中發展控股有限公司

ZHONG FA ZHAN HOLDINGS LIMITED

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

Annual Report **2016/17**

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Board of Directors

Executive Directors

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

Non-executive Director

Mr. Li Wei Qi, Jacky

Independent non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Mr. Chow Chi Shing

Head Office and Principal Place of Business in Hong Kong

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

Registered Office

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

Principal Share Registrar

SMP Partners (Cayman) Limited
(Formerly known as "Royal Bank of Canada Trust Company (Cayman) Limited")
Royal Bank House - 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

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

Legal Advisers

K&L Gates
Angela Ho & Associates

Auditor

Deloitte Touche Tohmatsu

Company Website

www.475hk.com

Stock Code

475

CHAIRMAN'S STATEMENT

To our Shareholders,

On behalf of the board of directors (the "Board" or "Directors") of Zhong Fa Zhan Holdings Limited ("Zhong Fa Zhan" or the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2017.

It has been a challenging year for the Group. The development of the solar energy business running behind schedule due to the delay in construction of the leased factory at Yuyao as well as the fierce competition within the jewelry industry put the operation of the Group under great pressure. Nevertheless, the Group proactively dealt with these unfavorable factors by continuously strengthening its daily operation management and has attained positive results.

During the year, the Group has been proactively expanding its solar energy business in the PRC. Amid the sustained global economic volatility and sign of slowdown in the PRC's economy upon two decades of stunning growth, the green energy industry, which relies on supportive policies and funding from the 13th Five Year Plan implemented by the Central Government and is driven by the substantial demands of local governments and residents, has achieved significant development. The Group has also been benefited from the promotion of favorable policies of the State regarding the green energy and the enormous market demand. Our solar energy segment starts to record positive income this year, which is encouraging and inspiring for the future development of our solar energy business.

During the year under review, the Group has continued to maintain close communication with Suncool AB. A team of the Group's senior technicians received professional training from Suncool AB in Sweden, while several senior technical consultants from Suncool AB came to the PRC to provide us with guidance, both of us trying our best endeavor to realize the localization of the CoolStore cooling pipes and collectors for use in the PRC. These products have entered pilot scale stage and its mass production is expected to commence in the next year. During the year, we proactively attended industrial seminars and were invited to address keynote in the seminar introducing our innovative technology and products, which had successfully promoted our brand to the solar energy industry and had earned a wide recognition among the industry. It is expected that upon relocation to the leased factory at Yuyao in the coming year, our production model and marketing strategies will be further improved, thereby lifting the Group to a new level of business development and enhancing its position in the industry.

As for the jewelry business, albeit the unfavorable market condition, the Group will remain prudent towards its jewelry business, implement stringent direct and indirect costs control in a bid to achieve stable development and maintain competitive strength. In the meantime, the Group will also take an active approach to explore new business opportunities in different fields in order to achieve its ultimate goal of creating greater value for shareholders.

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

Wu Hao
Chairman and Executive Director

Hong Kong, 23 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended 31 March 2017 (the "Current Year"), the Group has been principally focusing on its fine jewelry wholesale business and the development of the solar energy business in Mainland China.

In respect of the jewelry business, the operating environment of the domestic fine jewelry market remained difficult due to further economic slowdown in the Mainland China during the year. There was a decrease in spending on luxury goods because of the weakened consumer confidence, together with fierce competition among the industry, all these factors leading to further drop of the sales of the Group. To weather the harsh operating environment of the jewelry business, measures for improving income and sustainable cost control had been under consideration by the Group in a proactive manner so as to minimize the impact of the unfavorable factors on its business.

The continuously strong global demand for green energy, coupled with several policies which are beneficial for the environment, energy saving and pollution and emission reduction as issued by the government of Mainland China in recent years, had acted as a positive stimulus to drive the development of the green energy related business. With Suncool AB, a leading energy conservation technologies development company in Sweden, becoming a strategic shareholder, the Group had taken an active role to explore its solar energy business, and the segment started to make a contribution to the Group during the year. The solar energy business mainly involves the provision of solar-powered interior climate solutions and products, by using solar heating and cooling collector production technologies incorporated with the core technique of CoolStore proprietary products under the exclusive rights and permissions granted by Suncool AB to the Group, in the Greater China region. The business also includes the sale of distributed solar photovoltaic components in order to enhance the Group's brand awareness and quickly establish marketing channels for its solar energy products.

During the year, the Group was invited to attend the "Asia-Pacific Summit on Low Carbon Technology 2016", which was jointly organised by the Development and Reform Commission of Hunan Province and Asian Development Bank, and to deliver a keynote and to be awarded the Innovation Award at the "14th China International Solar Energy Utilization Products Exhibition in Wuhan 2017" (二零一七第十四屆中國國際(武漢)太陽能熱利用產品博覽會) organised by the Chinese Solar Thermal Industry Federation. Active participation in these industrial seminars had enabled technical exchanges among the Group and the elites in the solar energy industry, thereby building up the Group's industry position.

A temporary production line with maximum annual production capacity of 1,200 units of cooling-store pipes has been rented short-term by the Group in the Current Year and the production has begun to meet with demand of pilot projects. Besides, the Group had been dynamic in exploring more potential customers from different sectors, including educational institutions, governmental authorities, hotel chains, commercial buildings, hospitals, medicine suppliers and cold chain logistics enterprises, etc., in order to strengthen education on energy conservation and emission reduction, as well as promote the significant benefits of the Group's products.

Prospects

With the "Thirteenth Five-Year" plan being implemented by the Central government of China in full swing, the solar energy industry will enjoy a more promising future. Looking ahead, environment protection remains the primary task of the Chinese government and a great concern in terms of the livelihoods of the society. With high emphasis on the environment protection industry, the government will constantly promulgate policies, which are favorable to the solar energy industry and, as considered by the Group, can bring about more opportunities to overcome the adverse factors undermining the operation over the years. The Group will further capitalize on its own strengths and reinforce its operation management, trying its best endeavor to seize and create more opportunities in order to drive its business growth. At present, the operating team in Yuyao, which has already mastered the relevant technologies and has conducted product optimization and testing to ensure satisfaction of the needs of, and the specifications as required by the PRC market, has been well poised for development.

In June 2017, the Group has engaged a pilot projects with a three storey commercial building located in Anhui. With this pilot project, a 64 square meter facility with solar energy collectors will be built on the building's roof to deliver sustainable heating and cooling. The management is confident that more potential customers will be followed the pilot project with great interest because of the unique in several ways – both in terms of technology and efficiency of the solar energy collectors, which can provide twice as much energy as today's other solutions and can be used for both heating and cooling.

For the coming year, the Leased Factory at Binhai New Area, Yuyao (余姚濱海新城) of estimated 27,500 square meters gross floor in the site area of approximately 50,000 square meters with annual maximum capacity of approximately 156,000 units of cooling-store pipes will be handovered to the Group. Upon the occupation of the Leased Factory, it is planned that an investment of HK$17 million will be made for the purchase of machinery, equipment and fixture, part of which will be used for leasehold improvement, greenery landscaping and purchase of equipment for security monitoring, targeting to strengthen the overall business capabilities, improve production and technical innovation, promote corporate governance and maximize operation efficiency. Beside, a total of HK$3 million has been reserved by the Group for staff training as well as the payment for technical knowledge transfer and supporting service fee to Suncool AB. In the meantime, the Group and Suncool AB will continue their pursuit of research and development with the goal of enhancing the efficiency of, and hence optimizing, the entire solar heating and cooling system. To pave a way for future technology advancement, the Group has also reserved HK$2 million for research and development. Please refer to the section of "Use of Proceeds from the Subscriptions" for the details of proposed use of the Net Proceeds for the development of solar energy business.

