国美金融科技
GOME FINTECH

國美金融科技有限公司
Gome Finance Technology Co., Ltd.

(formerly known as Sino Credit Holdings Limited 華銀控股有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 628)

ANNUAL REPORT 2016

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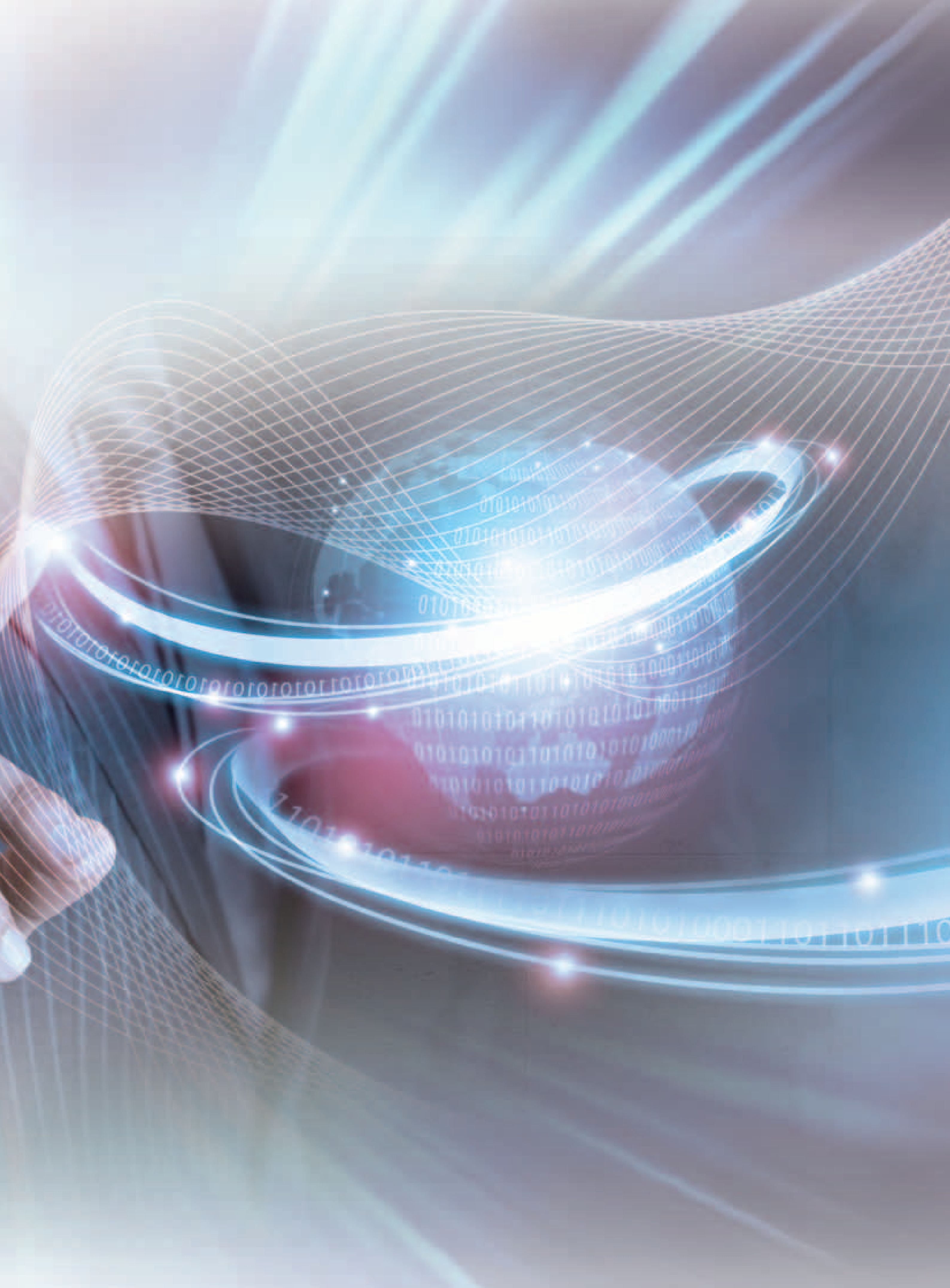


CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chung Tat Fun
Mr. Ding Donghua (appointed on 5 September 2016)
Mr. Zhang Jun (appointed on 5 September 2016)
Mr. Chung Ho Chun (resigned on 5 September 2016)
Mr. Fu Ear Ly (resigned on 5 September 2016)
Mr. Huang Weibo (resigned on 5 September 2016)

Non-executive Directors

Ms. Wei Qiuli (appointed on 5 September 2016)
Mr. So Chak Fai, Francis (resigned on 5 September 2016)
Ms. Wong Yee Shuen, Regina
(resigned on 5 September 2016)

Independent Non-executive Directors

Mr. Zhang Liqing (appointed on 5 September 2016)
Mr. Li Liangwen (appointed on 5 September 2016)
Mr. Hung Ka Hai Clement
(appointed on 31 October 2016)
Ms. Lee Shiow Yue (resigned on 31 October 2016)
Mr. Poon Wai Hoi, Percy (resigned on 31 October 2016)
Mr. Tang Chi Ho, Francis
(resigned on 31 October 2016)

COMPANY SECRETARY

Ms. Foo Man Yee, Carina

AUDIT COMMITTEE

Mr. Hung Ka Hai Clement *(Chairman)*
(appointed on 31 October 2016)
Mr. Zhang Liqing (appointed on 31 October 2016)
Mr. Li Liangwen (appointed on 31 October 2016)
Mr. Poon Wai Hoi, Percy (resigned on 31 October 2016)
Ms. Lee Shiow Yue (resigned on 31 October 2016)
Mr. Tang Chi Ho, Francis
(resigned on 31 October 2016)

REMUNERATION COMMITTEE

Mr. Li Liangwen *(Chairman)*
(appointed on 5 September 2016)
Mr. Zhang Jun (appointed on 5 September 2016)
Mr. Zhang Liqing (appointed on 5 September 2016)
Ms. Lee Shiow Yue (resigned on 5 September 2016)
Mr. Tang Chi Ho, Francis (resigned on 5 September 2016)
Mr. Chung Tat Fun (resigned on 5 September 2016)

NOMINATION COMMITTEE

Mr. Zhang Liqing *(Chairman)*
(appointed on 5 September 2016)
Mr. Ding Donghua (appointed on 5 September 2016)
Mr. Li Liangwen (appointed on 5 September 2016)
Ms. Lee Shiow Yue (resigned on 5 September 2016)
Mr. Tang Chi Ho, Francis (resigned on 5 September 2016)
Mr. Chung Tat Fun (resigned on 5 September 2016)

AUDITORS

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central

BANKERS

Wing Lung Bank
Bank of Communications
Bank of Shanghai
China Merchants Bank

SOLICITORS

As to Hong Kong Law
Kirkland & Ellis

As to Bermuda Law
Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2912, 29th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office
MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Branch Share Registrar and Transfer Office
Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

STOCK CODE

628

INVESTOR RELATIONS

Website: www.gomejr.com
Email: ir@gomejr.com

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of my fellow members of the board of directors, I am pleased to present the annual results of Gome Finance Technology Co., Ltd. and its subsidiaries (collectively the "Group") for the nine months ended 31 December 2016 (the "Reporting Period").

Despite further slowdown of the growth in global economy and challenging financial landscape during the past year, both locally and offshore, the Group levered its competitive strengths and strategic methods to achieve long-term sustainable growth.

Chinese enterprises are facing challenges from fiercely increasing competition, overcapacity, and rising manufacturing costs. However, the market remained rewarding due to government efforts, striking a balance between economic restructuring and stabilizing economic growth through stimulus. From an international perspective, the internationalization of China's currency is accelerating, especially following the October 1, 2016 inclusion of the RMB in the IMF's Special Drawing Rights currency basket. This internationalization is encouraging trade activities across the country, and will help strengthen China's economy and financial system, as well as the global economy. With these encouraging trends, we remain fully confident in continuing our provision of financial services in financing, factoring, credit services, consultancy, etc.

Our exciting strategic cooperation with GOME Group, which the Group entered during the Reporting Period, represents a significant step forward. During the Reporting Period, the Group received approximately HK$1,574,5 million after the issuance of new shares, allowing the Group to expand its existing financial services business by tapping into GOME's robust supplier and customer networks across the PRC.

Our cooperation with GOME Group raises our competitive edge and helps us grow further into the financial services business. With GOME's strong network and strength in omni-retail, further in-depth collaborations will facilitate access to a broader range of clientele, and enable the Group to offer various finance products through new channels.

Additionally, the growing performance of consumer sales had created favorable conditions for our expansion. According to the PRC's National Bureau of Statistics, total consumer goods retail sales reached RMB33,231.6 billion in 2016, an annual growth of 10.4%, while online retail sales reached RMB5,155.6 billion in the same year, a 26.2% increase over the previous year. We plan to lever our experience from the GOME cooperation to target other supply and distribution chain financing opportunities in the PRC. There are vast opportunities in the consumer financing industry due to the accelerating urbanization in China, changes in consumption, and the rapid development of technology.

CHAIRMAN'S STATEMENT

We are also actively exploring opportunities to enter the growing third-party online payment business, as part of the Group's efforts to complement and integrate our financial services business. We will begin working first with GOME on retail settlement. With the PRC's tightening of payment licenses, the Group is scrutinizing suitable PRC-based companies with the required licenses to initiate the business. This will be a substantial growth driver to the Group's comprehensive business layout.

Looking ahead, we expect to accelerate our establishment in the financial services industry and our positioning for a pioneering role. By penetrating deeper into our existing business, creating new revenue streams, and levering our strategic relationship with GOME, the Group will expand its services across the entire industry value chain and distinguish itself from competitors.

Finally, I would like to extend my sincere gratitude to the staff and senior management for their contributions, service excellence, and unwavering commitment to the Group's success. I also wish to sincerely thank our customers and shareholders for their continuing loyalty and trust.

Chung Tat Fun
Chairman

Hong Kong,15 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2016 was a tumultuous year for many businesses, characterized by market concerns over faltering economic growth and an uncertain external environment. For the full year China's GDP growth slowed to 6.7%; though within the government's target range of 6.5% to 7%, it was the slowest it has been in the past 26 years. Additional long-term challenges such as the debt crisis and property bubble, as well as broader economic transformation were also factors driving uncertainty. Despite this, the strategic methods and sustainable business model of the Group helped it navigate the period securely.

For the Reporting Period, there were no changes in the Group's business activities. The Group is principally engaged in the provision of financial services, specifically commercial factoring services, real estate-backed loan services, personal property pawn loan services, other loan services, financial leasing services, and financial consultancy services in the PRC, and money lending services in Hong Kong. With the continued slowdown in the property market and the economies of the PRC and Hong Kong, the Group continuously assessed its loans portfolio with caution and maintained strict policies in evaluating the Group's credit risk. This resulted in the Group is granting fewer loans to customers and tempered growth in personal property pawn, and other loan service business segments.

Despite the cautious environment, the Group sees potential opportunities in the PRC's commercial factoring and financial leasing markets. Following the subscription of new shares by Swiree Capital Limited ("Swiree") on 5 September 2016, the Group raised additional funding which strengthened its financial position and capacity to further develop its business. Additionally, the Group has developed a strategic relationship with GOME Group and its sizeable retail distribution and supply chain networks. The Group intends to lever GOME Group's client base and supply chain network, with a view to offering its business finance products to GOME Group's suppliers, wholesale and retail customers.

In a major step towards the strategic relationship with GOME Group, the Group acquired 100% equity interest in Gome Xinda Commercial Factoring Limited ("GOME Xinda") in October 2016. After the acquisition, the Group began consolidating GOME Xinda's financial results, while expanding its growing commercial factoring segment with GOME Group's strong sourcing supplier network. This has led to increased revenue attributable to this segment.

FINANCIAL REVIEW

Results highlights

During the Reporting Period, resulting from the completion of the acquisition of GOME Xinda ("Xinda Acquisition") in October 2016, the Group recorded consolidated revenue generated from continuing operations of approximately RMB34,608,000, representing an increase of 32.11% over RMB26,197,000 for the year ended 31 March 2016. Loss attributable to the owners of the Company for the Reporting Period was approximately RMB31,682,000 (year ended 31 March 2016: profit of RMB1,861,000, of which profit of RMB9,049,000 was generated from the discontinued operation up to 12 November 2015). The net loss was primarily due to (1) the disposal of listed securities that resulted in a net realized loss of RMB5,432,000 during the Reporting Period (year ended 31 March 2016: RMB2,042,000); (2) the provision of impairment losses on trade and loans receivable of RMB16,280,000 (year ended 31 March 2016: RMB4,226,000) and (3) the provision for impairment loss on the Group's intangible assets and goodwill of RMB10,353,000 (year ended 31 March 2016: Nil). Basic loss per share attributable to continuing operations during the Reporting Period were RMB2.09 cents (year ended 31 March 2016: RMB1.13 cents). The Board did not recommend the payment of a final dividend during the Reporting Period (year ended 31 March 2016: Nil).

During the Reporting Period, the presentation currency of the consolidated financial statements was changed to RMB from HKD in order to present a more accurate picture of the Group's financial performance. Therefore, the comparative figures as of 31 March 2016 and those for the full year were restated in RMB, and are presented in this section of the Annual Report for comparison purposes.

Financial services business

The following table shows operating results for the Group's financial services business:

(RMB'000)	**Nine months ended 31.12.2016**	Year ended 31.3.2016
Revenue	**34,608**	26,197
Operating expenses	**(18,967)**	(20,334)
Operating earnings	**15,641**	5,863
Charges for impairment loss on trade and loans receivable	**(16,280)**	(4,226)
Impairment of goodwill	**(5,697)**	–
Impairment of intangible assets	**(4,656)**	–
Segment results	**(10,992)**	1,637

MANAGEMENT DISCUSSION AND ANALYSIS

Goodwill with carrying amount of approximately RMB5,697,000 and pawn shop license in intangible assets with carrying amount of approximately RMB4,656,000 were recognized on the acquisition of pawn business in 2013. Due to adjustment of the Group's business strategy, the management of the Group plans to focus on factoring business in the future, and has no development plan for pawn business in next several years. Accordingly, there existed an indication of impairment of goodwill and pawn shop license as at the end of the Relevant Period.

The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period. Key assumptions for the discounted cash flow method relate to the estimation of cash inflows/outflows which include gross margin, growth and discount rate. Such estimation is based on management's plans for the business development.

After the assessment, an impairment loss of approximately RMB5,697,000 (for the year ended 31 March 2016: Nil) for goodwill and RMB4,656,000 (for the year ended 31 March 2016: Nil) for pawn shop license during the nine months ended 31 December 2016 was recognized during the Relevant Period.

Interest income of the financial services

The following table shows the Group's composition of interest income of the financial services:

(RMB'000)	**Nine months ended 31.12.2016**	Year ended 31.3.2016
Real estate-backed loans	**4,017**	1,761
Personal property pawn loans	**4,268**	5,093
Finance lease receivables	**1,858**	1,384
Commercial factoring loans	**14,648**	3,860
Other loans receivables	**9,817**	14,099
Total	**34,608**	26,197

Key operating data

(RMB'000)	**Nine months ended 31.12.2016**	Year ended 31.3.2016
Net loan balance	**945,042**	363,140
Gross loan balance	**973,676**	373,122
– Hong Kong	**28,256**	49,448
– Mainland China	**945,420**	323,674
Total return on loans (revenue/average gross loan balance)		
– Hong Kong	**9.97%**	10.26%
– Mainland China	**8.57%**	11.73%
Impairment allowance as % of gross loan balance	**2.9%**	2.7%

Loan quality analysis and impairment allowances

During the Reporting Period, net charges for impairment allowances on loans receivable were RMB16,280,000 (year ended 31 March 2016: RMB4,226,000). These included reversal of impairment loss of RMB2,495,000 (year ended 31 March 2016: RMB781,000) as well as the charges arising from the impairment allowance amounting to RMB18,775,000 million (year ended 31 March 2016: RMB5,007,000).

(RMB'000)	**Nine months ended 31.12.2016**	Year ended 31.3.2016
At beginning of the year/period	**9,982**	5,717
Acquisition of a subsidiary	**2,174**	–
Impairment loss recognised	**18,775**	5,007
Impairment loss reversed	**(2,495)**	(781)
Exchange difference	**198**	39
End of the year/period	**28,634**	9,982

The Group exercised consistent and objective approach to analyzing the loan quality at the end of each reporting period to assess whether trade and loans receivable has been impaired, taking into account such evidence as the subsequent settlement, default or delinquency in interest or principal payments, and the financial and credit analysis of each individual debtor or a group of debtors. After such analysis, the Group classified the loans into five different categories and applied consistent policy for each category in providing for the impairment of trade and loans receivables with reference to the balance of loans receivables, net of any settlement amounts subsequent to the reporting period. The following table sets forth the distribution of the Group's trade and loans receivables by five category loan classification.

	31.12.2016		31.3.2016	
(RMB'000)	**Gross balance**	**Impairment provision**	Gross balance	Impairment provision
Normal	**921,233**	**5,842**	358,406	2,988
Special mention	**454**	**9**	-	–
Substandard	**38,465**	**9,261**	8,137	1,973
Doubtful	**4**	**2**	3,116	1,558
Loss	**13,520**	**13,520**	3,463	3,463
	973,676	**28,634**	373,122	9,982

Other gains and losses, net

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

(RMB'000)	**Nine months ended 31.12.2016**	Year ended 31.3.2016
Fair value losses on financial assets at fair value through profit or loss	**(5,432)**	(2,042)
Exchange (loss)/gain	**(1,093)**	55
	(6,525)	(1,987)

PROSPECTS

On 23 December 2016, in order to better reflect the Group's current business focus and future direction, the Board proposed changing the name of the Company to Gome Finance Technology Co., Ltd. The new name will provide the Company with a more defined corporate image and identity. By capitalizing on the strategic cooperation with GOME Group, the Group will strive to expand its existing financial services business, with particular emphasis being placed on commercial factoring and financial leasing services by tapping into of GOME Group's strong sourcing supplier and customer networks across the PRC. Besides, by developing and rolling out a series of supplier-oriented factoring finance and credit services with the proceeds from the subscription, the Group is allowed to expand the clientele of its growing commercial factoring segment. Apart from its relationship with GOME Group, the Group will also invest more resources into marketing and promotional activities, offering the Group's various finance products, including commercial factoring products to the GOME and Non-GOME suppliers, and financial leasing products to the GOME and Non-GOME customers including both wholesale customers and retail customers. Going forward, the Group will also explore new business opportunities with other leading, state-owned, and listed enterprises in these two target areas.

