500
Issued and fully paid:		
1,980,000,000 (2015: 1,650,000,000) ordinary shares of HK$0.01 each	**19,800**	16,500

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 April 2015	1,650,000,000	16,500	164,612	181,112
Issue of shares *(note (a))*	330,000,000	3,300	321,750	325,050
Less: Shares issue expenses	–	–	(683)	(683)
At 31 March 2016	1,980,000,000	19,800	485,679	505,479

Note:

(a) On 10 August 2015, the Company entered into a placing agreement with a placing agent, pursuant to which, the Company issued and allotted (the "**Placing**") 330,000,000 new ordinary shares of the Company (the "**Placing Shares**") to various placees at a placing price of HK$0.985 per Placing Share. The net proceeds from the Placing after deducting directly attributable costs of HK$683,000 amounted to approximately HK$324,367,000 and was (i) for funding of potential acquisition(s) by the Group in the future, and (ii) for developing of money lending business of the Group. The Placing was completed on 24 August 2015.

25. SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was newly approved and adopted by the shareholders on 31 August 2015. The Share Option Scheme is valid and effective for a period of 10 years after the date of adoption. The purpose of the Share Option Scheme is to provide incentives to the employee or consultant of the Group including any executive director of any nationality of the Company and any subsidiary (the "**Participants**") to enable the Group to recruit and/or retain high-calibre individuals and attract human resources that are valuable to the Group. Under the Share Option Scheme, the board of directors of the Company may grant options to the Participants to subscribe for shares of the Company. On 2 March 2016, the Group granted 131,299,998 share options (the "**Share Options**") to its directors and employees for a term of 5 years.

The consideration of HK$1 is payable on the grant date of the Share Options. Share Options may be exercised by the grantees at any time before its expiry. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Details of specific categories and the outstanding Share Options during the year ended 31 March 2016 are as follows:

	Date of grant	Exercise period	Outstanding as at 1 April 2015	Granted during the year	Outstanding as at 31 March 2016	Exercise price HK$
Directors						
Tung Yee Shing	2 March 2016	2 March 2016 to 1 March 2021	–	19,800,000	**19,800,000**	1.2
Cheung Oi Chun	2 March 2016	2 March 2016 to 1 March 2021	–	19,800,000	**19,800,000**	1.2
Chan Yin Tsung	2 March 2016	2 March 2016 to 1 March 2021	–	4,166,666	**4,166,666**	1.2
Li Kam Chung	2 March 2016	2 March 2016 to 1 March 2021	–	4,166,666	**4,166,666**	1.2
Kwok Lap Fung Beeson	2 March 2016	2 March 2016 to 1 March 2021	–	4,166,666	**4,166,666**	1.2
Employees	2 March 2016	2 March 2016 to 1 March 2021	–	79,200,000	**79,200,000**	1.2
			–	131,299,998	**131,299,998**	

25. SHARE OPTION SCHEME (continued)

Fair value of share options

The fair value of the Share Options were calculated by using a binomial option pricing model ("**Binomial model**"). Where relevant, the expected life used in the model has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over past years. To allow for the effects of early exercise, it was assumed that executives and senior employees would exercise the options after the vesting date when the share price was one and a half or two and a half times the respective exercise price.

Inputs in the model:

Date of grant	2 March 2016
Grant date share price	HK$1.20
Exercise price	HK$1.20
Expected volatility	100%
Option life	5 years
Risk-free interest rate	1.08%
Fair value per Share Option	HK$0.536

The Binomial model has been used to estimate the fair value of the Share Options. The variables and assumptions used in computing the fair value of the Share Options are based on director best estimates. The value of the Share Option varies with different variables in certain subjective assumptions.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current year are presented in the consolidated statement of changes in equity on page 32 of the consolidated financial statements.

27. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 3 years.

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

	2016 **HK$'000**	2015 HK$'000
Within one year	**1,655**	1,774
2–5 years, inclusive	**1,380**	3,035
	3,035	4,809

28. RELATED PARTIES TRANSACTIONS

Compensation of key management personnel of the Group:

	2016 HK$'000	2015 HK$'000
Short term employee benefits	3,820	3,950
Post-employment benefits	–	–
Equity-settled share option expenses	38,538	–
	42,358	3,950

Further details of directors' and the chief executive's emoluments are included in notes 7 and 8 to the consolidated financial statements.