As for the jewelry business, the Group will keep a prudent approach in its jewelry business for stable performance and will place strict controls on both direct and indirect costs to maintain its competitive edges.

The Group will explore potential investment opportunities from time to time. Depending on findings from the reviews and any suitable opportunity, business refinement or diversification may be taken into account so as to broaden the source of income. Furthermore, based on market condition, cautious consideration will be made on fundraising and the suitable time of launching the same in order to expand its asset base and explore room for long-term development. The future business approach will be determined based on diversified strategies. The management of the Group are confident enough to overcome difficulties, maintain steady and prudent development strategies for better results.

Financial Review

Review of Results

Sales revenue of the Group for the Current Year was HK$10.2 million (2016: HK$17.8 million), representing a drop of approximately 42.7% as compared to that for the year ended 31 March 2016 (the "Previous Year"). Decrease in the Group's revenue was mainly attributable to the poor consumer sentiment and decreasing demand for fine jewelry in the PRC.

Gross profit of the Group for the Current Year was HK$0.2 million (2016: HK$0.5 million), representing a decrease of approximately 60.0% as compared to that for the Previous Year. Gross profit margin of the Group for the year was approximately 1.9% (2016: 2.6%), representing a decrease of approximately 26.9%. The decrease was mainly due to the intense industry competition and the adverse business environment of the jewelry sector in the PRC domestic market.

The Group recorded a net loss of HK$37.9 million (2016: HK$36.8 million) for the Current Year. The increase in net loss was mainly attribute to the decline of revenue and an increase in equity-settled share-based payment expense recognized during the year in relation to the warrants issued by the Company to Suncool AB in the Previous Year of approximate HK$12.9 million (2016: HK$8.3 million). Basic loss per share were 11.5 HK cents (2016: 11.8 HK cents).

Liquidity, Financial Resources and Capital Structure

As at 31 March 2017, the Group had net current assets and current ratio stood at HK$42.0 million and 23.7 respectively (2016: HK$70.0 million and 27.8 respectively). The Group's gearing ratio as at 31 March 2017 was nil (2016: Nil) (total interest bearing borrowings divided by bank balance and cash as a percentage of total equity).

As at 31 March 2017, the inventories amounted to HK$0.2 million (2016: Nil), mainly representing the components of solar cooling-stored pipes of the Group's solar energy business. As at 31 March 2017, the Group had no trade receivable (2016: HK$3.6 million). As at 31 March 2017, the cash and bank balance amounted to HK$38.5 million (2016: HK$64.0 million).

As at 31 March 2017, the Group had no bank borrowings (2016: Nil). As at 31 March 2017, the Group had no banking facilities and none of the Group's assets were pledged to banks to secure any banking facilities (2016: Nil). The Group financed its liquidity operations requirements through cash flow generated from operations as well as proceeds from the issue of new shares during the year ended 31 March 2016.

Use of Proceeds from the Subscriptions

On 1 July 2015, the Group entered into a subscription agreement (the "Suncool Subscriptions") with Suncool AB, a Swedish company, to allot and issue 6,000,000 new shares of the Company to Suncool AB at the subscription price of HK$2.10 per share. Warrants were also granted to Suncool AB for subscribing to an aggregate of 24,000,000 new shares of the Company at the exercise price of HK$2.50 per warrant share (the "Warrant(s)"). The Group also signed subscription agreements ("Investors Subscriptions", together with the Suncool Subscriptions, the "Subscriptions") with six independent investors to allot and issue an aggregate of 36,000,000 new shares of the Company to the six independent investors at the subscription price of HK$2.10 per share. As at 2 November 2015, the Group had completed the Subscriptions for a total of 36,000,000 shares, which generated total gross proceeds of approximately HK$75.6 million and net proceeds (which represent the total gross proceeds less relevant expenses, the "Net Proceeds") of approximately HK$74.7 million after deducting related expenses payable by the Company. For details regarding the Subscriptions, please refer to the Company's announcement dated 5 July 2015 and the circular dated 13 August 2015.

As disclosed in the announcements dated 12 September 2016, the Group was informed by CECEP (Yuyao) Low Carbon Technology Development Co., Ltd.* (中節能(余姚)低碳技術開發有限公司, "CECEP (Yuyao)") that the construction of the factory to be leased to the Group as a production plant of the cooling-stored pipes (the "Leased Factory") has been delayed and is expected to be completed in year 2017, development of the solar energy business of the Group is prolonged. Accordingly, the Group considered that the upfront expenses including factory rent, leasehold improvement and other related general operating expenses are not significant as expected because of the delay in the commencement of the operation of the Leased Factory, hence the use of proceeds has been changed and part of the proceeds intended to be used for the development of the solar energy business in the amount of approximately HK$10 million has been allocated towards the general working capital of the Group.

In the circumstances, the details of the original allocation of the Net Proceeds, the revised allocation of the Net Proceeds, and the utilization of the Net Proceeds as at 31 March 2017 are as below:

Proposed use of Net Proceeds	**Original allocation** (Approximately) HK$'000	**Revised allocation** (Approximately) HK$'000	**Utilisation as at 31 March 2017** (Approximately) HK$'000	**Remaining balance after revised allocation** (Approximately) HK$'000
Repayment of shareholder's loan	7,600	7,600	7,600	–
Development of solar energy business	50,000	40,000	13,900 *(Note 1)*	26,100 *(Note 3)*
General working capital	17,100	27,100	26,500 *(Note 2)*	600 *(Note 4)*
	74,700	74,700	48,000	26,700

Note 1: As at 31 March 2017, approximately HK$13.9 million was used for the development of solar energy business in the PRC, including approximately HK$4.5 million as rental deposit of the Leased Factory, approximately HK$0.9 million for acquiring fixed assets such as machineries, equipment and tools used in the temporary production line located in the short-term rented factory, approximately HK$2.7 million for staff training costs, technical knowledge transfer and supporting service fees paid to Suncool AB according to the License Agreement and approximately HK$5.8 million for working capital of solar energy business, including staff cost of HK$2.7 million.

Note 2: As at 31 March 2017, approximately HK$26.5 million was used as the general working capital of the existing businesses of the Group, including approximately HK$15.3 million for staff costs and office rent, HK$3.6 million for legal and professional expenses (including audit fees) and approximately HK$7.6 million for other recurring operating expenses.

Note 3: In respect of the remaining unutilized proceeds, the Company intends to apply approximately HK$26.1 million for developing the solar energy business. With the expected move to the Leased Factory by the end of September 2017, the Company targets to achieve improvement in production capacity and efficiency by applying approximately HK$17 million towards acquiring fixed assets, mainly including HK$4.1 million for leasehold improvement, greenery landscaping and purchase of equipment for security monitoring and HK$11.7 million for machineries and other production tools and equipment to be used in the new production lines. Approximately HK$3 million will be used for staff training costs for about 12-month period and technical knowledge transfer and supporting service fees paid to Suncool AB according to the License Agreement. Approximately HK$2 million will be set aside to continuously strengthen the Company's products by supporting the research and development activities with a focus on the solar heating and cooling techniques for about 12-month period. Approximately HK$4.1 million will be applied towards the working capital requirements of the solar energy business within the coming year, including HK$1 million for purchase of inventories and HK$0.7 million for recruiting new staff after move to the Leased Factory, as well as other recurring operating expenses.

Note 4: The Company intends to apply approximately HK$0.6 million for general working capital of the Group during the coming several months, including salary and wages, office rent, and other recurring operating expenses.

As at the date of this annual reports, 24,000,000 Warrants granted to Suncool AB are outstanding, of which 16,000,000 Warrants have been vested and are currently exercisable, but none of the Warrants has been exercised yet. At the subscription price of HK$2.50 per warrant share and upon full exercise of the subscription rights attached to the Warrants, the aggregate amount of approximately HK$60 million raised would be expected to be applied as additional general working capital of the Group.