As part of the Group's initiative to complement and integrate its financial services business, the Group is exploring opportunities to enter the third-party online payment service business. Before capitalizing on GOME Group's various distribution channels and other potential networks, the Group intends to acquire a PRC-based company already possessing the required licenses to operate the business. An acquisition is necessary since the People's Bank of China has tightened its policy on granting new licenses; it has not granted any new licenses since 26 March 2015. In addition, the Group is actively seeking opportunities in new areas including asset management, investment consultancy service, etc., to provide comprehensive financial services to clients.

Although risks and uncertainties will persist in 2017, the Group remains well equipped to pursue further growth opportunities. In the recent years, along with China's imperious demand in economic restructuring and stabilization of economic growth and the acceleration of urbanization, together with the increasing residents' income, consumption capacity and changing consumption concept, the consumer financing industry showed a rapid development.

By consistently developing and strengthening its core business segments, the Group will be able to respond swiftly and flexibly to the changeable market environment.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position is sound following the subscription of new shares during the Reporting Period. As of 31 December 2016, the Group's total equity amounted to RMB1,791,179,000, representing an increase of 332.72% compared with that as of 31 March 2016. As of 31 December 2016, the Group's cash and cash equivalents totaled RMB788,975,000 (31 March 2016: RMB19,964,000). During the Reporting Period, the Group incurred a total of RMB814,830,000 (for the year ended 31 March 2016: RMB236,398,000) cash outflow from its operating activities. The Group's current ratio as of 31 December 2016 was 3.74 (31 March 2016: 17.73). The Group's gearing ratio, expressed as a percentage of total liabilities except deferred tax liabilities and tax payable over the Group's total equity was 37.77% (31 March 2016: 11.52%).

The Group has issued an 8-year corporate bond with principal of HKD35 million, which is due in 2022 and 2023 and carries interest at fixed rate of 7.0% per annum with interest payable in arrears. The corporate bond is unsecured and repaid in par on the maturity date.

The Group had no particular seasonal pattern of borrowing. As of 31 December 2016, the Group's borrowings comprised non-current portion (over 1 year) and current portion (within 1 year), which amounted to approximately RMB643,660,000. The Group's current borrowings of RMB615,573,000 were made at fixed interest rates. The weighted average effective interest rates on fixed rate secured and unsecured borrowings for the Reporting Period were 3.698% and 6%-7.6% per annum, respectively.

As of 31 December 2016, the Group's borrowings were denominated in RMB and HKD, amounting to approximately RMB615,573,000 and approximately HKD31,400,000 (equivalent to approximately RMB28,087,000), respectively.

Taking the above figures into account, together with the available bank balances and cash, the management is confident that the Group will have adequate resources to settle any debts and finance its daily operational and capital expenditures.

CAPITAL STRUCTURE

On 5 September 2016, Swiree, Richlane Ventures Limited, and Best Global Ventures Limited subscribed for a total of 2,066,342,340 ordinary shares of the Company at an issue price of HKD0.77 per share in an aggregate amount of HKD1,591.1 million. After deducting expenses in connection with the subscription amounting to HKD16.6 million, the net proceeds from the subscription were HKD1,574.5 million.

After the subscription and the issuance of new ordinary shares, the Company's number of issued ordinary shares increased from 634,780,780 to 2,701,123,120.

GROUP STRUCTURE

During the Reporting Period, Excellent Sino Limited, a wholly-owned subsidiary of the Company, acquired the entire issued equity in GOME Xinda for a total consideration of approximately RMB49.72 million. GOME Xinda is a company established in the PRC and is principally engaged in the business of the provision of commercial factoring financial services in the PRC.

Aside from the disclosed above, there was no change in the structure of the Group during the Reporting Period.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As of 31 December 2016, certain Group's bank deposits in the amount of RMB665,996,000 (31 March 2016: Nil) were pledged to secure banking facilities of the Group and the Group did not have any material contingent liabilities.

COMMITMENTS

As of 31 December 2016, the Group did not have any significant capital commitments. Rental payment under non-cancellable leases amounted to approximately RMB8,022,000 (31 March 2016: RMB3,925,000).

TREASURY POLICIES

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

EMPLOYEES AND EMOLUMENT POLICY

The Group employed 90 employees in total as of 31 December 2016 (31 March 2016: 39). The Group implemented its remuneration policy, bonus, and share option schemes based on the performance of the Group and its employees. The Group provided benefits such as social insurance and pensions to ensure competitiveness.

Additionally, the Group adopted a share option scheme as a long term incentive to Directors and eligible employees. The emolument policy for the Group's Directors and senior management was set up by the Company's Remuneration Committee, and gives consideration to the Group's performance, individual performance and comparable market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES

The below table sets out the proposed application of net proceeds from the subscription of new shares on 5 September 2016, and usage up to 31 December 2016:

	Proposed application of net proceeds	**Actual usage up to 31 December 2016**
	HKD million	HKD million
Provision of commercial factoring services	700.0	*391.3
Provision of financial leasing services	350.0	–
Development and promotion of third party payment service business	380.0	–
Marketing and promotion of financial service business	100.0	–
General working capital	44.5	2.1
	1,574.5	393.4

* This represented the inception of bank loans as of 31 December 2016 in the amount of RMB350 million (equivalent to approximately HKD391.3 million) granted to GOME Xinda and secured by the Company's fixed deposits.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chung Tat Fun*

aged 56, He was appointed as an Executive Director in February 2014. Mr. Chung has extensive operation and management experience in businesses of various industries, including financing services, assets management, equity investment and property investment for over 20 years. Mr. Chung is a member of the committee of All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會), a vice president of China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會), a member of the standing committee of Guangdong Province Returned Overseas Chinese Association (廣東省歸國華僑聯合會), a standing executive vice president of Guangdong International Overseas Chinese Chamber of Commerce (廣東省國際華商會), a standing committee of the Guangzhou Yuexiu District Committee of Chinese People's Political Consultative Conference of Yuexiu (廣州市越秀區政協委員會) and a member of the Guangzhou Committee of Chinese People's Political Consultative Conference (廣州市政協委員會). Mr. Chung has sponsored various charity activities in Mainland China.

Mr. Ding Donghua

aged 38, was appointed as an executive director of the Company on 5 September 2016. Mr. Ding joined the GOME Group in 1999 and has extensive experience in handling the financial and business affairs of GOME and its subsidiaries including Shenyang GOME Electrical Appliance Co., Ltd.* (瀋陽國美電器有限公司) and Kuba Technology (Beijing) Co., Ltd.* (庫巴科技(北京)有限公司) ("Kuba"). From July to November 2015, Mr. Ding acted as the deputy vice president of GOME Finance Holding Investment Co., Ltd.* (國美金控投資有限公司) ("GOME Finance") responsible for overseeing the commercial factoring/microfinance business of GOME Finance. From November 2015 to immediately before his appointment, Mr. Ding acted as senior vice president of GOME Finance responsible for the overall business operation and financial affairs of GOME Finance and overseeing the supplier-oriented/consumer finance business of GOME Finance. Mr. Ding has acted as the manager of Gome Xinda Commercial Factoring Co., Ltd.* (國美信達商業保理有限公司) ("GOME Xinda") since 2015. GOME Xinda is a commercial factoring company wholly owned by GOME Finance and has become a wholly owned subsidiary of the Company. From 2012 to 2014, he acted as chief executive officer of Kuba which operated an online electrical appliance store in the PRC. Mr. Ding obtained a Master of Business Administration degree from the Guanghua School of Management of Peking University in 2010.

Mr. Zhang Jun

aged 42, was appointed as an executive director of the Company on 5 September 2016. Mr. Zhang joined GOME Finance Holding Investment Co., Ltd.* (國美金控投資有限公司) ("GOME Finance") in September 2015. From January 2016 to immediately before his appointment, Mr. Zhang Jun acted as the vice president of GOME Finance responsible for the overall information technology management of GOME Finance. Immediately before joining GOME Finance, he had worked in Beijing Sohu New Media Information Technology Co., Ltd.* (北京搜狐新媒體信息技術有限公司), a wholly-owned subsidiary of Sohu.com Inc. (NASDAQ: SOHU) for about 9 years, at which his last position was the head of the payment centre of the group headquarter. He obtained a Doctorate degree in Forest Management from the Beijing Forestry University in 2002 and a Master of Business Administration degree from the China Europe International Business School in 2015.

* Mr. Chung stepped down from the positions of the Chairman of the Board and Chief Executive Officer with effect from 7 April 2017.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Ms. Wei Qiuli,

aged 49, was appointed as a non-executive director of the Company on 5 September 2016. Ms. Wei has been acting as the executive vice president of GOME Group Holdings Co., Ltd.*(國美控股集團有限公司) ("GOME Holdings") since June 2015, responsible for assisting Ms. Du, who is the chief executive officer of GOME Holdings in various areas including administration and brand management and she has also acted as the senior vice president of GOME Home Appliance Co., Ltd.* (國美電器有限公司) ("GOME Home Appliance"), a wholly-owned subsidiary of GOME since March 2012. She previously acted as the head of both the administration centre and the management centre of the headquarter of GOME Home Appliance and a vice president of GOME Home Appliance responsible for administrative system work. During the period from 2000 to 2006, she worked at Beijing Eagle Investment Co. Ltd* (北京鵬潤投資有限公司), initially as a manager at the human resources department and then as the head of the administration centre. Ms. Wei is a director of Sanlian Trading Company Holding Limited* (三聯商社股份有限公司) (stock code: 600898) which is listed on the Shanghai Stock Exchange. She obtained a Master of Business Administration degree from the China Europe International Business School in 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Liqing

aged 53, was appointed as an independent non-executive director of the Company on 5 September 2016. Mr. Zhang joined Central University of Finance and Economics in 1987. He is a professor of Central University of Finance and Economics. Mr. Zhang is the author and editor of numerous publications on international economics and finance issues. He is an executive member of the council of the fifth executive council of the China International Finance Society (中國國際金融學會), an executive member of the council of the fifth executive council of China Urban Financial Society (中國城市金融學會) and the current vice president of China Society of World Economics (中國世界經濟學會). He served as the member of the 12th Main Board Market Issuance Examination Committee of the China Securities Regulation Commission in 2010. Mr. Zhang is currently an independent director of Poly Real Estate Group Co., Ltd* (保利房地產(集團)股份有限公司) (stock code: 600048), a company listed on the Shanghai Stock Exchange. Mr. Zhang obtained a Doctor degree in Global Economics at Renmin University of China in 2003 and a Master of Economics degree from the Finance Graduate School of People's Bank of China in 1987.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Liangwen

aged 64, was appointed as an independent non-executive director of the Company on 5 September 2016. Mr. Li has over 40 years of experience in the insurance industry. In 1975, he joined The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司) (stock code: 1339) ("PICC Group") which is listed on the main board of the Stock Exchange. From August 2007 to March 2012, he was appointed as the deputy general manager (vice president) of PICC Group and from September 2009 to December 2013, he acted as executive director of PICC Group. In April 2007, he was appointed as the vice chairman of the board of directors and president of PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司). In December 2006, he was appointed as director and president of China Life Property and Casualty Insurance Company Limited (中國人壽財產保險股份有限公司). He is an independent director of Shanghai New Huangpu Real Estate Co., Ltd.* (上海新黃浦置業股份有限公司) (stock code: 600638) which is listed on the Shanghai Stock Exchange. From December 2013 to April 2016, he acted as the non-executive director of Industrial Bank Co., Ltd. (興業銀行) (stock code: 601166) which is listed on the Shanghai Stock Exchange. Mr. Li graduated from Hebei Normal University in July 1975 with a university level qualification majoring in English.

Mr. Hung Ka Hai Clement

aged 61, was appointed as an independent non-executive director of the Company on 31 October 2016. He retired from the Chairman role of Deloitte in June 2016 and had represented Deloitte China in the Deloitte Global Board and Governance Committee as a member during at that time.

Mr. Hung has served Deloitte China firm for 35 years. He has extensive experience in the areas of initial public offerings, mergers and strategic acquisitions and corporate finance, and advising multinational corporations, public companies and enterprises in Hong Kong and the People's Republic of China and is an expert in listings in Main Board and GEM in the Hong Kong Stock Exchange. Recently the Ministry of Finance of People's Republic of China appointed him as an expert Consultant under his extensive experience as a Hong Kong accounting professionals.

Mr. Hung had also assumed various leadership roles in Deloitte before he took up the appointment as Chairman. He was the Audit group leader and the Office Managing Partner of Deloitte Shenzhen Office and Guangzhou Office. He was also a member of the China Management Team. Later on Mr. Hung assumed the role of the Southern Audit Leader and the Deputy Managing Partner of the Southern Region.

Mr. Hung has become an honorary member of the Shenzhen Institute of Certified Public Accountants in 2004; He has served as the Guangzhou Institute of Chartered Accountants consultant from 2009; During 2006 – 2012 he also served as member of the Political Consultative Committee of Luohu District, Shenzhen.

Mr. Hung was appointed as an independent non-executive director of SMI Holdings Group Limited (stock code: 198) with effect from 16 January 2017 and re-designated as a non-executive director of the company with effect from 15 March 2017. He was also appointed as independent non-executive director of LT Commercial Real Estate Limited (stock code: 112) with effect from 24 February 2017 and re-designated as a non-executive director of the company with effect from 3 March 2017.

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of Gome Finance Technology Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") for the nine months ended 31 December 2016 (the "Reporting Period").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. Principal activities of the subsidiaries comprise of commercial factoring service, real estate-backed loan service, personal property pawn loan service, other loans service, financial leasing service and financial consultancy service in the People's Republic of China ("PRC"), and money lending service in Hong Kong, details of which are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

CHANGE OF COMPANY NAME

The change of the English name of the Company from "Sino Credit Holdings Limited" to "Gome Finance Technology Co., Ltd." and the adoption of "國美金融科技有限公司" as the secondary name in Chinese to replace "華銀控股有限公司" which was used for identification purposes was approved by the shareholders of the Company at the special general meeting held on 6 February 2017. The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 24 February 2017. The conditions for the Change of Company Name have therefore been satisfied and the change of the English name of the Company and the adoption of Chinese secondary name became effective on 15 February 2017. The Certificate of Registration of Alternation of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 9 March 2017.

The Board considers that the new name better reflects the current business focus of the Group and its direction of future development.

BUSINESS REVIEW

A review of the business of the Group during the Reporting Period, discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are provided in the Management Discussion and Analysis section from pages 10 to 18 of this Annual Report.

The financial risk management objectives and policies of the Group are shown in note 38 to the consolidated financial statements. An analysis of the Group's performance during the Reporting Period using key financial performance indicators is provided in the Management Discussion and Analysis section from pages 11 to 14 of this Annual Report.

Discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are provided in the Environmental and Social Responsibility Report from pages 59 to 67 of this Annual Report.

REPORT OF THE DIRECTORS

RESULTS AND DIVIDENDS

The results of the Group for the nine months ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 74 to 75 of this Annual Report.

The Directors do not recommend the payment of final dividend for the nine months ended 31 December 2016 and for the year ended 31 March 2016.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years/period, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 162 of this Annual Report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital are set out in note 28 to the consolidated financial statements.

Issue of Shares under Subscription Agreements

As disclosed in the announcements of the Company dated 8 December 2015 and 19 February 2016, the Company entered into the Swiree Subscription Agreement, the Richlane Subscription Agreement and the Best Global Subscription Agreement on 29 November 2015 with each of Swiree Capital Limited, Richlane Ventures Limited and Best Global Ventures Limited respectively in each case at an issue price of HK$0.77 per Subscription Share. On 18 February 2016, the Company entered into the Swiree Supplemental Agreement, the Richlane Supplemental Agreement and the Best Global Supplemental Agreement with each of Swiree Capital Limited, Richlane Ventures Limited and Best Global Ventures Limited respectively to amend and clarify certain terms in the Subscription Agreements.

All conditions precedent in respect of the Subscriptions set out under the sub-section headed "Conditions of each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription" under the section headed "The Subscription Agreements" in the Letter from the Board of the Circular dated 5 August 2016 have been fulfilled and completions of each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription took place on 5 September 2016. Upon completion, 2,066,342,340 Subscription Shares have been duly allotted and issued as fully paid to the Subscribers, among which 1,653,073,872 Subscription Shares were issued to Swiree Capital Limited, 275,512,312 Subscription Shares were issued to Richlane Ventures Limited, and 137,756,156 Subscription Shares were issued to Best Global Ventures Limited. Accordingly, immediately after Completion, there are 2,701,123,120 Shares in issue.

After deducting the expenses in connection with the transaction amounting to HKD16.6 million, the net proceeds from the subscription were HKD1,574.5 million.

Details of the issuance of subscription shares and the use of proceeds have been disclosed in the Company's circular dated 5 August 2016. A table setting out the proposed application of the net proceeds and the actual usage up to 31 December 2016 are disclosed in the Management Discussion and Analysis section on page 18 of this Annual Report.

EQUITY-LINKED AGREEMENTS

For the nine months ended 31 December 2016, there were no equity-linked agreements entered into during the nine months or subsisting at the end of the Reporting Period that would or may result in the Company issuing Shares or that requiring the Company to enter into any agreements that would or may result in the Company issuing Shares.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

SHARE OPTION SCHEME

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

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

During the Reporting Period:

(i) Ms. Wong Yee Shuen, Regina and Mr. Huang Weibo resigned as directors of the Company on 5 September 2016 and their share options lapsed on 30 November 2016;

(ii) Mr. Chung Ho Chun also resigned as a director of the Company on 5 September 2016 and his share options was reclassified to "Employee" category;

(iii) Two consultants had their share options totaling 12,000,000 lapsed.

As at 31 December 2016, the Company had total outstanding share options of 6,000,000 shares with an exercise price of HK$1.25 per share and total outstanding share options of 24,000,000 shares with an exercise price of HK$1.23 per share.

Other details of the Scheme and other details and movements of the share options granted under the Scheme are set out in note 29 to the financial statements. As at the date of this report, the total number of share option that can be granted was 36,157,078, representing 1.34% of the issued share capital of the Company.

PRE-EMPTIVE RIGHTS

As at 31 December 2016, there are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 40 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

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

DONATION

No charitable donation was made by the Group for the nine months ended 31 December 2016 (for the year ended 31 March 2016: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the nine months ended 31 December 2016, revenue generated from the Group's top five customers accounted for 25.06% of the total revenue of the Group with the top customer contributing 7.39% of the Group's revenue. There was no major supplier to the Group during the Relevant Period.