The number of directors, chief executive and key management personnel of the Group, whose remuneration/compensation fell within the following bands is as follows:

	Number of directors, chief executive and key management personnel	
	2016	2015
Nil to HK$1,000,000	2	9
HK$1,000,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$5,000,000	3	–
HK$5,000,001 to HK$10,000,000	–	–
Over HK$10,000,000	3	–
	8	9

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Loans and receivables	
	2016 **HK$'000**	2015 HK$'000
Retention receivables	**–**	325
Trade receivables	**95,409**	94,545
Loan and interest receivables	**103,224**	–
Financial assets included in prepayments, deposits and other receivables	**3,928**	4,065
Cash and cash equivalents	**259,378**	43,365
	461,939	142,300

Financial liabilities

	Financial liabilities at amortised	
	2016 **HK$'000**	2015 HK$'000
Trade payables	**75**	72
Financial liabilities included in other payables and accruals	**3,296**	3,904
Retention payables	**–**	325
Dividend payables	**–**	697
	3,371	4,998

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, retention receivables, financial assets included in prepayments, deposits and other receivables, trade receivables, loans and interest receivables, dividend payables, financial liabilities included other payables and accruals and trade payables approximate to their carrying amounts largely due to the short term maturities of these instrument.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

As at 31 March 2015 and 2016, the Group and the Company did not have any financial instruments which were measured at fair value.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade payables, other payables and accruals and retention payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets such as trade receivables, loan and interest receivables, financial assets included in prepayments, deposits and other receivables and retention receivables which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the consolidated financial statements.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest bearing assets and liabilities. The interest rate risk is considered to be insignificant.

Foreign currency risk

The Directors are of the opinion that almost all of the transactions of the Group and recognised financial assets and liabilities are denominated in HKD. The Group does not have a foreign currency hedging policy or use any derivative contracts to hedge its exposure to currency risk as the foreign currency risk is considered as minimal.

Credit risk

The Group's credit risk is primarily attributable to trade receivables, loans and interest receivables, prepayments, deposits and other receivables, retention receivables and cash and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The allowance for impairment has been made to reduce the exposure to the credit risk in relation to the receivables. Other than this there are no significant concentrations of credit risk within the Group in relation to other financial assets.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans or other interest-bearing loans.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity of the financial liabilities of the Group at the end of each of the reporting period is as follows:

31 March 2016

	On demand or no fixed terms of repayment HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade payables	**75**	**–**	**–**	**–**	**–**	**75**
Other payables and accruals	**3,296**	**–**	**–**	**–**	**–**	**3,296**
Retention payables	**–**	**–**	**–**	**–**	**–**	**–**
Tax payables	**52**	**–**	**–**	**–**	**–**	**52**
	3,423	**–**	**–**	**–**	**–**	**3,423**

31 March 2015

	On demand or no fixed terms of repayment HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade payables	72	–	–	–	–	72
Other payables and accruals	3,904	–	–	–	–	3,904
Retention payables	–	–	325	–	–	325
Dividend payables	697	–	–	–	–	697
	4,673	–	325	–	–	4,998

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes trade and other payables and accruals, retention payables and dividend payables, less cash and bank balances. Capital includes equity attributable to equity holders of the Company. The gearing ratios as at the end of reporting periods were as follows:

	2016 HK$'000	2015 HK$'000
Trade payables	**75**	72
Other payables and accruals	**3,296**	3,904
Retention payables	**–**	325
Dividend payables	**–**	697
Less: Cash and bank balances	**(259,378)**	(43,365)
Net cash	**(256,007)**	(38,367)
Total capital:		
Equity attributable to equity holders	**459,515**	138,658
Capital and net cash	**203,508**	100,291
Gearing ratio	**N/A**	N/A

32. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the consolidated financial statements, due to the implementation of the Hong Kong Companies Ordinance, Cap. 622 during the current year, the presentation and disclosures of certain items and balances in the consolidated financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS		
Investment in subsidiaries	**19,005**	–
Due from subsidiaries	**454,762**	136,936
Total non-current assets	**473,767**	136,936
CURRENT ASSETS		
Prepayments, deposits and other receivables	**4**	148
Cash and cash equivalents	**21,113**	1,075
Total current assets	**21,117**	1,223
CURRENT LIABILITIES		
Other payables	**300**	300
Dividend payables	**–**	697
Total current liabilities	**300**	997
NET CURRENT ASSETS	**20,817**	226
TOTAL ASSETS LESS CURRENT LIABILITIES	**494,584**	137,162
NON-CURRENT LIABILITY		
Due to subsidiaries	**37,542**	39,575
Total non-current liability	**37,542**	39,575
Net assets	**457,042**	97,587
EQUITY		
Issued capital	**19,800**	16,500
Reserves *(Note)*	**437,242**	81,087
Total equity	**457,042**	97,587

Tung Yee Shing
Chairman

Cheung Oi Chun
Director

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

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Preference shares dividend reserve HK$'000	Share option reserve HK$'000 *(note 25)*	Accumulated losses HK$'000	Total HK$'000
At 1 April 2014	164,612	(10,070)	–	(69,342)	85,200
Loss for the year and total comprehensive income for the year	–	–	–	(2,339)	(2,339)
Cumulative preference shares dividend *(note 11)*	–	(1,774)	–	–	(1,774)
Set-off upon the conversation of preference shares into ordinary shares	–	11,844	–	(11,844)	–
At 31 March 2015 and at 1 April 2015	**164,612**	**–**	**–**	**(83,525)**	**81,087**
Loss for the year and total comprehensive income for the year	**–**	**–**	**–**	**(35,289)**	**(35,289)**
Issue of shares	**321,750**	**–**	**–**	**–**	**321,750**
Shares issue expenses	**(683)**	**–**	**–**	**–**	**(683)**
Equity-settled share options arrangements	**–**	**–**	**70,377**	**–**	**70,377**
At 31 March 2016	**485,679**	**–**	**70,377**	**(118,814)**	**437,242**

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 24 June 2016.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below. The consolidated financial statements for the year ended 31 March 2012 had been qualified by the auditors of the Company. Details of the qualified opinion of the auditors was set out in the annual report for the year 2012 of the Company.

	Year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
REVENUE	**64,999**	96,515	139,091	202,789	343,153
Cost of sales	**(57,283)**	(85,833)	(128,382)	(176,929)	(317,376)
Gross profit	**7,716**	10,682	10,709	25,860	25,777
Other income and gains	**307**	122	86	123	1,930,655
Restructuring costs	**–**	–	–	–	(25,000)
Impairment of goodwill	**–**	(573)	(670)	–	–
Impairment of intangible asset	**–**	(252)	–	–	–
Impairment of trade receivables	**–**	–	(6,000)	–	–
Written off of retention receivables	**–**	(6,222)	–	–	–
Equity-settled share option expenses	**(70,377)**	–	–	–	–
General and administrative expenses	**(10,772)**	(9,799)	(9,873)	(11,424)	(8,595)
Finance costs	**–**	–	–	–	(223)
(LOSS)/PROFIT BEFORE TAX	**(73,126)**	(6,042)	(5,748)	14,559	1,922,614
Tax	**(547)**	(723)	(756)	(854)	(962)
(LOSS)/PROFIT FOR THE YEAR	**(73,673)**	(6,765)	(6,504)	13,705	1,921,652
Attributable to:					
Owners of the Company	**(73,673)**	(6,765)	(6,504)	13,705	1,921,652
Non-controlling interests	**–**	–	–	–	–
	(73,673)	(6,765)	(6,504)	13,705	1,921,652

ASSETS AND LIABILITIES

	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**462,938**	143,656	162,976	202,204	208,588
TOTAL LIABILITIES	**(3,423)**	(4,998)	(15,779)	(43,934)	(58,774)
NON-CONTROLLING INTERESTS	**–**	30	30	30	–
	459,515	138,688	147,227	158,300	149,814