Since the exercise of the Warrants ultimately depends upon the underlying price of the Shares, the Directors will continue to closely monitor the working capital requirement of the Group in a proactive manner and will introduce suitable measures to raise funds to replenish the general working capital as and when appropriate. To effectively employ the remaining part of the Net Proceeds, the Directors will also consider further re-allocating part of the idle proceeds to general working capital, while ensuring that the overall development of the solar energy business will not be affected. For the avoidance of doubt, no specific plans have been determined at this stage.

Charges on Group Assets

As at 31 March 2017, the Group did not have any charges on the Group's assets (2016: Nil).

Commitments and Contingent Liabilities

As at 31 March 2017, the Group did not have any capital commitments (2016: Nil) and had HK$3.2 million of operating lease commitments (2016: HK$4.7 million).

As at 31 March 2017, the Group did not have any significant contingent liabilities (2016: Nil).

Employee and Remuneration Policy

As at 31 March 2017, the Group had a total of 26 employees (2016: 15). The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group also provides internal training to employees when necessary and other staff benefits include share option scheme and corporate contribution to statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

Foreign Exchange Fluctuation and Hedges

The business operations of the Group's subsidiaries were conducted mainly in the PRC with sales and purchase of the Group's subsidiaries denominated mainly in Renminbi. The Group's cash and bank deposits were denominated some in Hong Kong dollars, with some denominated in Renminbi. Any significant exchange rate fluctuation of Hong Kong dollars against Renminbi may have a financial impact on the Group. While the Group would closely monitor the volatility of the Renminbi exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2017, no forward foreign currency contracts are designated in hedging accounting relationships (2016: Nil).

Material Acquisition and Disposal

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

DIRECTORS AND COMPANY SECRETARY

Executive Directors

Mr. Wu Hao, aged 43, is our chairman and an executive Director. He joined the Group in February 2012 and is responsible for overall strategic planning and development. He has held directorship position within the other member of the Group. In 2008, Mr. Wu Hao joined Xinjiang Lian Rui Mining Company Limited* (新疆聯瑞礦業有限公司), which is principally engaged in mining resources business, and was appointed as its vice chairman in 2009. Mr. Wu Hao graduated in legal professional studies from Correspondence Institute of Party School of the Central Committee of Communist Party of China* (中共中央黨校函授學院) in 2002.

Mr. Hu Yangjun, aged 43, is an executive Director. He joined the Group in November 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yangjun has corporate management experience in information technology and international trade and has worked in Zhejiang Orient Group* (浙江東方集團) and Zhejiang Ju Neng Dongfang Holdings Company Limited* (浙江巨能東方控股有限公司). Mr. Hu Yangjun was previously an executive director of Zheda Lande Scitech Limited (stock code: 8106) and Neo Telemedia Limited (stock code: 8167), both of which shares are listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Hu Yangjun graduated from Anhui Normal University and he is currently a member of All-China Youth Federation.

Mr. Hu Yishi, aged 41, is an executive Director. He joined the Group in November 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yishi has experience in China affairs and business. Mr. Hu Yishi was appointed as the executive director and an executive chairman of Northern New Energy Holdings Limited (stock code: 8246) since August 2015, which shares are listed on the GEM of the Stock Exchange. Mr. Hu Yishi was previously a non-executive director and chairman of Kai Yuan Holdings Limited (stock code: 1215), which shares are listed on the Stock Exchange. Mr. Hu Yishi was also previously an executive director of Softpower International Limited (stock code: 380) and Up Energy Development Group Limited (stock code: 307), both of which shares are listed on the Stock Exchange. Mr. Hu Yishi graduated from Shanghai International Tourism Vocational Technology School.

Mr. Chan Wing Yuen, Hubert ("Mr. Chan"), aged 59, is our chief executive and an executive Director. He joined the Group in November 2011 and is responsible for business policy formulation and execution. He has held directorship position within the other members of the Group. Mr. Chan is a member of the Chinese People's Political Consultative Conference — Heilongjiang Province Committee in the PRC. Mr. Chan spent over ten years with the Stock Exchange. Mr. Chan is an executive director of Northern New Energy Holdings Limited (stock code: 8246) since August 2014, which shares are listed on the GEM of the Stock Exchange, and an independent non-executive director of Tian Ge Interactive Holdings Limited (stock code: 1980) since June 2014, which shares are listed on the Stock Exchange.Mr. Chan was appointed as an independent non-executive director of Shanghai La Chapelle Fashion Co.,Ltd (stock code: 6116) and FIT Hon Teng Limited (stock code: 6088) on 25 July 2016 and 4 November 2016 respectively, both of which shares are listed on the Stock Exchange. Mr. Chan was previously a director of Guangdong Investment Limited (stock code: 270), China Smarter Energy Group Holdings Limited (stock code: 1004), EverChina Int'l Holdings Company Limited (stock code: 202) and Softpower International Limited (stock code: 380), all of which shares are listed on the Stock Exchange. Mr. Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Chan is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and is also a member of both Hong Kong Securities and Investment Institute and The Hong Kong Institute of Directors.

* *translation for identification purpose only*

Ms. Kwong Wai Man, Karina ("Ms. Kwong"), aged 47, is our chief financial officer and an executive Director and held directorship position within the other members of the Group. She joined the Group in September 2013. Ms. Kwong has extensive experience in accounting, financial management and corporate finance. She worked for sizable organizations in various industries as senior executives in both Canada and Hong Kong. Ms. Kwong is an executive director of Northern New Energy Holdings Limited (stock code: 8246) since August 2014, which shares are listed on the GEM of the Stock Exchange. Ms. Kwong was previously an executive director of Sheng Yuan Holdings Limited (stock code: 851) and Kai Yuan Holdings Limited (stock code: 1215), both of which shares are listed on the Stock Exchange. She had also previously held a directorship of Grand Peace Group Holdings Limited (stock code: 8108), which shares are listed on the GEM of the Stock Exchange. Ms. Kwong holds a bachelor's degree in business administration from the Simon Fraser University, Canada, and is a member of the American Institute of Certified Public Accountants and Hong Kong Securities and Investment Institute.

Non-executive Directors

Mr. Li Wei Qi, Jacky ("Mr. Li"), aged 45, was appointed as a non-executive Director in November 2011. Mr. Li has experience in the financial services field. Mr. Li is currently vice president of the marketing department of Emperor Bullion Investments (Asia) Limited, Emperor Futures Limited, Emperor Securities Limited and Emperor Wealth Management Limited. He is also a licensed representative under the Securities and Futures Ordinance (the "SFO") to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities, a licensed representative of the Professional Insurance Brokers Association to carry on long term insurance (including linked long term insurance) and general insurance regulated activities, a licensed representative of the Mandatory Provident Fund Schemes Authority to carry on related regulated activities and an account executive registered with The Chinese Gold & Silver Exchange Society. Mr. Li was previously vice president of the marketing department of Tanrich Futures Limited and was a person licensed by the Securities and Futures Commission for dealing and advising in futures contracts and asset management.