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

RELATED PARTY TRANSACTIONS

Except certain transactions disclosed under note 35(b) to the consolidated financial statements, the other related party transactions set out in note 35 to the consolidated financial statements did not fall within the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CONTINUING CONNECTED TRANSACTIONS

On 5 August 2016, the Company and Swiree Capital Limited ("Swiree") entered into the following two framework agreements. Swiree is a connected person of the Company by virtue of it being a substantial shareholder of the Company:

(1) Factoring Service Framework Agreement

The principal terms of the Factoring Service Framework Agreement are as follows:

Date:	5 August 2016
Parties:	(i) The Company
	(ii) Swiree
Term:	The Factoring Service Framework Agreement takes effect on 5 September 2016 and will expire on 31 March 2019 (inclusive of both dates)
Subject:	Commercial factoring loans to be granted by the Group to GOME Suppliers (the "Connected Factoring Loans").

Guiding principles for providing Connected Factoring Loans:

(i) The Group enters into separate factoring agreements with the GOME Suppliers ("Individual Factoring Agreements"), which shall comply with the terms and conditions as set out in the Factoring Service Framework Agreement. Terms of an Individual Factoring Agreement shall be negotiated at arm's length and determined by the Group and the relevant GOME Supplier based on normal commercial terms and with reference to the terms and conditions of comparable services offered by the Group to independent third parties or with reference to the prevailing terms and conditions of other comparable factoring loans in the market within the knowledge of the Company, and shall be determined in accordance with the internal procedures of the Company.

(ii) Details of the terms of the Individual Factoring Agreements shall be determined in accordance with the conditions and principles set out in the Factoring Service Framework Agreement.

(iii) The aggregate principal amount of any outstanding Connected Factoring Loans which may be granted by the Group under the Individual Factoring Agreements entered/to be entered into pursuant to the Factoring Service Framework Agreement are subject to the following proposed annual caps:

	For the financial year ending 31 March		
	2017	**2018**	**2019**
Connected Factoring Loans	RMB600 million	RMB600 million	RMB600 million

The largest outstanding principal amount for the Connected Factoring Loans during the nine months ended 31 December 2016 amounted to approximately RMB145,164,000. Other details of the Factoring Service Framework Agreement have been disclosed in the circular of the Company dated 5 August 2016.

(2) Financial Leasing Service Framework Agreement

The principal terms of the Financial Leasing Service Framework Agreement are as follows:

Date:	5 August 2016
Parties:	(i) The Company
	(ii) Swiree
Term:	The Financial Leasing Service Framework Agreement takes effect on 5 September 2016 and will expire on 31 March 2019 (inclusive of both dates)
Subject:	Financial leasing loans to be granted by the Group to GOME Customers (the "Connected Factoring Leasing") where the proceeds from the relevant loans are used by GOME Customers to purchase goods by wholesale from the GOME Group or purchase goods from GOME Group's designated outlets through which such retail customers can get access to the Group's financial leasing service and products.

Guiding principles for providing Connected Financial Leasing:

(i) The Group enters into separate financial leasing agreements with the GOME Customers ("Individual Financial Leasing Agreements") which shall comply with the terms and conditions as set out in the Financial Leasing Service Framework Agreement. Terms of an Individual Financial Leasing Agreement shall be negotiated at arm's length and determined by the Group and the relevant GOME Customer based on normal commercial terms and with reference to the market price and terms of comparable financial leasing services offered by the Group to independent third parties or with reference to the prevailing terms and conditions of other comparable financial leasing loans in the market within the knowledge of the Company, and shall be determined in accordance with the internal procedures of the Company.

(ii) Details of the terms of the Individual Financial Leasing Agreements shall be determined in accordance with the conditions and principles set out in the Financial Leasing Service Framework Agreement.

(iii) The aggregate principal amount of any outstanding Connected Financial Leasing which may be granted by the Group under the Individual Financial Leasing Agreements to be entered into pursuant to the Financial Leasing Service Framework Agreement are subject to the following proposed annual caps:

	For the financial year ending 31 March		
	2017	**2018**	**2019**
Connected Financial Leasing	RMB100 million	RMB120 million	RMB120 million

The Company will also limit (i) the aggregate principal amount of any outstanding Connected Factoring Loans and Connected Financial Leasing to not more than 40% of the Group's latest published total assets from time to time; and (ii) the aggregate revenue generated from the Connected Factoring Loans and the Connected Financial Leasing to not more than 50% of the Group's total revenue in each financial year.

The largest outstanding principal amount for the Connected Financing Leasing during the nine months ended 31 December 2016 amounted to nil. Other details of the Financing Leasing Service Framework Agreement have been disclosed in the circular of the Company dated 5 August 2016.

Reasons for the Framework Agreements

Given that the Group plans to expand its money lending business and targets to tap into the opportunity of granting the Connected Factoring Loans and the Connected Financial Leasing to the GOME Suppliers or the GOME Customers, it is beneficial to the Company as the Framework Agreements allow the Group to increase revenue with additional source of income.

Annual review of the continuing connected transactions

The independent non-executive Directors have reviewed the transactions carried out pursuant to the Framework Agreements and confirmed that the transactions were entered into:

i. in the ordinary course of business of the Group;

ii. either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third party; and

iii. in accordance with the terms of the agreements that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The auditor of the Company has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

CONTRACTUAL ARRANGEMENTS

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

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

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

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

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

Major terms of the Structural Agreements

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

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

Services agreement

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

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

Equity charge

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

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

Equity transfer agreement

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

Directors' undertaking

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

Registered Owners' undertaking

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

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

Powers of Attorney of directors

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

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

Powers of Attorney of the Registered Owners

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

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

Risk relating to the Structural Agreements

The following risks are associated with the Structural Agreements:

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

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

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

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

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

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

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

Further details of the risks are set out in the circular of the Company dated 3 January 2014.

Lido Pawnshop's business activities

Lido Pawnshop is a company established in the PRC with limited liability which is principally engaged in the provision of pawn loans relating to movable and immovable properties (other than immovable properties located in autonomous regions, municipalities directly under the central government, or those under construcionwithout permission for sale) (which may involve realization of overdue pawned items); valuation and consultancy services and other approved pawn-related business; and other pawn loans related businesses permitted under the relevant PRC rules. Lido Pawnshop holds the Pawn Operations Business Licence (典當經營許可證) and the Special Industry Licence (特種行業許可證).

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

For the nine months ended 31 December 2016, the revenue subject to the Structured Agreements are approximately RMB4,278,000 (year ended 31 March 2016: approximately RMB5,134,000), representing approximately 12.36% (year ended 31 March 2016: approximately 19.60%) of the Group's revenue. As at 31 December 2016, the total assets and the loans receivable (net off provision of impairment loss) subject to the Structured Agreements are approximately RMB106,244,000 and RMB31,977,000 (as at 31 March 2016: approximately RMB107,626,000 and approximately RMB61,252,000), representing approximately 4.30% and approximately 3.38% (as at 31 March 2016: approximately 23.11% and approximately 16.87%) of the Group's total assets and the Group's loan receivable, respectively.

DIRECTORS

The Directors for the nine months ended 31 December 2016 and up to the date of this report of the directors were:

Executive Directors:

Mr. Chung Tat Fun *(Chairman)*
Mr. Ding Donghua (appointed on 5 September 2016)
Mr. Zhang Jun (appointed on 5 September 2016)
Mr. Chung Ho Chun (resigned on 5 September 2016)
Mr. Fu Ear Ly (resigned on 5 September 2016)
Mr. Huang Weibo (resigned on 5 September 2016)

Non-executive Directors:

Ms. Wei Qiuli (appointed on 5 September 2016)
Mr. So Chak Fai, Francis (resigned on 5 September 2016)
Ms. Wong Yee Shuen, Regina (resigned on 5 September 2016)

Independent Non-executive Directors:

Mr. Zhang Liqing (appointed on 5 September 2016)
Mr. Li Liangwen (appointed on 5 September 2016)
Mr. Hung Ka Hai Clement (appointed on 31 October 2016)
Ms. Lee Shiow Yue (resigned on 31 October 2016)
Mr. Poon Wai Hoi, Percy (resigned on 31 October 2016)
Mr. Tang Chi Ho, Francis (resigned on 31 October 2016)

Each of Mr. Chung Ho Chun, Mr. Fu Ear Ly and Mr. Huang Weibo resigned as an executive Director, and each of Mr. So Chak Fai, Francis and Ms. Wong Yee Shuen, Regina resigned as a non-executive Director, in each case with effect from 5 September 2016.

Each of Mr. Ding Dong Hua, Mr. Zhang Jun, Ms. Wei Qiuli, Mr. Zhang Liqing and Mr. Li Liangwen was appointed as the director of the Company by the Board on 5 September 2016 which were approved by the shareholders in the Special General Meeting held on 22 August 2016.

Pursuant to Bye-law numbers 86(2) and 87(1) of the Bye-laws, Mr. Chung Tat Fun, Mr. Zhang Jun and Mr. Hung Ka Hai Clement shall retire from office and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Company are set out on pages 19 to 21 of this Annual Report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

During the Reporting Period, Mr. Ding Donghua and Mr. Zhang Jun has each entered into an employment contract as general manager and deputy general manager respectively with GOME Xinda, a wholly owned subsidiary of the Company. Each of Mr. Ding and Mr. Zhang is entitled to (i) an annual emolument of RMB580,000 and RMB276,000 respectively (comprising basic salary and employment benefits) which will be subject to review by the Remuneration Committee and the Board from time to time with reference to their respective duties, experience and responsibilities; and (ii) a discretionary bonus the computation of which is based on their respective performance and the profitability of GOME Xinda.

Save as disclosed above, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the nine months ended 31 December 2016.

COMPETING INTERESTS

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

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

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

Long positions in Shares and Underlying Shares in the Company

Ordinary shares of HK$0.1 each of the Company

	Number of shares/underlying shares held in the Company					
Name of Director	Personal interest	Corporate interest	Equity derivatives (share options)	Spouse interest	Total interests	% of the issued share capital of the Company
Mr. Chung Tat Fun	–	60,000,000	6,000,000	–	66,000,000	2.44%

Notes:

1. Light Tower Holding Limited held 60,000,000 shares. As Light Tower Holding Limited is wholly and beneficially owned by Mr. Chung Tat Fun, an Executive Director of the Company, Mr. Chung Tat Fun is deemed to be interested in 60,000,000 shares.

2. As at 31 December 2016, the issued share capital of the Company is 2,701,123,120 shares.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the nine months ended 31 December 2016 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

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

Long positions in Shares and Underlying Shares in the Company

Ordinary shares of HK$0.1 each of the Company

Name of Shareholder	Nature of interests	Number of shares held in the Company	Number of shares subject to options	Total	Approximate percentage of interests as to the issued share capital of the Company *(Note 5)*	Notes
Swiree	Beneficial owner	1,653,073,872	Nil	1,653,073,872	61.20	1
Ms. Du Juan	Corporate interest	1,653,073,872	Nil	1,653,073,872	61.20	1
Mr. Wong Kwong Yu	Spouse interest	1,653,073,872	Nil	1,653,073,872	61.20	2
Richlane Ventures Limited ("Richlane")	Beneficial owner	275,512,312	Nil	275,512,312	10.20	3
Mr. Ko Chun Shun, Johnson ("Mr. Ko")	Beneficial owner	15,000,000	Nil	292,776,312	10.84	3
	Corporate interest	277,776,312				
Best Global Ventures Limited ("Best Global")	Beneficial owner	137,756,156	Nil	137,756,156	5.10	4
Gate Success Investments Limited ("Gate Success")	Corporate interest	137,756,156	Nil	137,756,156	5.10	4
Ms. Yu Nan	Corporate interest	137,756,156	Nil	137,756,156	5.10	4

Notes:

1. As Ms. Du Juan wholly and beneficially owns Swiree, she is deemed to be interested in 1,653,073,872 shares.

2. Mr. Wong Kwong Yu is the spouse of Ms. Du Juan and is also deemed to be interested in 1,653,073,872 shares.

3. Mr. Ko holds 15,000,000 Shares directly. He also holds 277,776,312 shares indirectly, among which he holds 2,264,000 Shares through Peninsula Resources Limited, which is a company wholly-owned by him, and 275,512,312 shares through Richlane, which is ultimately owned by him.

4. Best Global is wholly and beneficially owned by Gate Success, which is wholly and beneficially owned by Ms. Yu Nan. Both Gate Success and Ms. Yu Nan are deemed to be interested in 137,756,156 shares.

5. As at 31 December 2016, the total number of issued shares is 2,701,123,120.

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

SUFFICIENCY OF PUBLIC FLOAT

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

PERMITTED INDEMNITY PROVISION

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

EMOLUMENT POLICY

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

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

EVENTS AFTER THE REPORTING PERIOD

Change of company name

The change of the English name of the Company from "Sino Credit Holdings Limited" to "Gome Finance Technology Co., Ltd." and the adoption of "國美金融科技有限公司" as the secondary name in Chinese to replace "華銀控股有限公司" which was used for identification purposes were approved by the shareholders of the Company at the special general meeting held on 6 February 2017. The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 24 February 2017. The conditions for the Change of Company Name have therefore been satisfied and the change of the English name of the Company and the adoption of Chinese secondary name became effective on 15 February 2017. The Certificate of Registration of Alternation of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 9 March 2017.

The Board considers that the new name better reflects the current business focus of the Group and its direction of future development.

Change of stock short names

The shares of the Company will be traded on the Stock Exchange under the new English stock short name of "GOME FIN TECH" and Chinese stock short name of "國美金融科技" in place of "SINO CREDIT" in English and "華銀控股" in Chinese, with effect from 9:00 a.m. on 17 March 2017. The stock code of the Company on the Stock Exchange remains unchanged.

Change of company logo

The Company has adopted 国美金融科技 GOME FINTECH as the new logo with effect from 14 March 2017.

The details of the other event after the Reporting Period are set out in note 39 to the consolidated financial statements.

CORPORATE GOVERNANCE

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

Details of the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" on pages 43 to 58 of this Annual Report.

CHANGE IN INFORMATION OF DIRECTORS

As required to be disclosed pursuant to Rule 13.51B of the Listing Rules, the change of Director's information up to the date of this annual report are set out below:

1. Mr. Li Liangwen was appointed as chairman of Remuneration Committee, and Mr. Zhang Jun and Mr. Zhang Liqing were appointed as members of Remuneration Committee with effect from 5 September 2016.

2. Mr. Zhang Liqing was appointed as chairman of Nomination Committee, and Mr. Ding Donghua and Mr. Li Liangwen were appointed as members of Nomination Committee with effect from 5 September 2016.

3. Mr. Poon Wai Hoi, Percy resigned as the chairman of Audit Committee, and Ms. Lee Shiow Yue and Mr. Tang Chi Ho, Francis resigned as the members of Audit Committee with effect on 31 October 2016.

4. Mr. Hung Ka Hai Clement was appointed as chairman of Audit Committee, and Mr. Zhang Liqing and Mr. Li Liangwen were appointed as members of Audit Committee with effect from 31 October 2016.

5. Mr. Hung Ka Hai Clement was appointed as an independent non-executive director of SMI Holdings Group Limited (stock code: 198) with effect from 16 January 2017 and re-designated as a non-executive director of the company with effect from 15 March 2017. He was also appointed as independent non-executive director of LT Commercial Real Estate Limited (stock code: 112) with effect from 24 February 2017 and re-designated as a non-executive director of the company with effect from 3 March 2017.

CHANGE OF AUDITORS

Following the resignation of Hodgson Impey Cheng Limited ("HLB") as auditor of the Company on 19 December 2016, Ernst & Young ("EY") was appointed as the auditor of the Company by the Board on 23 December 2016. The appointment of EY was then approved by the shareholders at the special general meeting of the Company held on 6 February 2017 to fill in the vacancy following the resignation of HLB.

The Board confirmed that there was no disagreement between HLB and the Company.

Save as disclosed above, there were no other changes in auditor of the Company during the past three years.

The consolidated financial statements of the Company for the nine months ended 31 December 2016 were audited by EY whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of EY as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ding Donghua
Executive Director

Hong Kong, 15 March 2017

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

i. Code provision A.1.3

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

During the period, certain regular Board meetings were convened with less than 14 days' notice to enable the Directors to react timely and carry out expeditious decision making in respect of transactions which were of significance to the Group's business. As a result, the Board meetings were held with a shorter notice period than required with the consent of all Directors for that time being. The Board will do its best endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future.

ii Code provision A.2.1

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

Mr. Chung Tat Fun, the Chairman, also assumed the duty of CEO with effect from 1 August 2015. The Board considered that vesting the roles of chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximizes effectiveness of its operations.

Mr. Chung then has stepped down from the positions of the Chairman of the Board and Chief Executive Officer, and Mr. Liu Xiaopeng was appointed as the Chief Executive officer, both with effect from 7 April 2017. The Board is considering suitable candidate to be elected as the Chairman and will announce the new appointment as soon as practicable.

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

iii Code provision A.4.1

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

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

However, each of them have already resigned on 31 October 2016. As for the current non-executive director and independent non-executive directors, they have complied with the code provision A.4.1 as at 31 December 2016.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

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

Executive Directors

Mr. Chung Tat Fun *(Chairman and Chief Executive Officer)*
Mr. Ding Donghua
Mr. Zhang Jun

Non-executive Director

Ms. Wei Qiuli

Independent Non-executive Directors

Mr. Zhang Liqing
Mr. Li Liangwen
Mr. Hung Ka Hai, Clement

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

Biographical details of the Directors are set out in the section of "Biographical Details of Directors and Senior Management" on pages 19 to 21 of this Annual Report. None of the members of the Board is related to one another.

Chairman and Chief Executive Officer ("CEO")

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

Mr. Chung Tat Fun, the Chairman of the Board, assumed the duty of CEO with effect from 1 August 2015*. The roles and responsibilities of the Chairman and the CEO are set out as follows:

Chairman is mainly responsible for:

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

CEO is responsible for, among other things:

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

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

* Mr. Chung then has stepped down from the positions of the Chairman of the Board and Chief Executive Officer, and Mr. Liu Xiaopeng was appointed as the Chief Executive officer, both with effect from 7 April 2017. The Board is considering suitable candidate to be elected as the Chairman and will announce the new appointment as soon as practicable.

Board Diversity

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

Non-Executive Directors

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

Mr. So Chak Fai, Francis and Ms. Wong Yee Shuen, Regina (resigned on 5 September 2016), the Non-Executive Directors of the Company, had been appointed for a specific term of 3 years and is subject to retirement by rotation once every three years in accordance with the Company's Bye-laws. Ms. Lee Shiow Yue, Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis (resigned on 31 October 2016), the Independent Non-Executive Directors of the Company, were not appointed for a specific term but were subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company and their appointment would be reviewed when they were due for re-election.

Each of Ms. Wei Qiuli, the Non-Executive Director, as well as Mr. Zhang Liqing, Mr. Li Liangwen and Mr. Hung Ka Hai Clement, the Independent Non-Executive Directors, were appointed on 5 September and 31 October 2016. Each of them has entered into an appointment letter with the Company for an initial term of one year commencing on 5 September and 31 October 2016 and is subject to retirement by rotation once every three years in accordance with the Company's Bye-laws.

Independent Non-Executive Directors

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

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

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

RE-ELECTION OF DIRECTORS

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

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

Each of Mr. Ding Dong Hua, Mr. Zhang Jun, Ms. Wei Qiuli, Mr. Zhang Liqing and Mr. Li Liangwen as directors was appointed as directors of the Company by the Board on 5 September 2016 for which such appointments were approved by the shareholders in the Special General Meeting held on 22 August 2016.

As such, Mr. Chung Tat Fun, Mr. Zhang Jun and Mr. Hung Ka Hai Clement shall retire from office and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

ROLES AND FUNCTIONS OF THE BOARD AND THE MANAGEMENT

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

BOARD MEETINGS

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

Name of Directors	No. of meetings attended/ No. of meetings held
Executive Directors	
Mr. Chung Tat Fun *(Chairman)*	4/4
Mr. Ding Donghua (appointed on 5 September 2016)	1/1
Mr. Zhang Jun (appointed on 5 September 2016)	1/1
Mr. Chung Ho Chun (resigned on 5 September 2016)	3/3
Mr. Fu Ear Ly (resigned on 5 September 2016)	1/3
Mr. Huang Weibo (resigned on 5 September 2016)	3/3
Non-Executive Directors	
Ms. Wei Qiuli (appointed on 5 September 2016)	1/1
Mr. So Chak Fai, Francis (resigned on 5 September 2016)	1/3
Ms. Wong Yee Shuen, Regina (resigned on 5 September 2016)	3/3
Independent Non-Executive Directors	
Mr. Zhang Liqing (appointed on 5 September 2016)	1/1
Mr. Li Liangwen (appointed on 5 September 2016)	1/1
Mr. Hung Ka Hai Clement (appointed on 31 October 2016)	1/1
Ms. Lee Shiow Yue (resigned on 31 October 2016)	3/3
Mr. Poon Wai Hoi, Percy (resigned on 31 October 2016)	3/3
Mr. Tang Chi Ho, Francis (resigned on 31 October 2016)	2/3

COMPANY SECRETARY

Ms. Foo Man Yee Carina of CS Legend Corporate Services Limited, an external service provider, has been engaged by the Company as its company secretary. She has satisfied the training requirement during the nine months ended 31 December 2016 under Rule 3.29 of the Listing Rules.

Her primary contact person at the Company is Mr. Ng Kwok Choi, financial controller of the Group.

The Board is fully involved in selection, appointment and dismissal of the Company Secretary. The Company Secretary regularly updates the Board on governance and regulatory matters. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the Board meetings. All Directors may access to the advice and services of the Company Secretary.

ACCESS TO INFORMATION

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

DIRECTORS INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

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

During the nine months ended 31 December 2016, each individual Director has attended training courses or workshops or reading materials relevant to his/her professional and/or duties as Director.

The individual training record of each Director received for the nine months ended 31 December 2016 is summarised below:

Name of Directors	Courses/Seminars provided/accredited by Professional Body	Reading materials
Executive Directors		
Mr. Chung Tat Fun *(Chairman)*	–	✓
Mr. Ding Donghua (appointed on 5 September 2016)	✓	✓
Mr. Zhang Jun (appointed on 5 September 2016)	✓	✓
Mr. Chung Ho Chun (resigned on 5 September 2016)	–	✓
Mr. Fu Ear Ly (resigned on 5 September 2016)	–	✓
Mr. Huang Weibo (resigned on 5 September 2016)	–	✓
Non-Executive Directors		
Ms. Wei Qiuli (appointed on 5 September 2016)	✓	✓
Mr. So Chak Fai, Francis (resigned on 5 September 2016)	–	✓
Ms. Wong Yee Shuen, Regina (resigned on 5 September 2016)	✓	✓
Independent Non-Executive Directors		
Mr. Zhang Liqing (appointed on 5 September 2016)	✓	✓
Mr. Li Liangwen (appointed on 5 September 2016)	✓	✓
Mr. Hung Ka Hai Clement (appointed on 31 October 2016)	✓	✓
Ms. Lee Shiow Yue (resigned on 31 October 2016)	–	✓
Mr. Poon Wai Hoi, Percy (resigned on 31 October 2016)	✓	✓
Mr. Tang Chi Ho, Francis (resigned on 31 October 2016)	–	✓

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

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

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

BOARD COMMITTEES

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

REMUNERATION COMMITTEE

As at 31 December 2016, the Remuneration Committee comprises three members including two Independent Non-Executive Directors, namely Mr. Li Liangwen (the Chairman), Mr. Zhang Jun and Mr. Zhang Liqing, all appointed on 5 September 2016. Ms. Lee Shiow Yue, Mr. Tang Chi Ho, Francis and Mr. Chung Tat Fun resigned as the Chairman and members of the committee on 5 September 2016.

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

For the nine months ended 31 December 2016, there were two meetings held by the Remuneration Committee to (i) review the remuneration packages of the Directors for the year ended 31 March 2016 and make recommendation on their remuneration packages for the next financial year; and (ii) discuss and recommend the remuneration packages of the Directors appointed during the nine months ended 31 December 2016.

Details of the remuneration paid to Directors and members of senior management by band for the nine months ended 31 December 2016 are disclosed in notes 8 and 9 to the consolidated financial statements.

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

Members	No. of Meetings attended/ No. of meeting held
Li Liangwen *(Chairman)*	1/1
Zhang Jun	1/1
Zhang Liqing	1/1
Lee Shiow Yue (resigned on 5 September 2016)	1/1
Tang Chi Ho, Francis (resigned on 5 September 2016)	1/1
Chung Tat Fun (resigned on 5 September 2016)	1/1

NOMINATION COMMITTEE

As at 31 December 2016, the Nomination Committee comprises three members including two Independent Non-Executive Directors, namely Mr. Zhang Liqing (the Chairman), Mr. Ding Donghua and Mr. Li Liangwen, all appointed on 5 September 2016. Ms. Lee Shiow Yue, Mr. Tang Chi Ho, Francis and Mr. Chung Tat Fun resigned as the Chairman and members of the committee on 5 September 2016.

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

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

During the nine months ended 31 December 2016, there were three meetings held by the Nomination Committee to (i) review the structure, size and composition of the Board; (ii) nominate three Directors for re-election at the 2016 annual general meeting; (iii) assess the independence of Independent Non-Executive Directors with reference to the requirements under the Listing Rules; and (iv) review biographies of the candidates who would be appointed as new directors and made recommendation to the Board on the candidates nominated for directorship.

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

Members	**No. of Meetings attended/ No. of meeting held**
Zhang Liqing *(Chairman)*	1/1
Ding Donghua	1/1
Li Liangwen	1/1
Lee Shiow Yue (resigned on 5 September 2016)	2/2
Tang Chi Ho, Francis (resigned on 5 September 2016)	2/2
Chung Tat Fun (resigned on 5 September 2016)	2/2

AUDIT COMMITTEE

As at 31 December 2016, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Hung Ka Hai Clement, Mr. Zhang Liqing and Mr. Li Liangwen, all appointed on 31 October 2016. Mr. Poon Wai Hoi, Percy, Ms. Lee Shiow Yue and Mr. Tang Chi Ho, Francis resigned as the Chairman and members of the committee on 31 October 2016.

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

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

Board the auditor's re-appointment; and (v) discuss the resignation and proposed appointment of auditors and make recommendations to the Board for approval.

The Chairman of the Audit Committee, Mr. Hung Ka Hai Clement, possesses appropriate professional qualification in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

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

Members	**No. of Meetings attended/ No. of meeting held**
Hung Ka Hai Clement *(Chairman)*	2/2
Ding Donghua	2/2
Li Liangwen	2/2
Poon Wai Hoi, Percy (resigned on 31 October 2016)	1/1
Lee Shiow Yue (resigned on 31 October 2016)	1/1
Tang Chi Ho, Francis (resigned on 31 October 2016)	1/1

AUDITORS' REMUNERATION

HLB Hodgson Impey Cheng Limited resigned as auditor of the Company on 19 December 2016. EY was appointed as the auditor of the Company by the Board on 23 December 2016. The appointment of EY was then approved by the shareholders in the special general meeting of the Company on 6 February 2017 to fill the vacancy. As the consolidated financial statements of the Company for the nine months ended 31 December 2016 were prepared by EY, the remuneration paid and payable to EY for the nine months ended 31 December 2016 is as follows:

Service rendered	**Fees paid/payable** *(RMB)*
Audit services	800,000
Non-audit services	Nil

ACCOUNTABILITY AND AUDIT

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

The Directors acknowledge their responsibility to prepare the financial statements as set out on pages 74 to 161 of this Annual Report. The statement of the external auditors about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 68 to 73 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to maintain effective risk management and internal control systems of the Company in order to manage rather than eliminate risks of failure to achieve business objectives, and to provide reasonable but not absolute assurance against material misstatement or loss.

The Company implemented various policies and procedures to ensure effective risk management at each aspect of its operation. The internal audit department monitors compliance with policies and procedures and the effectiveness of risk management and internal control structures across the Group and its principal divisions.

The Board, through the engagement of an independent third party, had conducted an annual review on the systems of internal control and risk management of the Company. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. Based on the assessment made by the management of the Group, it is considered that the Group's internal control and risk management systems are effective and adequate for its present requirements, but areas of improvement have been identified and appropriate measures have been put in place to manage the risks. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthening the Company's control environment and processes.

The Company formulated the inside information policy. The Company regularly reminds the Directors and employees about due compliance with all policies regarding the inside information (as defined under the SFO). Also, the Company keeps Directors, senior management and employees appraised of the latest regulatory updates. The Company shall prepare or update appropriate guidelines or policies to ensure the compliance with regulatory requirements.

SHAREHOLDERS' RIGHTS

Procedures for convening a special general meeting

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

The written requisition, duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Company's head office and principal place of business in Hong Kong at Suite 2912, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong or at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

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

Procedures for shareholders to put forward proposals at general meetings

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

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

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

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement of not more than 1,000 words with respect to the matter referred to in the proposal must be deposited at the Company's head office and principal place of business in Hong Kong at Suite 2912, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong or at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong. The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act once valid documents are received.

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

Procedures for directing shareholders' enquiries to the Board

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

The Board of Directors/Company Secretary
Gome Finance Technology Co., Ltd.
Suite 2912, 29th Floor
Two International Finance Centre
8 Finance Street
Central, Hong Kong

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

CORPORATE GOVERNANCE REPORT

Details of the Directors' attendances of general meetings during the nine months ended 31 December 2016 are as follows:

Name of Directors	No. of general meetings attended/No. of general meetings held
Executive Directors	
Mr. Chung Tat Fun *(Chairman)*	2/2
Mr. Ding Donghua (appointed on 5 September 2016)	0/0
Mr. Zhang Jun (appointed on 5 September 2016)	0/0
Mr. Chung Ho Chun (resigned on 5 September 2016)	1/2
Mr. Fu Ear Ly (resigned on 5 September 2016)	0/2
Mr. Huang Weibo (resigned on 5 September 2016)	0/2
Non-Executive Directors	
Ms. Wei Qiuli (appointed on 5 September 2016)	0/0
Mr. So Chak Fai, Francis (resigned on 5 September 2016)	0/2
Ms. Wong Yee Shuen, Regina (resigned on 5 September 2016)	1/2
Independent Non-Executive Directors	
Mr. Zhang Liqing (appointed on 5 September 2016)	0/0
Mr. Li Liangwen (appointed on 5 September 2016)	0/0
Mr. Hung Ka Hai Clement (appointed on 31 October 2016)	0/0
Ms. Lee Shiow Yue (resigned on 31 October 2016)	2/2
Mr. Poon Wai Hoi, Percy (resigned on 31 October 2016)	2/2
Mr. Tang Chi Ho, Francis (resigned on 31 October 2016)	1/2

CONSTITUTIONAL DOCUMENTS

The Company did not have any changes in the constitutional documents during the nine months ended 31 December 2016.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

Gome Finance Technology Co., Ltd. ("GomeFinTech", "the Group" and "we") believe that stable environmental, social and governance performance will have an important impact on the Group's sustainable development and the creation of value for its shareholders. We focus on fulfilling corporate social responsibility and closely following sustainable development while actively promoting our financial performance.

The ESG Report (the "Report") was prepared by the Group in accordance with the guidelines on environmental, social and governance ("ESG") set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Report covers the Group's major revenue sources – business factoring interest, pawn interest of person property pledge, interest on real estate mortgages, interest on finance leases and interest on other loans, covering the Group's headquarters and sub-enterprises and ESG related areas from April 1 to December 31, 2016 (the "reporting period"). Key stakeholders include both business department and management who participated in the importance assessment, identification of significant ESG policies related to the Group and incorporated into the Report.

The following table sets out the areas of environmental, social and governance reporting guidelines that are considered to be environmental, social and governance matters which is significant to the Group and related matters under the Group's assessment.

The areas covered by the Guidelines for the Report	**The Group's major environmental, social and governance related matters**
A Environment	
A1 Emissions	Carbon emissions and waste water, waste management
A2 Resource usage	Green official business
A3 Environment and natural resources	Low-carbon travel
B Society	
B1 Employment	Labour practices
B2 Health and safety	Health and safety of working environment
B3 Development and training	Employee development and training
B4 Labor principles	Prohibited of child labors and forced labors
B5 Supply chain management	Supplier management
B6 Product liability	High-quality service and privacy protection
B7 Anti-corruption	Anti-corruption
B8 Community investment	Public welfare and charity

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

A ENVIRONMENT

The Group strictly abides by the laws and regulations of the *Environmental Protection Law of the People's Republic of China* and actively assumes environmental protection responsibility by practicing green office. The Group, during the reporting period, did not have any litigation and corresponding penalties arising from environmental violations.

A1 Emissions

Carbon emissions and waste management

The main source of carbon emissions from the Group is energy usage. Waste water is mainly from the office work and the waste is mainly from the waste office supplies during operation and there is no waste gas.

- Strict management on receipt and usage of the office supplies. If the employee receives many times within the prescribed period, he/she shall explain the reasons and obtain the approval of the departmental leaders
- Set up public office supplies area which provides staplers, glue and other office supplies to improve utilization and to reduce waste
- For the waste office supplies such as cartridges, batteries and plastic products, they shall be classified in the designated storage cabinets, recovered by the special personnel everyday and regularly submitted to a qualified collector for processing
- If the express box has a complete shape, it shall be recycled and reused
- Avoid using the bottled water and provide disposable paper cups to visitors only. Employees shall use their own cups
- Encourage employees to bring their own utensils, try to avoid using disposable tableware and call on employees to carry out "Clean Your Plate Campaign"

A2 Resource usage

Green official business

The Group actively promotes the "green office", emphasizes the awareness and habits of environmental protection of employees, and reduces the consumption of resources, protects the environment and reduces the operating costs through strict management on electricity in office area and other measures.

- Implement electronic office work to save paper. Encourage double-sided printing and reuse of paper.
- Reduce the centralized conference and promote video conference
- Post water conservation and electricity saving logos in the water area and office area
- Regularly check water equipment and facilities such as faucets, water pipes and toilet etc. If there is any drip, it shall be timely repaired
- In the lunch break or overtime, part of lights shall be turned on, and other unwanted power equipment shall be turned off
- Computer Power Management is set to enter sleep mode without using more than five minutes
- Air conditioning temperature is controlled at the one which does not exceed 5°C of the temperature difference outdoors

Figure: Water-saving and paper-saving logos

A3 Environment and natural resources

Low-carbon travel

The Group attaches great importance to protecting the environment and minimizing the impact of business operations on the environment. We encourage employees to use public transport to achieve "low-carbon travel", reducing emission of greenhouse gas from traveling.

- Regularly hold "low-carbon travel" promotional activities, popularize low-carbon knowledge and post related publicity posters
- Develop a more stringent business vehicle specification and tighten the business car reimbursement conditions. Reimbursement of the luxury or special vehicles is not applicable
- Promote employees to commute via public transport and reduce the use of private cars
- Encourage employees to use the shared bicycles when they travel around at the weekend

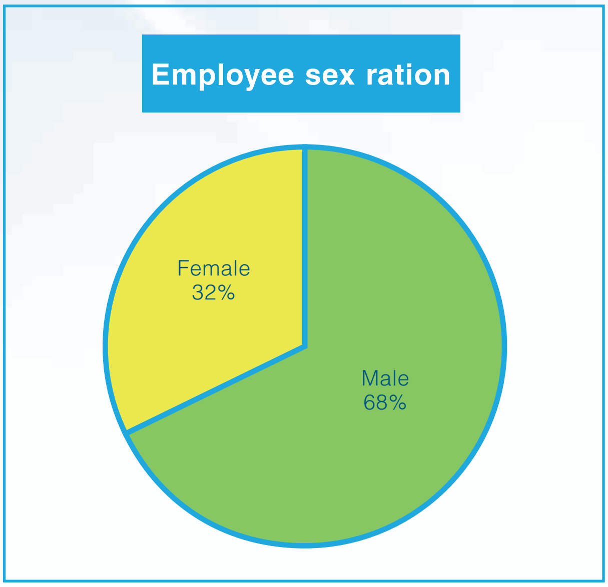
B SOCIETY

B1 Employment

Labour practices

The Group is in strict accordance with the laws and regulations relating to employment in the *Labor Law of the People's Republic of China* and actively safeguards the legitimate rights and interests of employees. The Group, during the reporting period, did not have any labor arbitration or litigation resulting from the violation of the relevant laws and regulations on employment.

- Comply with the relevant provisions, pay social insurance for all employees in accordance with the wage base and protect the employees' rights such as marriage leave, funeral leave, maternity leave and paternity leave and paid annual leave
- Prohibit any form of discrimination or potential discrimination in the course of employee hiring or day-to-day work
- Establish a reasonable remuneration mechanism and promotion channel. Reward and promote the excellent employees through performance appraisal twice every year
- Provide employees with holiday benefits, such as the Mid-Autumn Festival moon cakes, the Dragon Boat Festival rice dumplings and the Spring Festival red envelopes, etc



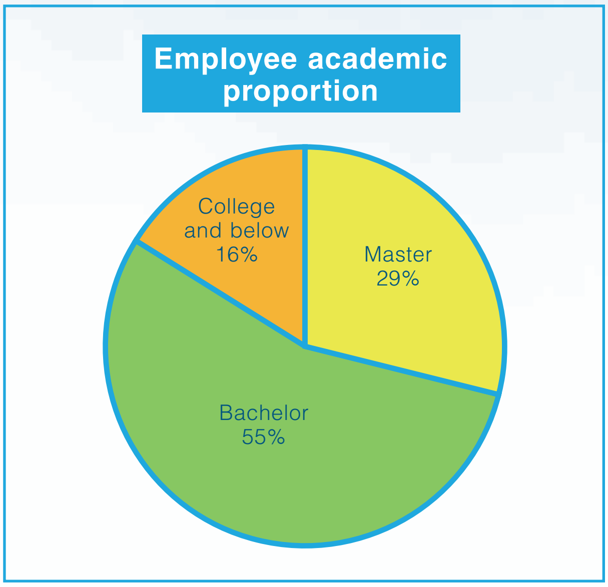


Figure: Employee hiring situation

B2 Safety and health

Health and safety of working environment

The Group regards employees as the most valuable asset. We strive to create a comfortable and healthy working environment and enhance happiness for all employees. The Group, during the reporting period, did not violate safety and health laws and regulations.