Independent Non-executive Directors

Mr. Wu Chi Keung ("Mr. Wu"), aged 60, was appointed as an independent non-executive Director in November 2011. Mr. Wu has experience in the financial audit field and was a partner of Deloitte Touche Tohmatsu. Mr. Wu is an independent non-executive director of China Medical System Holdings Limited (stock code: 867) since June 2010, Jinchuan Group International Resources Co., Ltd (stock code: 2362) since January 2011, Huabao International Holdings Limited (stock code: 336) since August 2013, YuanShengTai Dairy Farm Limited (stock code: 1431) since November 2013 and Huajin International Holdings Limited (stock code: 2738) since March 2016, all of which shares are listed on the Stock Exchange. Mr. Wu was appointed as the independent non-executive director of COFCO Meat Holdings Limited (stock code: 1610) on 23 June 2016 and Zhou Hei Ya International Holdings Limited (stock code: 1458) on 24 October 2016, both shares are listed on the Stock Exchange. Mr. Wu was previously an independent non-executive director of China Wah Yan Healthcare Limited (stock code: 648), which shares are listed on the Stock Exchange. He was also previously an independent non-executive director of GreaterChina Professional Services Limited (stock code: 8193) and Link Holdings Limited (stock code: 8237), both of which shares are listed on the GEM of the Stock Exchange. Mr. Wu graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in accountancy. He is an associate of the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom (the "ACCA").

Mr. Heung Chee Hang, Eric ("Mr. Heung"), aged 49, was appointed as an independent non-executive Director in November 2011. Mr. Heung is a practising solicitor in Hong Kong. Mr. Heung is currently a partner of Tung, Ng, Tse & Heung, Solicitors and is an independent non-executive director of China Environmental Resources Group Limited (stock code: 1130) since January 2015, which shares are listed on the Stock Exchange. He was previously an independent non-executive director of Gold Tat Group International Limited (stock code: 8266), which shares are listed on the GEM of the Stock Exchange. Mr. Heung graduated with a degree in laws from the University of Leicester, England and was admitted as a solicitor of the Supreme Court of Hong Kong.

Ms. Kwok Pui Ha ("Ms. Kwok"), aged 48, was appointed as an independent non-executive Director in November 2011. Ms. Kwok is the group financial controller of CITIC International Assets Management Limited, a private equity investment and asset management company. Ms. Kwok had worked with Deloitte Touche Tohmatsu and has experience in financial management and accounting with companies of which shares are listed on the Stock Exchange. Ms. Kwok graduated with a bachelor degree in accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong) and is a fellow member of the HKICPA, an Associate of the Institute of Chartered Accountants in England and Wales and a member of Hong Kong Securities and Investment Institute.

Company Secretary

Mr. Chow Chi Shing ("Mr. Chow"), aged 37, is the financial controller and company secretary of the Group. He joined the Group in 2015 and is responsible for the financial and accounting and company secretarial matters of the Group. Mr. Chow is experienced in the accounting and finance field, as well as in company secretarial practices. He worked in a leading international audit firm, companies listed on the Stock Exchange and a multi-national corporation. Mr. Chow graduated with a bachelor degree in accounting from the Hong Kong University of Science and Technology. Mr. Chow is a member of the HKICPA and a fellow member of the ACCA.

CORPORATE GOVERNANCE REPORT

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

Compliance with the Corporate Governance Code

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. The Company has applied the principles and complied with all the applicable code provisions set out in the CG Code throughout the year ended 31 March 2017 except for the deviation from code provision A.6.7 and E.1.2 as explained below.

Code Provision A.6.7

Under code provision A.6.7, independent non-executive Directors and non-executive Director should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Due to other business engagement and work commitments, one of the independent non-executive Directors was unable to attend the Company's annual general meeting held on 9 September 2016.

Code Provisions E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Due to respective pre-arranged business commitment which, Mr. Wu Hao, chairman of the Board, must attend, Mr. Wu was not present at the annual general meeting held on 9 September 2016. The meeting was chaired by Mr. Chan Wing Yuen, Hubert, an executive Director and the chief executive officer of the Company, to ensure effective communication with the shareholders thereat.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2017. The details of the interests and short positions of the Directors and their associates in the Shares are set out in the "Report of the Directors".

Board of Directors

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

Board Composition

As at the date of this report, the Board comprises nine Directors, including five executive Directors, namely, Mr. Wu Hao *(Chairman)*, Mr. Hu Yangjun, Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert and Ms. Kwong Wai Man, Karina; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha. Biographical details of the Directors are set out under the section headed "Directors and Company Secretary" on pages 9 to 11 of this Annual Report.

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

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

Board and General Meetings

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

Name	Attendance/Number of meetings Board meetings	 General meetings
Executive Directors		
Mr. Wu Hao	3/3	0/1
Mr. Hu Yangjun	3/3	0/1
Mr. Hu Yishi	3/3	0/1
Mr. Chan Wing Yuen, Hubert	3/3	1/1
Ms. Kwong Wai Man, Karina	3/3	1/1
Non-executive Director		
Mr. Li Wei Qi, Jacky	3/3	0/1
Independent non-executive Directors		
Mr. Wu Chi Keung	3/3	1/1
Mr. Heung Chee Hang, Eric	3/3	0/1
Ms. Kwok Pui Ha	3/3	1/1

Management Function

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

Relationships between Directors

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

Training and Support of Directors

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

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

The Roles of the Chairman and Chief Executive

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

Non-Executive Directors

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

Delegation by the Board

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

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

Audit Committee

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

The primary functions of the Audit Committee include reviewing the financial statements and reports and considering any significant or unusual items, reviewing the effectiveness of the Group's financial reporting processes and adequacy of internal control system, reviewing the risk management system and associated procedures, reviewing the scope and nature of the audit carried out by the Company's auditor. The Audit Committee meets at least twice a year to discuss any issues from the audit and any other matters the external auditor may wish to raise. The Audit Committee has reviewed the Group's annual results for the year ended 31 March 2017.

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

Name	**Attendance/ No. of meetings held during the tenure of directorship**
Mr. Wu Chi Keung	2/2
Mr. Heung Chee Hang, Eric	2/2
Ms. Kwok Pui Ha	2/2

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

1. Reviewed the Group's interim and annual results and corporate governance matters for inclusion in the Company's annual report for the year ended 31 March 2016 and interim report for the six months ended 30 September 2016 with the management and external auditor of the Company and recommended them to the Board for review and approval;

2. Reviewed the Company's financial controls, internal control and risk management systems and discussed the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems;

3. Reviewed the accounting principles and practices adopted by the Group with the management of the Company for the year ended 31 March 2017; and

4. Reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, their independence and objectivity and made recommendation to the Board on the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company.

Remuneration Committee

The Remuneration Committee has been established with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Remuneration Committee conforms to the requirements laid down in the CG Code. The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Wu Chi Keung, as chairman, and Mr. Heung Chee Hang, Eric; and one executive Director, namely Mr. Chan Wing Yuen, Hubert. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration structure for all Directors and senior management of the Group. The annual emoluments payable to Directors were recommended by the Remuneration Committee, with a view to recruit and retain high-calibre personnel that are valuable to the Group, by making reference to the experience, responsibilities and duties as well as the prevailing market conditions. Details of Directors' remuneration for the year ended 31 March 2017 are set out in note 8 to the financial statements.

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

Name	Attendance/ No. of meetings held during the tenure of directorship
Mr. Wu Chi Keung	1/1
Mr. Heung Chee Hang, Eric	1/1
Mr. Chan Wing Yuen, Hubert	1/1

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

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

Nomination Committee

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

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

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

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

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

1. Reviewed the policy for the nomination of Directors and senior management;

2. Reviewed the structure, size, composition and the board diversity policy (including the skills, knowledge and experience) of the Board;

3. Recommended to the Board the re-appointment of Mr. Wu Hao and Ms. Kwong Wai Man, Karina as executive Directors; and Mr. Li Wei Qi, Jacky as independent non-executive Director; and

4. Assessed the independence of the independent non-executive Directors.

Nomination Criteria and Procedures

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

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

Auditor's Remuneration

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor, Deloitte Touche Tohmatsu, for the year ended 31 March 2017 is as follows:

Nature of services	Amount HK$'000
Audit services	449
Non-audit services — Interim Review	141
Non-audit services — Others	42

Company Secretary

Mr. Chow Chi Shing has been appointed as the company secretary of the Company since November 2015. Mr. Chow reports to the chief executive of the Group directly and is responsible to the Board for ensuring that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors. According to the Rule 3.29 of the Listing Rules, Mr. Chow has taken no less than 15 hours of relevant professional training for the year ended 31 March 2017.