- Install fresh air system in the office area, set up air purifier and arrange green potted plants to improve air quality
- Provide staff lounge area, pantry and provide snacks and drinks
- Regularly organize employee to perform medical examinations each year and provide supplementary medical insurance for employees
- Clean drinking water equipment, clean the carpet and disinfect the office area on a regular basis

Case: Care for employees, guarantee the fresh air

To make it possible for employees to breathe fresh and clean air in public areas without opening windows, GomeFinTech not only arranges the green potted plants and air purifiers which can be seen everywhere, but also installs fresh air systems in the office area to further improve air quality and comfort. Through the fresh air system, introduce the purified outdoor air into the office area and exhaust the air in the office area, it forms a healthy indoor and outdoor air circulation to Always keep the fresh air in the room and guarantee the physical and mental health and work efficiency of employees in the office area.

Figure: The fresh air system and green plants in the office area

B3 Development and training

Employee development and training

The Group believes that the growth of employees is critical to the long-term development of the enterprise. We are committed to providing staff with a broad development platform and a variety of training, and building a specialized staff team to help enterprises to develop.

- Provide an online learning platform and encourage employees to improve their knowledge and skills
- Provide basic management training for middle-level employees and develop high-level training courses
- Regularly organize employees to conduct excellent case studies and share experiences
- Provide in-service training for new employees and team construction funds with amount of RMB1,000 each person, and help the new employees to quickly fit into the team and enhance team cohesion

Case: Training for new full-time employees

To help new employees get familiar with the new environment as soon as possible and fit into the new group, we introduce experiential teaching methods to provide new employees with a two-day full-time training so that new employees can fit in it, feel the corporate culture, understand the relevant system and requirements, and give innovation inspiration to employees and establish a clear direction of the standard when the new employees devote themselves to the work. Training is divided into five chapters, including Company, Innovation, Compliance, Human Resources and Co-creation. At the beginning of the training, everyone can quickly become a trusted friend through the training with participation of everyone. The Company chapter helps the new employees to completely understand the family of GomeFinTech, clear our business and organizational structure and have their own clear positioning. The Innovation chapter is designed to enhance the innovation awareness of new employees and to inspire their skills. The Compliance chapter aims to inform employees of their own obligations. The Human Resources chapter aims to solve the confusion in the HR system for new employees. And the Co-creation chapter is finished by the employees to describe a better future under the guidance of the teacher.

Figure: New employee training

B4 Labor principles

Prohibition of child labors and forced labors

The Group strictly abides by the relevant laws and regulations of the *Labor Law of the People's Republic of China* and resolutely opposes the employment of child labors and forced labors. The Group, during the reporting period, did not violate labors laws and regulations.

B5 Supply chain management

Supplier management

The Group attaches great importance to supplier management and concerns about the relevant qualifications of suppliers to ensure a safe and efficient supply chain and reduce procurement costs and risks.

- Review the supplier's professional qualifications and reputation and ensure fair and transparent screening process
- Carry out dynamic management on the listed suppliers and periodically review the qualification of suppliers
- Perform centralized procurement to ensure the quality of the purchased products and the reasonable cost

B6 Product liability

High-quality service and privacy protection

The Group actively responds to customer needs, continues to introduce a variety of products and improves customer experience and satisfaction through various ways and strives to provide high quality service to customers. Also, the Group strictly abides by the relevant laws and regulations stipulated in the *Contract Law of the People's Republic of China, the Measures for the Supervision and Administration of Financial Leasing Enterprises and the Notice of the Ministry of Commerce on the Work of Commercial Factoring Pilot*. The Group, during the reporting period, did not violate the products and service – related laws and regulations.

- Actively investigate and analyze customer needs and targetedly develop a variety of products
- Optimize contract review system and process, review the legality and compliance of business and product while ensuring no exaggerated propaganda in the advertisement
- Regularly or irregularly carry out customer appreciation meeting, interecommunions as well as call-back to get the information about customer experience, improve the product processes and customer satisfaction

Case: Cloud borrowing

GomeFinTech is committed to the development of diversified products, vertical services in small and medium-sized household electrical appliance industry enterprises. Its Account Cloud Loan is based on the receivables of upstream American supplier and adopts the pattern of free settlement and repayment. Gome will make payment to the GomeFinTech for repayment. And the remaining balance will be paid to the supplier by GomeFinTech. Compared with the traditional ways, the product possesses the advantages of simple procedures, rapid loan, favourable interest rate as well as convenient repayment method. It can effectively help the upstream members in GOME Group industry chain to vitalize the current assets, solve the short-term funds demand of the enterprises, accelerate the return of money and promote the sales. Account Cloud Loan has laid a sound foundation for the supply chain financial service of GOME Group outside ecosphere which has a positive meaning in accelerating the commercial factoring innovation.

In addition, the Group paid much attention to the protection of customer privacy, and strived to protect customer privacy online and offline by various effective measures.

- All the customer information in the online system must be encrypted
- Desensitize all the customer information in the system in non-production environment to ensure that they could not be acquired by outsiders
- The user's rights in the financing platform system are divided according to different posts, and the background staff is only be able to inquire the information concerning their jobs
- The offline data is filed by the specific department, and the seal and loan are reviewed separately

B7 Anti-corruption

Anti-corruption

We strictly abide by the related laws and regulations such as the *Criminal Law of the People's Republic of China, Anti-unfair Competition Law of the People's Republic of China* and the regulations of the State Administration of Industry and Commerce *Temporary Provisions on Commercial Bribery Prohibition*, constantly improve our business and bidding process and demand employees to follow the relevant laws and regulations and corporate rules to avoid the possible illegal behaviors. There were no lawsuit and corresponding punishments brought by corruption, bribery and money laundering during the reporting period.

- When signing a contract, GomeFinTech needs to sign an additional honesty and integrity agreement with the other party and provides it with external mailbox to receive complaints and reports.
- Draw up the *Regulations for Office Supplies Purchase* to regulate the purchase, various departments participate in the management and supervision to avoid corruption.

B8 Community investment

Public welfare and charity

The Group does not forget to return and make contribution to the society while creating social value, proactively fulfils its social responsibilities and contributes its strength to the construction of a harmonious society.

- Carry out compulsory donation activities to donate clothing, household items and school supplies to the poverty-stricken areas
- Encourage employees to participate in various social welfare activities, such as community services, loving visits and voluntary blood donation

Case: Care for the growth of the youth

"The country is strong as long as the youth are strong; the country is wise as long as the youth are wise". GomeFinTech has actively contributed its strength to help the healthy growth of children. In 2016, we donated RMB20,000 to Guangzhou Wilber Foundation. And we funded the needy and severely ill children, and helped disabled children to realize their art dream, thus delivering our charity and love through Wilber Foundation.

INDEPENDENT AUDITOR'S REPORT

Building a better working world

To the shareholders of Gome Finance Technology Co., Ltd.
(Formerly known as Sino Credit Holdings Limited)
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Gome Finance Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 74 to 161, which comprise the consolidated statement of financial position as at 31 December 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 nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade and loans receivables	
The assessment of impairment of trade and loans receivables to customers involves significant judgement. The Group adopts the individual impairment assessment approach for individually significant trade and loans receivables; and the collective impairment assessment approach for trade and loans receivables not individually significant or not individually impaired. Under the collective approach, assessment of future cash flows for trade and loans receivables portfolios is based on historical loss experience of trade and loans receivables with similar credit risk characteristics, with adjustments based on the impact from changes of and uncertainties in macro-economic environment. The future cash flows of loans without collateral or guarantees, or loans that are not adequately collateralised, are subject to higher uncertainties. Since trade and loans receivables impairment assessment involves judgements and assumptions, and in view of the significance of the amount(as at 31 December 2016, gross trade and loans receivables amounted to approximately RMB 973,676,000, and impairment of trade and loans receivables amounted to approximately RMB 28,634,000), we consider it a key audit matter. Relevant disclosures are included in note 18 and note 38.	We evaluated and tested the effectiveness of design and implementation of key controls relating to trade and loans receivables, including relevant data quality involved. We performed detailed procedures on the individually significant trade and loans receivables portfolios and the collective trade and loans receivables portfolios, verified whether the provision is adequate and assessed the loan related data and tested the assumptions used in the valuation models. We further focused on the adequacy of the Group's disclosures regarding the provision for impairment of trade and loans receivables and the related risks such as credit risk, liquidity risk and the aging of the trade and loans receivables.

Key audit matter	How our audit addressed the key audit matter
Related party transactions and disclosures	
A significant amount of revenue in the Group's financial statements was a result of transactions with related parties, including providing factoring service to the suppliers of Gome Electrical Appliances Holding Limited which are significantly influenced by a close member of beneficial controlling person of the Group. Related party relationships, particularly those not on arm's length terms, may affect financial performance of the Group. There is a risk that these relationships could be taken advantage of to manipulate earnings by allowing the recording of revenue for services not delivered or in the wrong period. The carrying amount of trade and loans receivables included an amount of RMB285,300,000 commercial factoring receivables, representing 29% of total gross trade and loans receivables, due from related companies in which the ultimate controller's related parties has controlling interests as at 31 December 2016. Relevant disclosures are included in note 35.	We evaluated the appropriateness of management's process for identifying and recording related party transactions. We read contracts and agreements with related parties to understand the nature of the transactions, compared the terms of related party transcations to terms of arm's length transactions and performed revenue cut-off testing at year-end. We kept professional scepticism on revenue related party transactions. We checked related party disclosures in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Acquisition of Gome Xinda Commercial Factoring Limited	
On 19 October 2016, the Company acquired 100% of the shares of Gome Xinda Commercial Factoring Limited at a total consideration of RMB49.7 million. For this acquisition, the Company made a purchase price allocation in which the consideration was allocated to the identifiable assets and liabilities of the acquired company. The audit of the purchase price allocation is a key audit matter given the magnitude of the amount. Relevant disclosures are included in note 31.	We checked the purchase agreement, consideration paid and Gome Xinda Commercial Factoring Limited's financial statements. An important element of our audit concerned the identification of the acquired assets (e.g., valuation of trade and loans receivables) and liabilities (e.g., provisions, deferred and contingent considerations) of Gome Xinda Commercial Factoring Limited. We have corroborated this identification with our knowledge of the business of Gome Xinda Commercial Factoring Limited, business plans, and management's explanations on the rationale of the acquisition and future plans. We further assessed the adequacy of the Company's disclosures on this business combination.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the 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.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Shing Kit.

Ernst & Young
Certified Public Accountants
Hong Kong
15 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2016

	Notes	**For the nine months ended 31 December 2016 RMB'000**	For the year ended 31 March 2016 RMB'000 (Restated)
Continuing operations			
Revenue	5	**34,608**	26,197
Other income and gains	5	**(3,202)**	(315)
Administrative expenses		**(33,621)**	(21,368)
Impairment loss on trade and loans receivables	18	**(16,280)**	(4,226)
Finance costs	7	**(8,735)**	(5,360)
Loss before tax	6	**(27,230)**	(5,072)
Income tax expense	10	**(4,452)**	(2,116)
Loss for the period/year from continuing operations		**(31,682)**	(7,188)
Discontinued operation			
Profit for the period/year from a discontinued operation	11	**–**	9,049
(Loss)/profit for the period/year		**(31,682)**	1,861
Attributable to:			
Owners of the Company		**(31,682)**	1,861
(Loss)/earnings per share attributable to ordinary equity holders of the Company	13		
Basic			
For (loss)/profit for the period/year		**RMB(2.09) cents**	RMB0.29 cents
For loss from continuing operations		**RMB(2.09) cents**	RMB(1.13)cents
For profit from discontinued operation		**–**	RMB1.43 cents
Diluted			
For (loss)/profit for the period/year		**RMB(2.09) cents**	RMB0.29 cents
For loss from continuing operations		**RMB(2.09) cents**	RMB(1.13)cents
For profit from discontinued operation		**–**	RMB1.42 cents

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

For the nine months ended 31 December 2016

	Notes	**For the nine months ended 31 December 2016 RMB'000**	For the year ended 31 March 2016 RMB'000 (Restated)
(Loss)/profit for the period/year		**(31,682)**	1,861
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of overseas operations		**51,348**	4,330
Reclassification adjustments of exchange differences from disposal of a subsidiary	11	**–**	12,117
Other comprehensive income for the period/year, net of tax		**51,348**	16,447
Total comprehensive income for the period/year		**19,666**	18,308
Attributable to:			
Owners of the Company		**19,666**	18,308

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)	31 March 2015 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment	14	**2,800**	3,945	4,926
Investment properties	15	**–**	–	496,900
Goodwill	16	**–**	5,697	42,492
Other intangible assets	17	**22,814**	16,681	4,695
Deferred tax assets	27	**757**	2,495	1,429
Total non-current assets		**26,371**	28,818	550,442
Current assets				
Trade and loans receivables	18	**945,042**	363,140	140,730
Prepayments, deposits and other receivables	19	**19,368**	5,341	2,021
Notes receivable	20	**26,835**	24,998	–
Equity investments at fair value through profit or loss	21	**–**	23,380	24,205
Pledged deposit for bank loans	22	**665,996**	–	–
Cash and cash equivalents	22	**788,975**	19,964	20,932
Total current assets		**2,446,216**	436,823	187,888
Current liabilities				
Trade payables	23	**23,979**	2,145	405
Other payables and accruals	24	**8,967**	19,628	8,529
Tax payables		**4,802**	2,869	–
Interest-bearing bank and other borrowings	25	**615,573**	–	79,779
Total current liabilities		**653,321**	24,642	88,713
Net current assets		**1,792,895**	412,181	99,175
Total assets less current liabilities		**1,819,266**	440,999	649,617

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2016

	Notes	**31 December 2016 RMB'000**	31 March 2016 RMB'000 (Restated)	31 March 2015 RMB'000 (Restated)
Non-current liabilities				
Interest-bearing bank and other borrowings	25	**–**	–	148,026
Bonds issued	26	**28,087**	25,896	17,382
Deferred tax liabilities	27	**–**	1,164	88,578
Total non-current liabilities		**28,087**	27,060	253,986
Net assets		**1,791,179**	413,939	395,631
Equity				
Equity attributable to owners of the Company				
Share capital	28	**230,159**	51,989	51,989
Reserves	30	**1,561,020**	361,950	343,642
Total equity		**1,791,179**	413,939	395,631

Approved and authorised for issue by the board of directors on 15 March 2017.

Ding Donghua
Director

Zhang Jun
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2016

		Attributable to owners of the parent									
			Reserves								
	Notes	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserves RMB'000	Revaluation reserves RMB'000	Share option reserves RMB'000	Exchange reserves RMB'000	Accumulated losses RMB'000	Total reserves RMB'000	Total equity RMB'000
At 31 March 2016		51,989	765,197	520,838	87,072	603	16,737	(36,170)	(990,998)	363,279	415,268
Prior year adjustment	2.5	–	–	–	–	–	–	–	(1,329)	(1,329)	(1,329)
At 1 April 2016 (restated)		51,989	765,197	520,838	87,072	603	16,737	(36,170)	(992,327)	361,950	413,939
Loss for the period		–	–	–	–	–	–	–	(31,682)	(31,682)	(31,682)
Other comprehensive income for the period:											
Exchange differences on translation of overseas operations		–	–	–	–	–	–	51,348	–	51,348	51,348
Total comprehensive income/(loss) for the period		–	–	–	–	–	–	51,348	(31,682)	19,666	19,666
Issue of shares	28	178,170	1,193,741	–	–	–	–	–	–	1,193,741	1,371,911
Transaction cost of issuing shares	28	–	(14,337)	–	–	–	–	–	–	(14,337)	(14,337)
Equity-settled share option arrangements	29	–	–	–	–	–	(7,474)	–	7,474	–	–
At 31 December 2016		230,159	1,944,601	520,838	87,072	603	9,263	15,178	(1,016,535)	1,561,020	1,791,179

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 March 2016

		Attributable to owners of the Company									
			Reserves								
	Note	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserves RMB'000	Revaluation reserves RMB'000	Share option reserves RMB'000	Exchange reserves RMB'000	Accumulated losses RMB'000	Total reserves RMB'000	Total equity RMB'000
At 1 April 2015		51,989	765,197	520,838	87,072	603	18,538	(52,617)	(995,989)	343,642	395,631
Profit for the year		–	–	–	–	–	–	–	1,861	1,861	1,861
Other comprehensive income for the year:											
Exchange differences on translation of overseas operations		–	–	–	–	–	–	4,330	–	4,330	4,330
Reclassification adjustments of exchange differences from disposal of a subsidiary		–	–	–	–	–	–	12,117	–	12,117	12,117
Total comprehensive income for the year		–	–	–	–	–	–	16,447	1,861	18,308	18,308
Equity-settled share option arrangements	29	–	–	–	–	–	(1,801)	–	1,801	–	–
At 31 March 2016		**51,989**	**765,197**	**520,838**	**87,072**	**603**	**16,737**	**(36,170)**	**(992,327)**	**361,950**	**413,939**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 31 December 2016

	Notes	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000 (Restated)
Cash flows from operating activities			
(Loss)/profit before tax:			
From continuing operations		**(27,230)**	(5,072)
From a discontinued operation	11	**–**	6,293
Adjustments for:			
Bank interest income	5	**(1,550)**	(39)
Finance costs	7	**8,735**	5,360
Changes in fair value of investment properties		**–**	(1,300)
Loss or changes on financial assets at fair value through profit or loss	5	**5,432**	2,042
Impairment of other assets		**10,353**	–
Impairment loss on trade and loans receivables	18	**16,280**	4,226
Depreciation	14	**1,377**	2,100
Amortization of intangible assets	17	**2,711**	14
Software maintenance	6	**1,633**	–
Exchange loss		**1,093**	(55)
Gain from acquisition of a subsidiary	31	**(989)**	–
		17,845	13,569
Increase in trade and loans receivables		**(150,124)**	(247,407)
Increase in prepayments, deposits and other receivables		**(1,801)**	(3,321)
Increase in pledged deposit for bank loans	22	**(665,996)**	–
Increase in trade payables		**9,612**	1,740
(Decrease)/increase in accruals and other payables		**(14,205)**	11,099
Cash used in operations		**(804,669)**	(224,320)
Income tax paid		**(2,567)**	(345)
Interest paid		**(7,594)**	(11,733)
Net cash used in operating activities		**(814,830)**	(236,398)

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

For the nine months ended 31 December 2016

	Notes	**For the nine months ended 31 December 2016 RMB'000**	For the year ended 31 March 2016 RMB'000 (Restated)
Cash flows from investing activities			
Interest received	5	**1,550**	39
Net cash outflow on acquisition of a subsidiary	31	**(31,566)**	–
Purchases of items of property, plant and equipment		**–**	(1,024)
Proceeds from disposal of equity investments at fair value through profit or loss		**17,775**	–
Purchase of other intangible assets		**(10,000)**	(12,000)
Disposal of subsidiary	11	**–**	297,166
Net cash (used in)/generated from investing activities		**(22,241)**	284,181
Cash flows from financing activities			
Proceeds from issue of shares		**1,371,911**	–
Proceeds from issue of bonds		**–**	8,333
New borrowings		**209,223**	–
Repayment of borrowings		**–**	(75,116)
Transaction cost of issuing bonds		**–**	(1,042)
Interest and other finance charges paid		**(9,211)**	–
Transaction cost of issuing shares		**(14,337)**	–
Net cash generated from/(used in) financing activities		**1,557,586**	(67,825)
Effect of foreign exchange rate changes		**48,496**	19,074
Net increase in cash and cash equivalents		**769,011**	(968)
Cash and cash equivalents at beginning of period/year		**19,964**	20,932
Cash and cash equivalents at end of period/year	22	**788,975**	19,964
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**788,975**	19,964

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

1 CORPORATE AND GROUP INFORMATION

Gome Finance Technology Co., Ltd. (formerly known as Sino Credit Holdings Limited) (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "HKEx"). The principal place of business in Hong Kong is located at Suite 2912, 29th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. The Company's holding company and ultimate holding company is Swiree Capital Limited, a company incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise pawn business, commercial factoring, financial leasing and financial consultancy services in the Mainland China and money lending services in Hong Kong.