Responsibilities in Respect of the Financial Statements

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

The Directors acknowledge their responsibilities for the preparation of financial statements for the year ended 31 March 2017. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relatively to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement issued by the external auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 33 to 36 of this Annual Report.

Risk Management and Internal Control

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate risk management and internal control system to safeguard shareholder investments and the Group's assets and reviewing the effectiveness of such system on an annual basis. Such systems are designed to manage rather than eliminate the risks of failure to achieve business objectives, and could only provide reasonable but not absolute assurance against material misstatement or loss.

Risk management organizational structure

Board

The Board is responsible for assessing and determining the nature and extent of risks that the Company is willing to accept for achieving the purposes, and procuring the Company to set up and maintain proper and effective risk management and internal control systems. With the assistance of the Audit Committee, whose authority has been delegated by the Board, the Board maintains constant monitoring of the risk management and internal control systems of the Group, as well as conducting review at least once year as to its effectiveness.

Audit Committee

The Audit Committee is responsible for the risk management and internal control systems that provides advices and supports to the Board in respect of all risk-related matters, including monitoring the implementation of the overall risk management procedures of the Group, conducting review on the risk register of the Group, review and approve the internal control review plan and its results.

Management

The management of the Group is responsible for identifying and continuous monitoring of the Group's exposure to risks in relation to strategy, operation, finance, reporting and compliance during the daily operations of the Group. It reports to the Board and the Audit Committee regarding the risks and their changes, formulates a set of internal control measures to mitigate the risks, collects through various channels the deficiencies of the internal control system and conducts rectifications in a timely manner.

Internal Audit Function

The Group has put in place the internal audit function. Annual review on the effectiveness of the risk management procedures of the Group will be conducted by the management and the Audit Committee, and professional internal control advisers may be consulted if necessary. The plan of internal control review will be submitted to the Audit Committee for review and approval, and the person in charge of the internal control review will also report the review results to the Audit Committee.

Risk management procedures

The Group has established a risk management framework, including the construction of the architecture for the aforementioned organisation and definition of the responsibilities of all parties concerned, and prepared risk management policies and processes and clarified the risk assessment procedures, which, specifically include risk identification, risk analysis, risk control and risk report.

Step 1: Risk identification — identify current risks exposed to the Group and business and existing management and control measures therefor.

Step 2: Risk analysis — analyse the possibility, extent of influence and existing management and control measures, identify risk exposure, and propose further countermeasures.

Step 3: Risk control — implement and periodically detect the identified risks to ensure effective operation of risk countermeasures.

Step 4: Risk report — summarise the results of risk management analysis, prepare action plans and report to the management, Audit Committee and the Board.

The Company would appoint independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Company and its subsidiaries on regular intervals basis when necessary. With the assistance of the Audit Committee, the Board has reviewed and been aware of the effectiveness and sufficiency of risk management and internal control systems of the Group.

Main Features of Risk Management and Internal Control System

Maintaining an effective internal control system (Operational Level)

- Definite internal control policies and procedures are in place to enable clear segregation of responsibilities, authority and accountability of different departments and positions;
- Code of conducts have been formulated to promote integrity and ethical conducts to the staff;
- Whistleblowing system is set up to encourage employees to report any misconduct or fraud;
- Appropriate IT system access restrictions have been set to avoid disclosure of price sensitive information;

- Policies regarding insider information disclosure are established, which involve reporting channels. The person in charge of the information disclosure will be responsible for answering external enquiries and seek consultation from professional financial consultants or the Stock Exchange when necessary.

During the year ended 31 March 2017, the Board had reviewed the effectiveness of the internal control policies and procedures, including the procedures regarding financial reporting and those as stipulated under the Listing Rules. When carrying out review on the risk management and internal control procedures, the Board had taken into consideration the adequacy of resources for accounting, internal audit and financial reporting, the qualifications and experience of the staff, trainings to be provided to the staff and the relevant budget.

Ongoing monitoring of risks (Risk management level)

Based on the risk management policies as formulated by the Board, the management will communicate with different operational departments and collect information of significant risk factors which will affect the Group in a bottom up approach and consistently monitor changes in risks. Risks which have been identified will be recorded in a risk register. Regular assessment will be carried out on the potential impact to the Group and the possibility of occurrence of each major risk so as to lay down relevant internal control measures.

During the year ended 31 March 2017, the management had reviewed risk management structure and procedures and had submitted to the Board and the Audit Committee a risk assessment report and a 3-year plan of internal control review, so that the Board and the Audit Committee can enable effective monitoring of the Group's major risk and better understanding of how the management handle and mitigate the risks.

Independent review

The internal audit team of the Group is comprised of the persons who are not responsible for areas under the review. The list and scope of review have been approved by the Audit Committee. The team conducts independent review on risk management and internal control systems of the Group so as to assess the effectiveness. A report of internal control review is submitted to the Audit Committee.

During the year ended 31 March 2017, the internal audit team had completed review on internal control for the year, period of reviews covered transactions carried out from 1 April 2016 to 31 March 2017. The management had implemented rectifications and remediated internal control weaknesses identified. The internal audit team had report the review results to the Audit Committee.

Nothing has come to the Audit Committee's or the Board's attention to believe that the risk management and internal control systems of the Group are inadequate or ineffective.

Constitutional Documents

Pursuant to a special resolution passed at annual general meeting of the Company held on 9 September 2016, an amended and restated memorandum of association of the Company (the "Memorandum") and articles of association of the Company (the "Articles") was approved by the shareholders and adopted in order to update the Memorandum due to the change of Company's name and to make certain amendments to the Articles for housekeeping purpose and for the purpose of conforming with certain amendments to the Listing Rules which have become effective since its adoption.

For the details on the amendments to the Memorandum and the Articles, please refer to the circular of the Company dated 28 July 2016. The amended and restated Memorandum and the Articles is available on both the websites of the Company and the Stock Exchange.

Communications with Shareholders and Shareholders' Right

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

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

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

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

Investor Relations

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

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

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited financial statements for the year ended 31 March 2017.

Principal Activities

The Group is principally engaged in jewelry business and solar energy business in the PRC. The principal activities of the Company's subsidiaries are set out in note 1 to the financial statements. Details and respective analysis of the main segments information of the Group during the year are set out in note 4 to the financial statements.

Business Review

The business review of the Group for the year ended 31 March 2017 and a review of the Group's future development is set out in the section headed "Management Discussion and Analysis" on pages 4 to 8 of this Annual Report.

Environmental Policy and Performance

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

Environmental, Social and Governance Report

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the annual report has been published.

Compliance with Relevant Law and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations.

As far as the Board and management are aware, the Group has complied all relevant laws and regulations in material aspects which may have significant impact on the business and operations of the Group during the year ended 31 March 2017.

Principal Risks and Uncertainties Facing the Company

The Group's financial conditions, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risk of Economic Downturn

As jewelry belongs to luxury consumer goods, the impact on consumer confidence and purchasing power exerted by global financial and economic environment may affect sales and results of the Group. If the market economy of China continues to slow down, the consumer sentiment towards jewelry will be further declined, which may affect revenue of the Group. On the other hand, costs such as rentals, labour cost and transportation cost may be influenced by the economic environment. Therefore, the Group's management will refine and review business strategies based on its analysis of the macroeconomic changes, and consider business diversification so as to adapt to the overall economic change.