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 6 February 2017, the name of the Company was changed from "Sino Credit Holdings Limited" to "Gome Finance Technology Co., Ltd". The name change of the Company became effective on 15 February 2017.

1 CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct (%)	Percentage of equity attributable to the Company Indirect (%)	Principal activities
Ability Wealth Holdings Limited*	British Virgin Islands	HKD390,000 Ordinary	100		Investment holding
Best Review Investments Limited*	British Virgin Islands	USD1 Ordinary	100		Investment holding
Pure Profit Holdings Limited*	Hong Kong	HKD1 Ordinary		100	Money lending
Greater China Leasing Limited*	Hong Kong	HKD39,300,001 Ordinary		100	Investment holding
Guangdong Juqian Leasing Limited*@	Mainland China	HKD156,000,000 Registered capital		100	Financial leasing
Guangdong Lido Pawnshop Co. Ltd. (Note)*@	Mainland China	RMB100,000,000 Registered capital		100	Pawn business
Guangzhou City Yuenqian Investment Consultancy Limited Liability Company*@	Mainland China	HKD750,000 Registered capital		100	Consultation service
Shenzhen City Qianhai Commercial Factoring Limited*@	Mainland China	RMB50,000,000 Registered capital		100	Commercial factoring
Shenzhen Qianhai Huayin Leasing Limited*@	Mainland China	RMB170,000,000 Registered capital		100	Financial leasing
Guangdong Hengshin Commercial Factoring Limited*@	Mainland China	RMB50,000,000 Registered capital		100	Commercial factoring
Gome Xinda Commercial Factoring Limited*@#	Mainland China	RMB1,000,000,000 Registered capital		100	Commercial factoring

* The statutory/separate financial statements of these subsidiaries are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

@ These subsidiaries are registered as wholly-foreign-owned enterprises under the law of People's Republic of China ("PRC").

This subsidiary was acquired during the nine months ended 31 December 2016.

1 CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Note: Guangdong Lido Pawnshop Co. Ltd. is a domestic subsidiary of the Group with limited liability established in the PRC. The subsidiary is indirectly held by the Company through contractual arrangements by the registered owners of the subsidiary.

For the nine months ended 31 December 2016, the revenue subject to contractual arrangements was approximately RMB4,278,000 (for the year ended 31 March 2016: approximately RMB5,134,000). As at 31 December 2016, the total assets and the trade and loans receivables (net of provision of impairment loss) subject to the contractual arrangements amounted to approximately RMB106,244,000 and RMB31,977,000 (as at 31 March 2016: approximately RMB107,626,000 and approximately RMB61,252,000).

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

During the nine months ended 31 December 2016, the Group acquired 100% interest of Gome Xinda Commercial Factoring Limited. Further details of this acquisition are included in note 31.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the nine months ended 31 December 2016 or formed a substantial portion of the net assets of the Group as at 31 December. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These 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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Change of financial year end date

Pursuant to a resolution of the Board of Directors of the company passed on 23 December 2016, the Company's financial year end date was changed from 31 March to 31 December in order to align with the financial year end date of the Company's principal operating subsidiaries established in the PRC whose accounts are statutorily required to be prepared with a financial year end date of 31 December. Accordingly, the current financial period covers a nine-month period from 1 April 2016 to 31 December 2016. The comparative figures cover a twelve-month period from 1 April 2015 to 31 March 2016, which may not be comparable with amounts shown for the current period.

2.1 BASIS OF PREPARATION (continued)

Change of presentation currency

Pursuant to a resolution of the Board of Directors of the company passed on 23 December 2016, the Company's presentation currency was changed from the Hong Kong dollar ("HKD") to Renminbi ("RMB").

The Group's major transactions are denominated and settled in RMB. During the reporting period, the Group changes the currency in which it presents its consolidated financial statements from the HKD to RMB, in order to better reflect the underlying performance of the Group.

A change of presentation currency is a change in accounting policy which is accounted for retrospectively. Statutory financial information included in the Group's Annual Report and financial statements for the year ended 31 March 2016 and the statement of financial position as at 31 March 2015 previously reported in HKD have been restated into RMB using the procedures outlined below:

– assets and liabilities denominated in non-RMB currencies were translated into RMB at the closing rates of exchange on the relevant balance sheet date;

– non-RMB income and expenditure were translated at the average rates of exchange prevailing for the relevant period;

– share capital, share premium and the other reserves were translated at the historic rates prevailing on the date of each transaction;

– all exchange rates were extracted from the Group's underlying financial records.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended 31 December 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.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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 Company 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 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 new and revised HKFRSs for the first time for the current period's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012–2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the consolidated statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the consolidated statement of profit or loss and other comprehensive income. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
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*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
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 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group is currently assessing the impact of the standard.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives and* HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING 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 of 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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 is measured at fair value with changes in fair value recognised in profit or loss. 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 December. 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.

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 operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its investment properties and equity investments at fair value at the end of each reporting period. 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 ACCOUNTING 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 non-current assets), 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 of disposal, 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 consolidated statement of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the 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 consolidated statement of profit or loss and other comprehensive income in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(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; and the sponsoring employers of the post-employment benefit plan;

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

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); 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, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". 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.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss and other comprehensive income 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 ACCOUNTING 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:

Leasehold improvements	33.3%
Furniture and fixtures	20% to 33.3%
Motor vehicle	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least 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 consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss and other comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss and other comprehensive income in the year of the retirement or disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Licences

Licences 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 that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated statement of profit or loss and other comprehensive income so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

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 lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the consolidated statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING 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, cash and cash equivalents, notes receivable, trade and loans receivables, prepayments, deposits and other receivables, and pledged deposit for bank loans 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.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement. 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.

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 consolidated statement of profit or loss and other comprehensive income. The loss arising from impairment is recognised in the consolidated statement of profit or loss and other comprehensive income in finance costs for loans and in other expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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 through the use of an allowance account and the loss is recognised in the consolidated statement of profit or loss and other comprehensive income. Interest income continues to be accrued on the reduced carrying amount 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 other expenses in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, trade payables, other payables and accruals, bonds issued, interest-bearing bank and other borrowings, 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, and interest-bearing bank and other borrowings.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

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

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 consolidated statement of profit or loss and other comprehensive income 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 consolidated statement of profit or loss and other comprehensive income.

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 consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated statement of profit or loss and other comprehensive income.

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 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, 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 ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all dedutible 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, 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, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(c) Dividend income, when the shareholders' right to receive payment has been established.

Share-based payments

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 payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees 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 included in note 29.

The cost of equity-settled transactions is recognised in employee benefit expense, 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 consolidated statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether 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 payments, 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 earnings per share.

Other employee benefits

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit 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 consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government (the "Mainland Scheme"). The subsidiaries are required to contribute a percentage of the basic salaries of its employees to the Mainland Scheme to fund their retirement benefit obligations of all existing and future retired employees of the subsidiaries. The only obligation of the Group with respect to the Mainland Scheme is to pay the ongoing required contributions under the Mainland Scheme mentioned above. Contributions under the Mainland Scheme are charged to profit or loss as incurred as they become payable in accordance with the rules of the central pension scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB. 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. Entities incorporated/registered in Mainland China determine RMB as their functional currency, while entities incorporated/registered outside Mainland China determine HKD as their 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 consolidated statement of profit or loss and other comprehensive income.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates.

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 consolidated statement of profit or loss and other comprehensive income.

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 RMB 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 RMB at the weighted average exchange rates for the nine months period ended 31 December 2016.

2.5 PRIOR YEAR ADJUSTMENT

The Group discovered certain cut-off errors in revenue and expenses accruals as at 31 March 2016. The financial statements for the year ended 31 March 2016 have been restated to correct these errors. The effect of the restatement on these financial statements is summarized below:

	RMB'000
Decrease in revenue	1,053
Increase in administrative expenses	276
Decrease in profit	1,329
Decrease in trade and loans receivables	496
Increase in other payables	844
Decrease in exchange reserves	(11)
Decrease in Equity	1,329

In addition, the Group discovered that computer software of approximately RMB12,024,000 was incorrectly classified as property, plant and equipment as at 31 March 2016. The financial statements for the year ended 31 March 2016 have been restated to reclassify the amount to other intangible assets.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's 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.

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 trade and loans receivables

The policy for provision for impairment of trade and loans receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's estimation. A considerable amount of estimation is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Further details of which are included in note 18.

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. Due to the adjustment of the Group's business strategy, management plans to focus on factoring business, and has no active plan in developing the financing service business in Guangdong district in the next few years. The management recognized an impairment loss of approximately RMB5,697,000 during the nine months ended 31 December 2016. The carrying amount of goodwill at 31 December 2016 was nil (31 March 2016: RMB5,697,000). Further details are included in note 16.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, 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 of disposal, 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Impairment of non-financial assets (continued)

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 income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued 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 income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset. Further details are included in note 17.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 27.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the internal reports reviewed and used by executive directors for strategic decision making. The executive directors consider the business from a product and service perspective. Summary of details of the operating segments is as follows:

Continuing operations

- Financing services
  Commercial factoring, provision of pawn loan services, real estate-backed loan services, other loan services, and finance leasing services in Mainland China, and money lending service in Hong Kong.

Discontinued operation

- Properties leasing
  Receiving profit streams from leasing retail premises in Mainland China.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted loss before tax from continuing operations is measured consistently with the Group's loss before tax from continuing operations except that bank interest income, finance costs, dividend income, loss or changes on financial assets at fair value through profit or loss the Group's financial instruments as well as administrative expenses from the company are excluded from such measurement. All assets are allocated to reportable segments other than financial assets at fair value through profit or loss, notes receivable and other financial assets of the company. All liabilities are allocated to reportable segments other than other financial liabilities.

4. OPERATING SEGMENT INFORMATION (continued)

There are no intersegment sales and transfers among the segments.

	Continuing operations Financing services		Discontinued operation Property leasing		Total	
	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000 (Restated)	**For the nine months ended 31 December 2016 RMB'000**	For the year ended 31 March 2016 RMB'000 (Restated)	**For the nine months ended 31 December 2016 RMB'000**	For the year ended 31 March 2016 RMB'000 (Restated)
Segment revenue:						
Revenue from external customers	**34,608**	26,197	**–**	15,703	**34,608**	41,900
Segment results	**(10,992)**	1,637	**–**	9,049	**(10,992)**	10,686
Reconciliation:						
Loss or changes on financial assets at fair value through profit or loss					**(5,432)**	(2,042)
Bank interest income					**1,550**	39
Dividend income					**–**	1,246
Finance costs					**(8,735)**	(5,360)
Unallocated expenses					**(3,621)**	(592)
(Loss)/profit before taxation					**(27,230)**	3,977
Taxation					**(4,452)**	(2,116)
(Loss)/profit for the year					**(31,682)**	1,861
Segment assets	**2,445,328**	439,496	**–**	–	**2,445,328**	439,496
Reconciliation:						
Unallocated assets					**27,259**	26,145
Total assets					**2,472,587**	465,641
Segment liabilities	**680,966**	49,464	**–**	–	**680,966**	49,464
Reconciliation:						
Unallocated liabilities					**442**	2,238
Total liabilities					**681,408**	51,702

4. OPERATING SEGMENT INFORMATION (continued)

	Continuing operations Financing services		Discontinued operation Property leasing		Unallocated items		Total	
	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000 (Restated)	**For the nine months ended 31 December 2016 RMB'000**	For the year ended 31 March 2016 RMB'000 (Restated)	**For the nine months ended 31 December 2016 RMB'000**	For the year ended 31 March 2016 RMB'000 (Restated)	**For the nine months ended 31 December 2016**	For the year ended 31 March 2016 RMB'000 (Restated)
Other segment information:								
Depreciation and amortisation	**4,083**	2,107	**–**	–	**5**	7	**4,088**	2,114
Impairment loss on trade and loans receivables	**16,280**	4,226	**–**	–	**–**	–	**16,280**	4,226
Fair value change on investment properties	**–**	–	**–**	(1,300)	**–**	–	**–**	(1,300)
Additions to non-current assets*	**13,670**	13,024	**–**	–	**–**	–	**13,670**	13,024

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

Geographical information

(a) Revenue from external customers

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000 (Restated)
Hong Kong	**1,946**	5,312
Mainland China	**32,662**	20,885
	34,608	26,197

The revenue information of continuing operations above is based on the locations of the customers.

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) Non-current assets

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Hong Kong	**1,061**	1,581
Mainland China	**24,553**	24,742
	25,614	26,323

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

Revenue from continuing operations of approximately RMB2,558,000 for the nine months ended 31 December 2016 (for the year end 31 March 2016: RMB4,927,200) was interest income derived from commercial factoring loans receivables to a major customer.

5 REVENUE, OTHER INCOME AND GAINS

Revenue represents the interest income earned during the period/year.

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

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000 (Restated)
Interest income		
Commercial factoring loans	**14,648**	3,860
Personal property pawn loans	**4,268**	5,093
Real estate-backed loans	**4,017**	1,761
Finance lease receivables	**1,858**	1,384
Other loans receivables	**9,817**	14,099
	34,608	26,197
Other income		
Bank interest income	**1,550**	39
Dividend income	**–**	1,246
Others	**1,773**	387
	3,323	1,672
Other gains/(losses)		
Fair value losses on financial assets at fair value through profit or loss	**(5,432)**	(2,042)
Exchange (loss)/gain	**(1,093)**	55
	(6,525)	(1,987)
	(3,202)	(315)

6 LOSS BEFORE TAX

The Group's loss/profit before tax from continuing operations is arrived at after charging:

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000 (Restated)
Impairment of trade and loans receivables (note 18)	**16,280**	4,226
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):		
Wages and salaries	**8,174**	7,353
Retirement benefit scheme contributions	**515**	336
	8,689	7,689
Impairment of goodwill (note 16)	**5,697**	–
Impairment of intangible assets (note 17)	**4,656**	–
Minimum lease payments under operating leases	**3,111**	3,686
Amortisation of intangible assets (note 17)	**2,711**	14
Legal and professional fees	**1,806**	2,838
Software maintenance	**1,633**	–
Depreciation of property, plant and equipment (note 14)	**1,377**	2,100
Auditor's remuneration	**800**	572
Business taxes and other levies	**243**	642

7 FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000 (Restated)
Interest expenses on:		
Bank and other borrowings	**6,867**	3,128
Bonds issued	**1,868**	2,232
	8,735	5,360

8 DIRECTORS' REMUNERATION

Directors' remuneration for the period/year, disclosed pursuant to the Listing Rules, section 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:

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000
Fees	**682**	670
Other emoluments:		
Salaries, allowances and benefits in kind	**814**	2,426
Pension scheme contributions	**69**	31
	883	2,457
	1,565	3,127

8 DIRECTORS' REMUNERATION (continued)

In prior years, certain directors were granted share options, in respect of their services to the Group under the share option schemes of the Company, further details are included in note 29. The fair value of such options, which was recognised in the profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current period was included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000
Mr. Hung Ka Hai, Clement (note i)	**47**	–
Mr. Li Liangwen (note ii)	**89**	–
Mr. Zhang Liqing (note ii)	**89**	–
Ms. Lee Shiow Yue (note iii)	**60**	98
Mr. Poon Wai Hoi, Percy (note iii)	**60**	98
Mr. Tang Chi Ho, Francis (note iii)	**60**	98
	405	294

There were no other emoluments paid to the independent non-executive directors during the nine months ended 31 December 2016 (for the year ended 31 March 2016: Nil).

8 DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the nine months ended 31 December 2016				
Executive directors				
Mr. Chung Tat Fun	–	273	4	277
Mr. Ding Donghua (note iv)	33	117	27	177
Mr. Zhang Jun (note iv)	33	41	27	101
Mr. Chung Ho Chun (note v)	–	250	5	255
Mr. Fu Ear Ly (note v)	–	44	2	46
Mr. Huang Weibo (note v)	–	89	4	93
Non-executive directors				
Mr. Wei Qiuli (note vi)	33	–	–	33
Mr. So Chak Fai, Francis (note vii)	89	–	–	89
Ms. Wong Yee Shuen, Regina (note vii)	89	–	–	89
	277	814	69	1,160

8 DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 March 2016				
Executive directors				
Mr. Chung Tat Fun	–	597	7	604
Mr. Chung Ho Chun (note v)	–	1,192	7	1,199
Mr. Fu Ear Ly (note v)	–	98	5	103
Mr. Huang Weibo (note v)	49	147	7	203
Non-executive directors				
Mr. So Chak Fai, Francis (note iv)	196	–	–	196
Ms. Wong Yee Shuen, Regina (note iv)	131	392	5	528
	376	2,426	31	2,833

There was no arrangement under which a director waived or agreed to waive any remuneration during the period/year.

8 DIRECTORS' REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors (continued)

Notes:

(i) Mr. Hung Ka Hai Clement was appointed as an independent non-executive director on 31 October 2016.

(ii) Mr. Zhang Liqing and Mr. Li Liangwen were appointed as independent non-executive directors on 5 September 2016.

(iii) Mr. Poon Wai Hoi, Percy, Ms. Lee Shiow Yue and Mr. Tang Chi Ho, Francis resigned as independent non-executive directors on 31 October 2016.

(iv) Mr. Ding Donghua and Mr. Zhang Jun were appointed as executive directors on 5 September 2016.

(v) Mr. Chung Ho Chun, Mr. Fu Ear Ly and Mr. Huang Weibo resigned as executive directors on 5 September 2016.

(vi) Ms. Wei Qiuli was appointed as a non-executive director on 5 September 2016.

(vii) Mr. So Chak Fai, Francis and Ms. Wong Yee Shuen, Regina resigned as non-executive directors on 5 September 2016.

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

9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the nine months ended 31 December 2016, included 2 directors (for the year ended 31 March 2016: 2), details of whose remuneration are included in note 8 above. Details of the remuneration for the nine months of the remaining 3 (for the year ended 31 March 2016: 3) non-director, highest paid employees are as follows:

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000
Salaries, allowances and benefits in kind	**1,894**	2,280
Pension scheme contributions	**35**	44
	1,929	2324

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

	31 December 2016	31 March 2016
Nil to RMB1,000,000	**3**	3
	3	3

In prior years, share options were granted to the certain non-director, highest paid employees in respect of their services to the Group, further details of which are included in note 29. The fair value of such options, which is recognised in the profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above director, highest paid employees' remuneration disclosures.

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

10 INCOME TAX

No provision of Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the nine months ended 31 December 2016 and for the year ended 31 March 2016. Mainland China income tax has been provided at the rate of 25% for the nine months ended 31 December 2016 (for the year ended 31 March 2016: 25%) on the estimated assessable profits arising in Mainland China during the period/year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdiction) in which the Group operates.

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000 (Restated)
Current income tax		
—Mainland China	**3,334**	3,172
Total current tax	**3,334**	3,172
Deferred tax (Note 27)	**1,118**	(1,056)
Total tax charge for the period/year	**4,452**	2,116

10 INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the country (or jurisdiction) in which the Company and the majority of 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:

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000 (Restated)
Loss before tax from continuing operation	**(27,230)**	(5,072)
Tax at the statutory tax rates	**(5,788)**	(1,040)
Income not subject to tax	**(243)**	(2,906)
Expenses not deductible for tax	**2,532**	5,184
Tax losses not recognised	**2,233**	1,995
Temporary differences not recognised	**5,718**	(1,117)
Tax charge at the Group's effective rate	**4,452**	2,116

11 DISCONTINUED OPERATION

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

(a) The results of the Best Volume Group for the period from 1 April 2015 to 12 November 2015 were presented below:

	For the period from 1 April 2015 to 12 November 2015 RMB'000
Revenue	15,703
Other income	25
Fair value changes on investment properties	1,300
Other gains and losses	(11)
Administrative expenses	(3,706)
Finance costs	(7,018)
Profit before tax from the discontinued operation	6,293
Income tax	30
Profit for the year from the discontinued operation (note e)	6,323

11 DISCONTINUED OPERATION (continued)

(b) The major classes of assets and liabilities of the Best Volume Group disposed of over which control is lost on 12 November 2015 were as follows:

	12 November 2015 RMB'000
Net assets disposed of:	
Assets	
Goodwill (note 16)	36,795
Investment properties (note 15)	498,200
Trade and loans receivables	818
Prepayments, deposits and other receivables	18,673
Tax recoverable	2
Cash and cash equivalents (note (d))	6,586
Liabilities:	
Other payables and accruals	(4,031)
Interest-bearing bank and other borrowings	(156,137)
Deferred tax liabilities	(87,368)
	313,538

11 DISCONTINUED OPERATION (continued)

(c) Gain on disposal of the Best Volume Group was as follows:

	Notes	12 November 2015 RMB'000
Net assets disposed of		(313,538)
Consideration		
Cash consideration (equivalent to HKD370,000,000) (note (d))	20	303,752
Notes receivable consideration (equivalent to HKD30,000,000)	20	24,629
		328,381
Reclassification adjustments of exchange differences from disposal of a subsidiary		(12,117)
Gain on disposal of subsidiary (note e)		2,726

(d) The net cash flows on disposal of the Best Volume Group were as follows:

	Note	12 November 2015 RMB'000
Cash consideration (note (c))	20	303,752
Cash and cash equivalents disposed of (note (b))		(6,586)
Net cash inflow from disposal of a subsidiary		297,166

11 DISCONTINUED OPERATION (continued)

(e) Profit for the period from the discontinued operation was as follows:

	For the period from 1 April 2015 to 12 November 2015 RMB'000
Profit for the period (note a)	6,323
Gain on disposal of subsidiary (note c)	2,726
Profit from discontinued operation attributable to owners of the Company	9,049

12 DIVIDENDS

The directors do not recommend the payment of any dividend for the nine months ended 31 December 2016 and the year ended 31 March 2016.

13 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the period/year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,517,124,024 (for the year ended 31 March 2016: 634,780,780) in issue during the period/year, as adjusted to reflect the rights issue during the period/year.

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/profit for the period/year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period/year, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the nine months ended 31 December 2016 in respect of dilution as the impact of the share options outstanding had an anti-dilutive effect on the loss per share presented.

13 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted (loss)/earnings per share are based on:

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000 (Restated)
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic (loss)/earnings per share calculation:		
From continuing operations	**(31,682)**	(7,188)
From discontinued operation	**–**	9,049
	(31,682)	1,861

	For the nine months ended 31 December 2016 '000	For the year ended 31 March 2016 '000 (Restated)
Shares		
Weighted average number of ordinary shares in issue during the period/year used in the basic (loss)/earnings per share calculation	**1,517,124**	634,781
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	7,183
	1,517,124	641,964

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000 (Restated)	Furniture and fixtures RMB'000 (Restated)	Motor vehicle RMB'000 (Restated)	Total RMB'000 (Restated)
Cost				
At 1 April 2015	4,734	2,364	–	7,098
Additions	27	107	890	1,024
Exchange difference	98	40	–	138
At 31 March 2016 and 1 April 2016	4,859	2,511	890	8,260
Acquisition of a subsidiary (note 31)	–	158	–	158
Additions	–	12	–	12
Exchange difference	147	67	–	214
At 31 December 2016	**5,006**	**2,748**	**890**	**8,644**
Accumulated depreciation:				
At 1 April 2015	1,403	769	–	2,172
Additions	1,553	459	88	2,100
Exchange difference	18	25	–	43
At 31 March 2016 and 1 April 2016	2,974	1,253	88	4,315
Acquisition of a subsidiary (note 31)	–	32	–	32
Additions	897	348	132	1,377
Exchange difference	75	45	–	120
At 31 December 2016	**3,946**	**1,678**	**220**	**5,844**
Net book avalue:				
At 1 April 2015	3,331	1,595	–	4,926
At 31 March 2016	1,885	1,258	802	3,945
At 31 December 2016	**1,060**	**1,070**	**670**	**2,800**

15 INVESTMENT PROPERTIES

	RMB'000 (Restated)
At 1 April 2015	496,900
Net gain in fair value recognised in consolidated statement or profit or loss	1,300
Disposal of a subsidiary (Note 11)	(498,200)
At 31 March 2016 and at 31 December 2016	–

16 GOODWILL

	RMB'000 (Restated)
At 1 April 2015	42,492
Disposal of a subsidiary (Note 11)	(36,795)
At 31 March 2016	5,697
Impairment (Note 6)	(5,697)
At 31 December 2016	–

The carrying amount of goodwill was allocated to groups of cash-generating units as follow:

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Financing services	**–**	5,697

16 GOODWILL (continued)

Impairment testing of goodwill

Goodwill has been allocated to a single cash-generating unit of financing services during the period/year. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period.

Key assumptions for the discounted cash flow method relate to the estimation of cash inflows/outflows which include gross margin, growth and discount rate. Such estimation is based on management's plans for the business development. Goodwill with carrying amount of approximately RMB5,697,000 and pawn shop licence in intangible assets with carrying amout of approximately RMB4,656,000 were recognized on the acquisition of pawn business in Guangdong. According to adjustment of the Group's business strategy, the managerment plans to focus on factoring business, and has no development plan for pawn business in next several years. The management recognized an impairment loss of approximately RMB5,697,000 (for the year ended 31 March 2016: Nil) for goodwill and RMB4,656,000 (for the year ended 31 March 2016: Nil) for pawn shop licence during the nine months ended 31 December 2016.

17 OTHER INTANGIBLE ASSETS

	Pawn shop licence RMB'000 (Restated)	Computer Software RMB'000 (Restated)	Total RMB'000 (Restated)
Cost:			
At 1 April 2015	4,656	41	4,697
Additions	–	12,000	12,000
At 31 March 2016 and 1 April 2016	4,656	12,041	16,697
Additions	–	13,500	13,500
At 31 December 2016	**4,656**	**25,541**	**30,197**
Accumulated amortisation:			
At 1 April 2015	–	2	2
Additions	–	14	14
At 31 March 2016 and 1 April 2016	–	16	16
Additions	–	2,711	2,711
At 31 December 2016	**–**	**2,727**	**2,727**
Accumulated impairment losses:			
At 1 April 2015 and 31 March 2016	–	–	–
Additions	4,656	–	4,656
At 31 December 2016	**4,656**	**–**	**4,656**
Net carrying value:			
At 31 March 2015	4,656	39	4,695
At 31 March 2016	4,656	12,025	16,681
At 31 December 2016	**–**	**22,814**	**22,814**

17 OTHER INTANGIBLE ASSETS (continued)

The balance of pawn shop licence at 31 March 2016 included the carrying amount of the licence of pawn business in Mainland China. Such intangible asset is carried at cost less accumulated impairment losses. The recoverable amount of the intangible asset has been determined based on a value in use calculation. Details of assessment of impairment of pawn shop licence for the nine months ended 31 December 2016 have been included in note 16.

18 TRADE AND LOANS RECEIVABLES

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Trade and loans receivables		
Commercial factoring loans (note (a))	**737,406**	14,232
Real estate-backed loans (note (b))	**80,750**	28,950
Personal property pawn loans (note (c))	**36,875**	64,108
Finance lease receivables (note (d))	**30,459**	20,549
Other trade and loans receivables (note (e))	**88,186**	245,283
	973,676	373,122
Impairment	**(28,634)**	(9,982)
	945,042	363,140

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

18 TRADE AND LOANS RECEIVABLES (continued)

Notes:

(a) Commercial factoring loans arising from the Group's commercial factoring business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 30 days to 365 days.

(b) Real estate-backed loans arising from the Group's real estate-backed loans services, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 120 days to 365 days.

(c) Personal property pawn loans arising from the Group's pawn loans business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan periods range from 30 days to 240 days.

(d) Finance lease receivable arising from the Group's leasing business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. Most of the loan periods range from 60 days to 365 days.

(e) Other trade and loans receivables arising from the provision of money lending business, the customers are obligated to settle the amounts according to the terms set out in the relevant contracts. The loan periods for other trade and loans receivables range from 60 days to 365 days.

(1) An aged analysis of the trade and loans receivables as at the end of the reporting period is as follows:

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Within 3 months	**385,184**	44,100
3–6 months	**237,811**	253,086
6–12 months	**253,211**	8,960
Over 12 months	**97,470**	66,976
	973,676	373,122
Impairment	**(28,634)**	(9,982)
	945,042	363,140

18 TRADE AND LOANS RECEIVABLES (continued)

(2) The aged analysis of the trade and loans receivables that are not individually nor collectively considered to be impaired is as follows:

	31 December 2016 RMB'000	31 March 2016 RMB'000
Neither past due nor impaired	**833,312**	353,088
Less than 30 days past due	**88,368**	2
30 to 60 days past due	**–**	–
61 to 120 days past due	**7**	4,501
More than 120 days past due	**–**	815
	921,687	358,406

(3) The movements in provision for impairment of trade and loans receivables are as follows:

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
At beginning of period/year	**9,982**	5,717
Acquisition of a subsidiary (note 31)	**2,174**	–
Impairment loss recognised (note 6)	**18,775**	5,007
Impairment loss reversed*(note 6)	**(2,495)**	(781)
Exchange difference	**198**	39
	28,634	9,982

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

18 TRADE AND LOANS RECEIVABLES (continued)

Included in the above provision for impairment of trade and loans receivables is a provision for individually impaired trade and loans receivables of approximately RMB22,783,000 (as at 31 March 2016: approximately RMB6,994,000) with a carrying amount before provision of approximately RMB51,989,000 (as at 31 March 2016: approximately RMB14,716,000).

The individually impaired trade and loans receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

Trade and loans receivables from the Group's related companies are included in note 35.

The Group has certain concentration risk on trade and loans receivables as it has five (for the year ended 31 March 2016: five) customers with total outstanding balances of approximately RMB322,134,000 (as at 31 March 2016: RMB175,510,000) as at 31 December 2016, and 1 (as at 31 March 2016: 1) customer contribute more that 10% of trade and loans receivables of the Group.

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

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Prepayments	**12,694**	1,861
Deposits	**1,494**	821
Other receivables	**5,180**	2,659
	19,368	5,341

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

20 NOTES RECEIVABLE

In November 2015, the Group disposed of its interest in the Best Volume Group (note 11) for an aggregate consideration of HKD400,000,000 which was satisfied by notes of HKD30,000,000 and cash of HKD370,000,000. The notes are non-interest bearing, unsecured and maturing within three business days after the date of a final and effective judgement or an effective and binding settlement agreement of the lawsuit between the Best Volume Group and a construction engineering company in respect of not making certain payment under the construction contract of the Best Volume Group's investment properties located in Guangzhou, Guangdong Province, PRC. The management believes that above notes receivable is fully recoverable.

21 EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Listed equity investments, at market value	**–**	23,380

22 PLEDGED DEPOSIT FOR BANK LOANS AND CASH AND CASH EQUIVALENTS

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Cash and bank balances	**1,454,971**	19,964
Less: Pledged deposit for bank loans	**665,996**	–
Cash and cash equivalents	**788,975**	19,964

22 PLEDGED DEPOSIT FOR BANK LOANS AND CASH AND CASH EQUIVALENTS (continued)

	31 December 2016		
	Original currency '000	**Exchange rate**	**RMB'000**
RMB	**69,339**	**1.0000**	**69,339**
HKD	**59,665**	**0.8945**	**53,371**
USD	**192,039**	**6.9375**	**1,332,261**
			1,454,971

	31 March 2016		
	Original currency '000	Exchange rate	RMB'000
RMB	17,317	1.0000	17,317
HKD	3,176	0.8333	2,647
			19,964

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The cash and bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of cash and bank balances approximate to their fair values.

23 TRADE PAYABLES

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

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Within 1 month	**18,458**	1,515
1 to 2 months	**2,018**	162
2 to 3 months	**986**	174
Over 3 months	**2,517**	294
	23,979	2,145

As at 31 December 2016 and 31 March 2016, the Group had no trade payables due to related parties.

The trade payables are non-interest-bearing and the Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The carrying amount of trade payables approximates to their fair values.

24 OTHER PAYABLES AND ACCRUALS

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Deposit received	**3,156**	10,626
Receipt in advance	**1,441**	579
Accruals	**463**	1,292
Other payables	**3,907**	7,131
	8,967	19,628

Other payables and accruals are non-interest-bearing and have an average term of three months. The carrying amounts of the other payables and accruals approximate their fair values.

25 INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2016			31 March 2016		
	Effective Interest Rate (%)	Maturity	RMB'000	Effective Interest Rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	**3.698%**	**2017/12/24**	**350,000**	–	–	–
Other borrowings – unsecured	**6%–7.6%**	**2017/1/4 – 2017/5/4**	**265,573**	–	–	–
			615,573			–

Notes:

(a) The Group's bank loans of RMB350,000,000 at 31 December 2016 (as at 31 March 2016: Nil) is secured by the Group's fixed deposits. Relevant disclosures are included in note 22.

(b) The balance of other borrowings represents the carrying amount due to many individual persons through a related party acting as a peer-to-peer service provider. Relevant disclosures are included in note 35.

26 BONDS ISSUED

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Unlisted corporate bonds	**28,087**	25,896

On 17 December 2014, the Company issued an eight-year unlisted corporate bond at a principal amount of HKD5 million which is unsecured, bears a fixed interest rate of 7% per annum.

On 22 December 2014, the Company issued an eight-year unlisted corporate bond at a principal amount of HKD10 million which is unsecured, bears a fixed interest rate of 7% per annum.

On 15 January 2015, the Company issued an eight-year unlisted corporate bond at a principal amount of HKD10 million which is unsecured, bears a fixed interest rate of 7% per annum.

26 BONDS ISSUED (continued)

On 26 May 2015, the Company issued an eight-year unlisted corporate bond at a principal amount of HKD10 million which is unsecured, bears a fixed interest rate of 7% per annum.

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

27 DEFERRED TAX

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

Deferred tax liabilities

	Intangible assets RMB'000 (Restated)	**Investment properties** RMB'000 (Restated)	**Total** RMB'000 (Restated)
At 1 April 2015	1,164	87,414	88,578
Disposal of a subsidiary (note 11)	–	(87,414)	(87,414)
At 31 March 2016 and 1 April 2016	1,164	–	1,164
Deferred tax credited to the consolidated statement of profit or loss during the period/year (note 10)	(1,164)	–	(1,164)
At 31 December 2016	–	–	–

27 DEFERRED TAX (continued)

Deferred tax assets

	Impairment of trade and loans receivables RMB'000 (Restated)
At 1 April 2015	1,429
Deferred tax charged to the statement of profit or loss during the year (note 10)	1,056
Exchange difference	10
At 31 March 2016 and 1 April 2016	2,495
Acquisition of a subsidiary (note 31)	544
Deferred tax credited to the statement of profit or loss during the period/year (note 10)	(2,282)
At 31 December 2016	757

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Tax losses	**84,451**	72,600
Deductible temporary differences	**28,241**	2,850

As at 31 December 2016, the Group had tax losses arising from the operation in Hong Kong of approximately equivalent RMB78,675,000 (as at 31 March 2016: RMB70,085,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Tax losses as at 31 December 2016 and 31 March 2016 are subject to approval of the Hong Kong Inland Revenue Department.