Risk of Regulatory Policies

The Chinese government is gradually intensifying requirements on energy conservation and environment protection. While the Group's current operation is in compliance with regulatory requirements, any future changes in relevant laws or regulations may have an impact on the operation and may increase expenses and costs. Therefore, the policies which are in compliance with relevant laws and regulations have been in place to minimize such risks. In addition, the Group has been maintaining a close communication with government departments proactively to take measures timely in line with the industrial changes and standards of policymaking.

Technical Risk

The future returns and success of the Group depend heavily on specialised technology applied in products. The business and profitability of the Group may be affected by launch of any major technology. Also, the competitors' duplication of the specialised technology may lead to a decline in the market position of our products. Not only has the Group ensured its specialised technology applied in products has been registered legally under the Intellectual Property Law of China, it has also entered into employment contracts with non-disclosure terms with the personnel which may access to the specialised technology, and has strictly controlled the access area and authority.

Risk of Human Resources

There is a fierce competition in the industry and regions where the Group operates. Thanks to experienced and skillful key personnel, including management, research and development personnel and technical engineers, the Group is able to maintain a competitive position. The incapability of attracting sufficient key personnel or outflow of skillful and experienced talents may impair the normal operation or quality of the Group, or even restrict its development. The Group is fully aware of such risks and endeavors to provide competitive remuneration packages as well as various incentive mechanism to attract suitable talents while catering to the overall need for saving costs, in order to meet the requirement of corporate development. The Group will also review the employers' benefit regularly, conduct manpower planning to replenish sufficient staff in time.

Financial Risks

The Group also faces financial risks in the ordinary course of business. Details of financial risk management objectives and policies are set out in notes 21 to the consolidated financial statements.

Relationship with Employees, Customers and Suppliers

The Company recognizes that employees are our valuable assets. Thus, the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with customers, suppliers and other business partners to achieve its long-term goals. Accordingly, the management will continue to ensure effective communication and develop mutually beneficial relationships with them. During the year under review, there was no material and significant dispute between the Group and its customers, suppliers or other business partners.

Use of Proceeds

The net proceeds from the Subscriptions (which represent the total gross proceeds less relevant expenses) amounted to approximately HK$74.7 million. For the details of the use of the above proceeds, please refer to the "Use of Proceeds from the Subscriptions" paragraph under the section headed "Management Discussion and Analysis" on pages 4 to 8 of this annual report.

Results and Dividends

The results of the Group for the year ended 31 March 2017 and the financial position of the Company and of the Group at that date are set out in the financial statements on pages 37 to 83 of this Annual Report.

The Board did not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

Closure of Register of Members

The register of members will be closed from Monday, 4 September 2017 to Thursday, 7 September 2017 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the forthcoming annual general meeting to be held on Thursday, 7 September 2017 (the "Annual General Meeting"), all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 1 September 2017.

Summary of Financial Information

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 84 of this Annual Report.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 11 to the financial statements.

Borrowings

The Group had no bank borrowings and no banking facilities as at 31 March 2017.

Subsidiaries

Particulars of the Group's principal subsidiaries are set out in note 24 to the financial statements.

Reserves

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

Distributable Reserves

The Company had no reserves available for distribution to the shareholders as at 31 March 2017 and 2016.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 16 to the financial statements.

Unlisted Warrants

Details of movement in the Company's unlisted warrants during the year set out in the note 18 to the financial statements.

Major Customers and Suppliers

For the year ended 31 March 2017, the aggregate percentage of sales attributable to the Group's five largest customers is approximately 97.3% of the total sales of the Group and the largest customer included therein amounted to approximately 65.2%.

For the year ended 31 March 2017, the aggregate percentage of purchase attributable to the Group's five largest suppliers is approximately 98.5% of the total purchases of the Group and the largest supplier included therein amounted to approximately 64.8%.

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

Directors

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

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

Non-executive Director:
Mr. Li Wei Qi, Jacky

Independent non-executive Directors:
Mr. Wu Chi Keung
Mr. Heung Chee Hang, Eric
Ms. Kwok Pui Ha

In accordance with Article 84 of the articles of association of the Company, Mr. Hu Yangjun and Mr. Hu Yishi being executive Directors and, Mr. Wu Chi Keung, Mr. Heung Chee Hang, Eric and Ms. Kwok Pui Ha being independent non-executive Directors, shall retire from office by rotation and, being eligible, will offer themselves for re-election at the Annual General Meeting.

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

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

Upon specific enquiry by the Company and confirmations from the Directors, the changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published Annual Report are set out below:

Mr. Chan Wing Yuen, Hubert, an executive Director, was appointed as an independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd. (Stock Code: 6116, which shares are listed on the Stock Exchange) and FIT Hon Teng Limited (Stock Code: 6088, which shares are listed on the Stock Exchange on 13 July 2017) with effect from 25 July 2016 and 4 November 2016 respectively.

Mr. Wu Chi Keung, an independent non-executive Director, was appointed as an independent non-executive director of COFCO Meat Holdings Limited (Stock Code: 1610, which shares are listed on the Stock Exchange on 1 November 2016), and Zhou Hei Ya International Holdings Limited (Stock Code: 1458, which shares are listed on the Stock Exchange on 11 November 2016) with effect from 23 June 2016 and 24 October 2016 respectively.

Directors' Service Contracts

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

Permitted Indemnity Provision

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

Directors' Interests in Contracts of Significance

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

Directors' Interests in Competing Business

As at 31 March 2017, none of the Directors and their respective associates (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) has an interest in any business which competes or may compete with the business in which the Group is engaged.

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

As at 31 March 2017, the interests and short positions of the Directors and their associates in the ordinary shares (the "Share(s)"), underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Director	Capacity	Number of issued ordinary Shares held (Including underlying shares)	Percentage of the issued ordinary share capital of the Company
Mr. Hu Yangjun	*(Note 1)*	207,454,000	62.85%
Mr. Hu Yishi	*(Note 2)*	207,454,000	62.85%
Mr. Wu Hao		2,736,000	0.83%
Mr. Li Wei Qi, Jacky		2,736,000	0.83%

Notes:

(1) Mr. Hu Yangjun had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited ("Resources Rich"), a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(2) Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 March 2017, no interest and short position in the Shares, underlying Shares or debentures were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executives of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

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

Share Option Scheme

The Company adopted a share option scheme on 26 February 2007 and was expired on 25 February 2017 (the "2007 Scheme"). All outstanding options granted under the 2007 Scheme continued to be valid and exercisable in accordance with the provisions of the 2007 Scheme. The Company adopted a new share option scheme at the annual general meeting of the Company held on 9 September 2016 (the "2016 Scheme"). The purpose of the 2016 Scheme is to facilitate the retention and the recruitment of high-calibre staff of the Group and/or any entities in which the Group holds any equity interests (if applicable) and attract resources that are valuable to the Group or those invested entities and benefit to the Company's future business development.

The participants of the 2016 Scheme include any employee (whether full-time or part time including any executive director), officer (including any non-executive Director and independent non-executive Director) and substantial shareholder, consultant, agent, adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, any member of or any invested entity of the Group, or any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the abovementioned category(ies) of persons, or any other person who the Board considers, in its sole discretion, has contributed or will contribute to the Group.

The maximum number of shares in respect of which options may be granted under the 2016 Scheme and any other share option schemes of the Company shall not in aggregate exceed 33,005,400 representing 10% of the shares in issue as at 9 September 2016 (being the date of the annual general meeting approving the 2016 Scheme) and as at the date of this Annual Report.

The maximum number of shares of the Company issued and to be issued upon exercise of the options granted to each participant (including both exercised and unexercised options) under the 2016 Scheme and any other share option scheme (if any) adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue unless otherwise approved by the Company's shareholders. Where any grant of options to a substantial shareholder, an independent non-executive director, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive director or a company beneficially owned by any substantial shareholder or independent non-executive director of the Company) would result in the shares of the Company issued and to be issued upon exercise of all options already granted and to be granted to such person in any 12-month period up to and including the date of the grant:

(i) representing in aggregate over 0.1% of the total number of shares of the Company in issue; and

(ii) having an aggregate value, based on the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million,

such grant of option shall be subject to prior approval of the shareholders of the Company who are not a grantee, his associates, or a core connected person of the Company as defined in the Listing Rules.

Options granted must be taken up within 28 days from the date of offer, upon payment of HK$10 by way of consideration for the grant. Subject to terms and conditions upon which the option was granted, options may be exercised at any time from the date of grant of the share option to the 10th anniversary of the date of grant. The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The 2016 Scheme has a life of 10 years and will expire on 8 September 2026.

No option has been granted under the 2016 Scheme. Details of options granted, exercised, cancelled/lapsed and outstanding under the 2007 Scheme during the Current Year are as follow:

	Number of share options							
	At 1 April 2016	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 March 2017	Exercise period (both dates inclusive)	Exercise price HK$	Closing price immediately before the date of grant HK$
Directors:								
Mr. Chan Wing Yuen, Hubert	2,736,000	–	–	2,736,000	–	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Wu Chi Keung	270,000	–	–	270,000	–	27 June 2012 to 30 December 2016	1.53	1.53
Mr. Heung Chee Hang, Eric	270,000	–	–	270,000	–	27 June 2012 to 30 December 2016	1.53	1.53
Ms. Kwok Pui Ha	270,000	–	–	270,000	–	27 June 2012 to 30 December 2016	1.53	1.53
Total Directors	3,546,000	–	–	3,546,000	–			
Total All Categories	3,546,000	–	–	3,546,000	–			

Substantial Shareholders

As at 31 March 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors and their associates, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long Positions

Ordinary Shares of HK$0.01 each

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

Notes:

(1) 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.

(2) Mr. Hu Yangjun had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(3) Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.

(4) Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the 207,454,000 Shares which Mr. Hu Yangjun is interested in pursuant to the SFO.

(5) Ms. Lin Min, Mindy is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the 207,454,000 Shares which Mr. Hu Yishi is interested in pursuant to the SFO.

(6) According to the disclosure of interest notices filed by Suncool AB, Suncool AB had a direct interest of 30,000,000 Shares and 24,000,000 Shares of which represent the warrants granted by the Company to subscribe for 24,000,000 Shares at subscription price of HK$2.5 per Share.

(7) According to the disclosure of interest notices filed by Stiftelsen Industrifonden, Stiftelsen Industrifonden owned 47% shareholding interest in Suncool AB. Stiftelsen Industrifonden was deemed to be interested in 30,000,000 Shares held by Suncool AB pursuant to the SFO and 24,000,000 Shares of which represent the warrants granted to Suncool AB by the Company to subscribe for 24,000,000 Shares at subscription price of HK$2.5 per Share.

Save as disclosed above, as at 31 March 2017, there were no other parties, had interests or short positions in the Shares or underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Related Party Transactions and Connected Transactions

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

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

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

With regard to the related party transactions as disclosed in note 23 to the financial statements (other than the Framework Tenancy Agreement mentioned above), they constitute fully exempt connected transactions of the Company, for all of which the applicable requirements under the Listing Rules have been duly complied with.

Save as disclosed above, no transaction during the year ended 31 March 2017 and 2016 constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed Shares during the year ended 31 March 2017.

Equity-Linked Agreement

Save as disclosed in this Annual Report, the Company has not entered into any other equity-linked agreements.

Management Contracts

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

Emolument Policy

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

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

Employee Retirement Benefit

Particulars of the retirement scheme of the Group are set out in note 19 to the financial statements.

Confirmation of Independence of Independent Non-Executive Directors

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

Audit Committee

The Audit Committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited consolidated financial statements for the year ended 31 March 2017.

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

Corporate Governance

A report on the principal corporate governance practice adopted by the Company is set out in the "Corporate Governance Report" section on pages 12 to 21 of this Annual Report.

Events After The Reporting Period

The Group had no material event after 31 March 2017.

Pre-Emptive Rights

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

Sufficiency of Public Float

During the year ended 31 March 2017 and at the date of this Annual Report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

Auditor

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

On behalf of the Board

Wu Hao
Chairman and Executive Director

Hong Kong, 23 June 2017

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE SHAREHOLDERS OF
ZHONG FA ZHAN HOLDINGS LIMITED
中發展控股有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Zhong Fa Zhan Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 37 to 83, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year 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 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 Company 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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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德勤百年慶 開創新紀元

Key Audit Matter (Continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition We identified revenue recognition as a key audit matter due to the significance of the revenue to the consolidated statement of profit or loss and other comprehensive income. Revenue from the sales of goods is recognised when goods are delivered and titles have passed. The accounting policy for revenue recognition is disclosed in note 3 to the consolidated financial statements. The Group recognised revenue of approximately HK$10,222,000 for the year ended 31 March 2017, which is disclosed in the consolidated statement of profit or loss and other comprehensive income and note 4 to the consolidated financial statements.	Our procedures in relation to revenue recognition included: • Obtaining an understanding of the revenue process; • Understanding and testing the key controls that management have in place over revenue recognition and • Checking a selection of sales transactions to the corresponding delivery documents to assess the appropriateness of revenue recognition.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 Directors and Those Charged with Governance 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 and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements (Continued)

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.

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 judgment and maintain professional skepticism 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 of the Company.

- 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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 the independent auditor's report is Yu Kin Man.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	4	**10,222**	17,765
Cost of sales		**(10,031)**	(17,301)
Gross profit		**191**	464
Other income		**388**	127
Other gains and losses, net	5	**1,432**	324
Selling and distribution costs		**(313)**	(2,320)
Administrative expenses		**(26,763)**	(27,122)
Equity-settled share-based payment	18	**(12,876)**	(8,279)
Loss before taxation		**(37,941)**	(36,806)
Income tax	6	**–**	–
Loss for the year	7	**(37,941)**	(36,806)
Other comprehensive expense for the year			
Item that will not be reclassified subsequently to profit or loss			
Exchange differences arising on translation to presentation currency		**(2,074)**	(872)
Total comprehensive expense for the year		**(40,015)**	(37,678)
Loss per share	9		
Basic and diluted (HK cents)		**(11.50)**	(11.84)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	**2017 HK$'000**	2016 HK$'000
Non-current assets			
Property, plant and equipment	*11*	**1,692**	880
Rental deposits		**399**	399
		2,091	1,279
Current assets			
Inventories	*12*	**168**	–
Trade receivables	*13*	**–**	3,640
Other receivables, deposits and prepayments	*13*	**5,206**	4,921
Bank balances and cash	*14*	**38,515**	64,039
		43,889	72,600
Current liabilities			
Trade and other payables and accruals	*15*	**1,850**	2,610
Net current assets		**42,039**	69,990
		44,130	71,269
Capital and reserves			
Share capital	*16*	**3,301**	3,301
Reserves		**40,829**	67,968
		44,130	71,269

The consolidated financial statements on pages 37 to 83 were approved and authorised for issue by the Board of Directors on 23 June 2017 and are signed on its behalf by:

WU HAO	**CHAN WING YUEN, HUBERT**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2017