As at 31 December 2016, the Group also had tax losses arising from the operation in Mainland China of approximately RMB5,776,000 (as at 31 March 2016: RMB2,515,000) that will expire in one to five years for offsetting against future taxable profits.

27 DEFERRED TAX (continued)

Deferred tax assets (continued)

The above deductible temporary difference include impairment of trade and loan receivables, and other timing difference in respect of depreciation and amortisation. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

28 SHARE CAPITAL

Shares

	31 December 2016 HKD'000	31 March 2016 HKD'000
Authorised:		
6,000,000,000 (31 March 2016: 6,000,000,000) ordinary shares of HKD0.1 each	**600,000**	600,000

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Issued and fully paid:		
2,701,123,120 (31 March 2016: 634,780,780) ordinary shares of HKD0.1 each	**230,159**	51,989

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

	Number of shares in issue '000	**Share capital** RMB'000 (Restated)
At 1 April 2015 and at 1 April 2016	634,781	51,989
Issue of shares (Note)	2,066,342	178,170
At 31 December 2016	2,701,123	230,159

28 SHARE CAPITAL (continued)

Shares (continued)

Note:

On 5 September 2016, the Company issued a total of 2,066,342,340 ordinary share at a price of HKD0.77 per share. After deducting the transaction cost of issuing shares amounting to RMB14,337,245, the net proceeds from the subscription were RMB1,357,574,591, of which RMB178,170,368 was recorded into share capital and RMB1,179,404,223 was recorded into share premium. Details of the issuance of subscription shares and the use of proceeds have been disclosed in the Company's circular dated 5 August 2016.

29 SHARE OPTION SCHEME

The Company operates a share option scheme (the "New Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the New Scheme include the Company's directors, including executive, non-executive and independent non-executive directors, other employees of the Group and consultants, agents and advisers of any person who, in the sole discretion of the board of directors, has contributed or may contribute to the Group. A share option scheme was adopted on 28 September 2012. Unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the New Scheme is an amount equivalent, upon their exercise, to 30% (or where applicable, such higher percentage as may from time to time to be permitted under the Listing Rules or by the Stock Exchange) of the shares of the Company in issue at any time. The total number of shares available for issue under options which may be granted under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 60,157,078 shares, after the refreshment of the limit effected on 5 September 2014, representing 10% of the issued share capital of the Company, as at the date of adoption of the New Scheme. The Company may seek approval of its shareholders at a general meeting to renew the 10% limit. However, the total number of shares available for issue under options which may be granted under the New Scheme and any other share option schemes of the Company in these circumstances, must not exceed 10% of the issued share capital of the Company at the date of approval of renewing such a limit. The maximum number of shares issuable under share options to each eligible participant in the New Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HKD1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and shall not exceed the period of ten years from the date of the grant of the particular option but subject to the provisions for early termination.

29 SHARE OPTION SCHEME (continued)

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

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

On 2 September 2014, the Company granted an aggregate of 21,000,000 share options to subscribe for ordinary shares of HKD0.1 each of the share to a number of eligible participants ("grantees") under the New Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HKD1.25 per share.

The following share options granted on 2 September 2014 were outstanding under the New Scheme during the period/year:

	31 December 2016		31 March 2016	
	Weighted average exercise price HKD per share	**Number of options '000**	Weighted average exercise price HKD per share	Number of options '000
At beginning of the period/year	**1.25**	**21,000**	1.25	21,000
Lapsed during the period/year	**1.25**	**(15,000)**	–	–
At end of the period/year	**1.25**	**6,000**	1.25	21,000

No share options were exercised during the nine months ended 31 December 2016 and the year ended 31 March 2016.

29 SHARE OPTION SCHEME (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period/year are as follows:

31 December 2016

Number of options '000	Exercise price* HKD per share	Exercise period
3,000	**1.25**	**2014/9/2 – 2017/9/1**
3,000	**1.25**	**2015/3/2 – 2017/9/1**
6,000		

31 March 2016

Number of options '000	Exercise price* HKD per share	Exercise period
10,500	1.25	2014/9/2 – 2017/9/1
10,500	1.25	2015/3/2 – 2017/9/1
21,000		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

On 30 September 2014, the Company granted an aggregate of 39,000,000 share options to subscribe for ordinary shares of HKD0.1 each of the share to a number of grantees under the New Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HKD1.23 per share.

29 SHARE OPTION SCHEME (continued)

The following share options granted at 30 September 2014 were outstanding under the New Scheme during the period/year:

	31 December 2016		31 March 2016	
	Weighted average exercise price HKD per share	Number of options '000	Weighted average exercise price HKD per share	Number of options '000
At beginning of the period/year	**1.23**	**33,000**	1.23	39,000
Lapsed during the period/year	**1.23**	**(9,000)**	1.23	(6,000)
At end of the period/year	**1.23**	**24,000**	1.23	33,000

No share options were exercised during the nine months ended 31 December 2016 and the year ended 31 March 2016.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period/year are as follows:

31 December 2016

Number of options '000	Exercise price* HKD per share	Exercise period
12,000	**1.23**	**2014/9/30–2017/9/29**
12,000	**1.23**	**2015/3/30–2017/9/29**
24,000		

31 March 2016

Number of options '000	Exercise price* HKD per share	Exercise period
16,500	1.23	2014/9/30–2017/9/29
16,500	1.23	2015/3/30–2017/9/29
33,000		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

29 SHARE OPTION SCHEME (continued)

The fair value of the equity-settled share options granted on 2 September 2014 and 30 September 2014 was estimated by Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent firm of professionally qualified valuers, using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Grant date	2 September 2014	30 September 2014
Grantees	Directors, consultants and employees	Directors, consultants and employees
Dividend yield (%)	–	–
Expected volatility (%)	46.72	45.72
Risk-free interest rate (%)	0.709	0.925
Expected life of options (year)	3	3
Weighted average share price (HKD per share)	1.25	1.23

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 30,000,000 share options outstanding under the New Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 30,000,000 additional ordinary shares of the Company and additional share capital of RMB2,684,000 and share premium of RMB30,431,000 (before issue expenses).

At the date of approval of these consolidated financial statements, the Company had 24,000,000 share options outstanding under the New Scheme, which represented approximately 0.89% of the Company's shares in issue as at that date.

30 RESERVES

The amounts of the Group's reserves and the movements therein for the current period and prior years are presented in the consolidated statement of changes in equity on pages 78 to 79 of the consolidated financial statements.

Share premium

The share premium account of the Group includes shares issued at premium. The amount of RMB1,179,404,223 was resulted from the issue of shares on 5 September 2016. Relevant disclosures are included in note 28.

Contributed surplus

The contributed surplus are resulted from elimination of accumulated losses from the share premium account, offset to accumulated losses and acquisition of subsidiaries in previous year.

Capital reserves

The capital reserve of the Group represents the cash received in excess of the fair value of a promissory note issued to a shareholder by the Company in previous years.

Share option reserves

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

31 BUSINESS COMBINATIONS

Acquisition of Gome Xinda Commercial Factoring Limited

On 19 October 2016, the Group acquired a 100% interest in Gome Xinda Commercial Factoring Limited, a company incorporated in Tianjin, PRC. Gome Xinda Commercial Factoring Limited is engaged in the factoring business. The acquisition was made as part of the Group's strategy to expand its market share of the factoring business. The purchase consideration for the acquisition was in the form of cash, with RMB49,719,000 paid at the acquisition date on 19 October 2016.

31 BUSINESS COMBINATIONS (continued)

Acquisition of Gome Xinda Commercial Factoring Limited (continued)

The fair values of the identifiable assets and liabilities of Gome Xinda Commercial Factoring Limited as at the acquisition date were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	14	126
Cash and cash equivalents		18,153
Deferred tax assets	27	544
Trade and loans receivables (net of provision of RMB2,174,000 (note 18))		448,059
Prepayments, deposits and other receivables		17,371
Trade payables		(22,485)
Other payables and accruals		(3,553)
Accrued payroll		9
Tax payables		(1,166)
Interest-bearing bank and other borrowings		(406,350)
Total identifiable net assets at fair value		50,708
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss		989
Satisfied by cash		49,719

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration paid	49,719
Cash and cash equivalent acquired	(18,153)
	31,566

During the period from the acquisition date on 19 October 2016 to 31 December 2016, the revenue and net profit of RMB10,321,000 and RMB2,010,000, respectively, from Gome Xinda Commercial Factoring Limited have been included in these consolidated financial statements of the Group for the nine months ended 31 December 2016.

32 CONTINGENT LIABILITIES

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

33 OPERATING LEASE ARRANGEMENTS

As lessee

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

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

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Within one year, inclusive	**2,617**	2,590
In the second to fifth years, inclusive	**2,605**	1,335
After five years	**2,800**	–
	8,022	3,925

34 COMMITMENTS

As at 31 December 2016 and 31 March 2016, the Group had no significant commitment.

35 RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the period/year:

	Note	**For the nine months ended 31 December 2016 RMB'000**	For the year ended 31 March 2016 RMB'000
Transactions with related parties which are significantly influenced by a close member of beneficial controlling person of the Group			
Service fee	(i)	**1,753**	–
Rental expense	(i)	**460**	–
Property management fee	(i)	**53**	–

Note:

(i) The transactions were conducted in accordance with respective contractual terms.

(b) Balances with related parties which are significantly influenced by a close member of beneficial controlling person of the Group as at the end of the period/year:

	31 December 2016 RMB'000	31 March 2016 RMB'000
Trade and loans receivables	**285,300**	–
Prepayments, deposits and other receivables	**540**	–
Other payables and accruals	**1,840**	–

35 RELATED PARTY TRANSACTIONS (continued)

(c) Other transactions with related parties:

(i) The carrying amount of trade and loans receivables RMB144,292,000 of debt portfolio transferred from a related party which are significantly influenced by a close member of beneficial controlling person of the Group during the nine months ended 31 December 2016 (for the year ended 31 March 2016: Nil).

(ii) During the period for the nine months ended 31 December 2016, the Group obtained fund raising through an online peer-to-peer service provider, which has been a related party controlled by a close member of the beneficial controlling person of the Group, from many individual persons with specific contract terms of borrowing period and interest rates. Relevant interest expenses had been paid to the individual persons. No service fee had been charged by this related party for the matching service for the period of nine months ended 31 December 2016 (for the year ended 31 March: Nil). Relevant disclosures are included in note 25.

(iii) The Company acquired 100% interest in Gome Xinda Commercial Factoring Limited from a related party which are significantly influenced by a close member of beneficial controlling person of the Group.

(d) Compensation of key management personnel of the Group:

	For the nine months ended 31 December 2016 RMB'000	For the year ended 31 March 2016 RMB'000
Salaries, other allowances and benefits in kind	**3,697**	5,377
Pension scheme contributions	**71**	76
	3,768	5,453

36 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:

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Financial assets:		
Trade and loans receivables	**945,042**	363,140
Prepayments, deposits and other receivables	**19,368**	5,341
Notes receivable	**26,835**	24,998
Pledged deposit for bank loans	**665,996**	–
Cash and cash equivalents	**788,975**	19,964
Equity investments at fair value through profit or loss	**–**	23,380
	2,446,216	436,823
Financial liabilities:		
At amortised cost		
Trade payables	**23,979**	2,145
Other payables and accruals	**8,967**	19,628
Bonds issued	**28,087**	25,896
Interest-bearing bank and other borrowings	**615,573**	–
	676,606	47,669

37 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, notes receivable, trade and loans receivables, prepayments, deposits and other receivables, pledged deposit for bank loans, trade payables, other payables and accruals, interest-bearing bank and other borrowings, bonds issued approximate to their carrying amounts largely due to the short term maturities of these instruments.

37 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's financial liabilities mainly include interest – bearing bank and other borrowings and bonds issued. The carrying amounts of financial liabilities approximate their fair values.

As at 31 December 2016 and 31 March 2016, the carrying amount of financial instrument valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also immaterial.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as cash and bank balances pledge deposits for bank loans, trade and loans receivables, trade payables and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings at a floating interest rate. The Group has not used any interest rate swaps to hedge its interest rate risk.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in the future as may be necessary.

As at 31 December 2016, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's operating results before tax for the nine months would increase/decrease by approximately RMB1,750,000 (for the year ended 31 March 2016: Nil). This is mainly attributed to the Group's exposure to the interest rates on its variable-rate bank borrowings.

The Group does not have any significant exposure to the risk of changes in market interest rates in relation to bank balances as these mainly represent demand deposits in banks.

Foreign currency risk

Certain of the Group's trade and loans receivables, cash and bank balances and trade payables are denominated in HK dollars, which expose the Group to foreign currency risk. The Group has not used any financial instruments to hedge against currency risk.

As at 31 December 2016, if Hong Kong dollar exchange rates had been 50 basis points higher/lower and all other variables were held constant, the Group's operating results before tax for the nine months would decrease/increase by approximately RMB74,487,000 (for the year ended 31 March 2016: RMB11,648,000), the Group's equity as at 31 December 2016 would decrease/increase by approximately RMB74,487,000 (as at 31 March 2016: RMB11,648,000)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group reviews the recoverable amount of each individual trade debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The Group also requests the customers to provide collateral for real-estate-backed loans and personal property pawn loans arrangement as appropriate. In the event of default or failure to repay any outstanding guarantee amounts by the customers, the Group will proceed with sale of collateral. Besides, the customers provide leased assets as collateral for finance lease. In the event of default, the Group will proceed with sale of leased assets. Moreover, the Group receives financial guarantee from financial institutions or individuals to secure the other loans arrangement.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and loans receivables are included in note 18. The Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

Liquidity risk

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds either through the financial markets or from the realisation of its assets if required.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At 31 December 2016

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	over 5 years RMB'000	Total RMB'000
Non-derivative financial liabilities						
Other payables and accruals	–	8,967	–	–	–	8,967
Trade payables	17,171	6,212	596	–	–	23,979
Bonds issued	–	–	2,192	8,766	33,748	44,706
Interest-bearing bank and other borrowings	–	269,452	364,856	–	–	634,308
	17,171	284,631	367,644	8,766	33,748	711,960

Capital management

The primary objectives of the Group's capital management are 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 and the risk characteristics of the underlying assets. 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 is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the nine months ended 31 December 2016 and the year ended 31 March 2016.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital on the basis of the debt-to-equity ratio, which is calculated as total borrowings divided by total equity attributable to the owners of the Company. The debt-to-equity ratio as at the end of the respective reporting periods was as follows:

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)
Total debt	**681,408**	51,702
Equity attributable to owners of the Company	**1,791,179**	413,939
Debt-to-equity ratio	**38.04%**	12.49%

39 EVENT AFTER THE REPORTING PERIOD

On 31 January 2017, United Universal Limited, an indirect wholly-owned subsidiary of the Company, acquired 100% interest of Tianjin Gome Financial Leasing Company Limited, a company incorporated in Tianjin, PRC, and engaged in financial leasing business. The interest was transferred from Gome Home Applicances (H.K.) Limited and Gome Finance Holding Investment Co., Ltd.

40 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:

	31 December 2016 RMB'000	31 March 2016 RMB'000 (Restated)	31 March 2015 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	1	6	12
Interests in subsidiaries	31,523	29,364	27,914
Total non-current assets	31,524	29,370	27,926
Current assets			
Amounts due from subsidiaries	497,050	431,716	458,212
Prepayments, deposits and other receivables	423	1,141	105
Notes receivable	26,835	24,998	–
Equity investments at fair value through profit or loss	–	23,380	24,205
Pledged deposit for bank loans	665,996	–	–
Cash and cash equivalents	716,209	1,381	9
Total current assets	1,906,513	482,616	482,531
Current liabilities			
Amounts due to subsidiaries	216,419	209,890	184,438
Other payables and accruals	442	2,238	2,229
Interest-bearing bank and other borrowings	–	–	55,446
Total current liabilities	216,861	212,128	242,113
Net current assets	1,689,652	270,488	240,418
Total assets less current liabilities	1,721,176	299,858	268,344
Non-current liabilities			
Bonds issued	28,087	25,896	17,382
Total non-current liabilities	28,087	25,896	17,382
Net assets	1,693,089	273,962	250,962
Equity			
Equity attributable to owners of the Company			
Share capital	230,159	51,989	51,989
Reserves	1,462,930	221,973	198,973
Total equity	1,693,089	273,962	250,962

Ding Donghua
Director

Zhang Jun
Director

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

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

	Share premium RMB'000	Contributed surplus RMB'000	Capital reserves RMB'000	Share option reserves RMB'000	Exchange reserves RMB'000	Accumulated losses RMB'000	Total reserve RMB'000
At 1 April 2015	765,197	520,838	87,072	7,545	(39,359)	(1,142,320)	198,973
Profit for the year	–	–	–	–	–	9,760	9,760
Exchange differences on translation of overseas operations	–	–	–	–	13,240	–	13,240
At 31 March 2016	765,197	520,838	87,072	7,545	(26,119)	(1,132,560)	221,973
Loss for the year	–	–	–	–	–	(9,054)	(9,054)
Issue of shares	1,193,741	–	–	–	–	–	1,193,741
Transaction cost of issuing shares	(14,337)	–	–	–	–	–	(14,337)
Equity-settled share option arrangements	–	–	–	(3,803)	–	3,803	–
Exchange differences on translation of overseas operations	–	–	–	–	70,607	–	70,607
At 31 December 2016	1,944,601	520,838	87,072	3,742	44,488	(1,137,811)	1,462,930

41 COMPARATIVE AMOUNTS

As further explained in note 2.1 and note 2.5, due to the voluntary change in presentation currency during the current period and prior year errors, certain adjustments of prior year have been made, and certain comparative amounts have been restated to conform with the current period's presentation and disclosures and accounting treatment, and a third statement of financial position as at 31 March 2015 has been presented.

42 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 15 March 2017.

FIVE YEAR/PERIOD FINANCIAL SUMMARY

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

Results

	Nine months period ended 31 December 2016 RMB'000	Year ended 31 March 2016 RMB'000 (Restated)	2015 HK$'000	2014 HK$'000	2013 HK$'000
Continuing operations					
Revenue	**34,608**	26,197	48,932	28,304	25,614
Profit/(loss) for the year/period attributable to					
– Owners of the Company	**(31,682)**	1,861	(41,783)	(98,097)	16,477

Assets and liabilities

	As at 31 December 2016 RMB'000	As at 31 March 2016 RMB'000 (Restated)	2015 RMB'000 (Restated)	2014 HK$'000	2013 HK$'000
Total assets	**2,472,587**	465,641	738,330	499,132	265,477
Total liabilities	**(681,408)**	(51,702)	(342,699)	(95,009)	(1,541)
Total equity	**1,791,179**	413,939	395,631	404,123	263,936