	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Warrants reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2015	2,938	76,559	2,615	–	7,581	(64,203)	25,490
Loss for the year	–	–	–	–	–	(36,806)	(36,806)
Exchange differences arising on translation to presentation currency	–	–	–	–	(872)	–	(872)
Total comprehensive expense for the year	–	–	–	–	(872)	(36,806)	(37,678)
Issue of new shares *(note 16)*	360	75,240	–	–	–	–	75,600
Exercise of share options	3	660	(204)	–	–	–	459
Transaction costs attributable to issue of new shares	–	(881)	–	–	–	–	(881)
Equity-settled share-based payment *(note 18)*	–	–	–	8,279	–	–	8,279
At 31 March 2016	3,301	151,578	2,411	8,279	6,709	(101,009)	71,269
Loss for the year	–	–	–	–	–	(37,941)	(37,941)
Exchange differences arising on translation to presentation currency	–	–	–	–	(2,074)	–	(2,074)
Total comprehensive expense for the year	–	–	–	–	(2,074)	(37,941)	(40,015)
Lapse of share options	–	–	(2,411)	–	–	2,411	–
Equity-settled share-based payment *(note 18)*	–	–	–	12,876	–	–	12,876
At 31 March 2017	3,301	151,578	–	21,155	4,635	(136,539)	44,130

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(37,941)**	(36,806)
Adjustments for:		
Interest income	**(45)**	(48)
Equity-settled share-based payment	**12,876**	8,279
Depreciation of property, plant and equipment	**581**	1,213
Write down of inventories	**–**	113
Loss on disposal of property, plant and equipment	**–**	103
Operating cash flows before movements in working capital	**(24,529)**	(27,146)
(Increase) decrease in inventories	**(168)**	11,199
Decrease in trade receivables	**3,507**	3,710
Increase in other receivables, deposits and prepayment	**(576)**	(3,930)
Decrease in trade and other payables and accruals	**(714)**	(2,691)
NET CASH USED IN OPERATING ACTIVITIES	**(22,480)**	(18,858)
INVESTING ACTIVITIES		
Interest received	**45**	48
Purchase of property, plant and equipment	**(1,410)**	(43)
Proceeds on disposal of property, plant and equipment	**–**	218
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(1,365)**	223
FINANCING ACTIVITIES		
Advance from a controlling shareholder	**–**	780
Repayment to a controlling shareholder	**–**	(7,556)
Proceeds from exercise of share options	**–**	459
Proceeds from issue of new shares	**–**	75,600
Transaction costs attributable to issue of new shares	**–**	(881)
NET CASH FROM FINANCING ACTIVITIES	**–**	68,402
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(23,845)**	49,767
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**64,039**	14,758
Effect of foreign exchange rate changes	**(1,679)**	(486)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**38,515**	64,039

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL

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

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry business and solar energy business, which is newly developed business since last year, in the People's Republic of China ("PRC") (excluding Hong Kong). During the year ended 31 March 2017, the Group commenced the solar energy business with revenue generated from sales of solar photovoltaic components.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2012 - 2014 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants

Amendments to HKAS 1 Disclosure initiative

The Group has applied the amendments to HKAS 1 "Disclosure initiative" for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

For the year ended 31 March 2017

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKAS 1 Disclosure initiative (Continued)

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes. The Group has applied these amendments retrospectively. The grouping and ordering of certain notes of these consolidated financial statements have been revised to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position. Specifically, information to capital risk management and financial instruments are reordered to notes 20 and 21 respectively. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers and related amendments[2]
HKFRS 16	Leases[3]
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 - 2016 cycle[5]
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]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKAS 7	Disclosure initiative[1]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKAS 40	Transfers of investment property[2]

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 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are described as follows:

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

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

Based on the Group's financial instruments and risk management policies as at 31 March 2017, except for the expected credit loss model which may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost, the directors of the Company anticipate that the application of HKFRS 9 in future may not have a material impact on the classification and measurement of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of the effect until the Group performed a detailed review.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 15 Revenue from contracts with customers and related amendments

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

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

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

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

In year 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosure, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 16 Leases (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$3,182,000 as disclosed in note 22. A preliminary assessment made by the directors of the Company indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The directors of the Company do not expect the application of HKFRS16 as compared with the Group's current accounting policy would result in significant impact on the Group's result.

Amendments to HKAS 7 Disclosure initiative

The amendments 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. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments are applicable for the Group prospectively for annual period beginning on 1 April 2017. The directors of the Company anticipate that the application of the amendments to HKAS7 will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

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

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

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

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

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

Property, plant and equipment

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible assets

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve and the amounts will not be reclassified to profit or loss.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for purpose of giving immediate financial support to the Group with no future costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

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

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

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

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

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

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

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

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

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of loans and receivables

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

Objective evidence of impairment could include:

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

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

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

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

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Derecognition

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options/warrants granted to employees and others providing similar services

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

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

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

4. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the amounts received and receivable for goods sold in the normal course of jewelry wholesale business and solar energy business (2016: jewelry design, manufacture and wholesale business), net of discounts and sales related taxes.

The following is an analysis of the Group's revenue for the year:

	2017	2016
	HK$'000	HK$'000
Revenue from sales of jewelry products	**10,034**	17,765
Revenue from sales of solar photovoltaic components	**188**	–
	10,222	17,765

Segment information

Information regularly reviewed by the chief operating decision maker (the "CODM"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group's businesses and operations. The Group's reportable and operating segments are therefore as follows:

(i) Jewelry business (wholesale of jewelries (2016: design, manufacture and wholesale of jewelries)); and

(ii) Solar energy business (manufacture and sales of solar-powered interior climate products using specialised solar heating and cooling collector production technologies and sales of solar photovoltaic products). During the year ended 31 March 2017, the Group had undergone testing stage for its solar-powered interior climate products and the directors of the Company expect these products will generate revenue to the Group in the coming years. The Group also commenced sales of solar photovoltaic products in the current year.

During the year ended 31 March 2016, the Group entered into a license agreement with a technology provider for the purpose of obtaining required technology in relation to the Group's proposed development of solar energy business. Details of the license agreement entered into between the Group and the technology provider during the year ended 31 March 2016 are set out in note 16. During the year ended 31 March 2017, the Group has commenced this solar energy business as mentioned above. Since then, the CODM reviews the financial performance of solar energy business as a separate business. Accordingly, results from solar energy business are presented as an operating and reportable segment.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the loss by each segment without allocation of central administration costs, directors' remuneration at the head office and unallocated corporate income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For year ended 31 March 2017

	Jewelry business HK$'000	**Solar energy business HK$'000**	**Total HK$'000**
Revenue	**10,034**	**188**	**10,222**
Segment loss	**(96)**	**(19,216)**	**(19,312)**
Unallocated corporate income			**1,820**
Unallocated corporate expenses			**(20,449)**
Loss before taxation			**(37,941)**

For year ended 31 March 2016

	Jewelry business HK$'000	Solar energy business HK$'000	Total HK$'000
Revenue	17,765	–	17,765
Segment loss	(3,063)	(9,472)	(12,535)
Unallocated corporate income			451
Unallocated corporate expenses			(24,722)
Loss before taxation			(36,806)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

For the year ended 31 March 2017

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2017 **HK$'000**	2016 HK$'000
Jewelry business	**–**	–
Solar energy business	**5,334**	4,565
Total segment assets	**5,334**	4,565
Bank balances and cash	**38,515**	64,039
Other unallocated assets	**2,131**	5,275
Consolidated assets	**45,980**	73,879
Jewelry business	**1**	5
Solar energy business	**138**	19
Total segment liabilities	**139**	24
Unallocated liabilities	**1,711**	2,586
Consolidated liabilities	**1,850**	2,610

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain other receivables, deposits and prepayments and bank balances and cash.
- all liabilities are allocated to reportable segments other than certain other payables and accruals.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2017

Amounts included in the measure of segment results or segment assets and liabilities:

	Jewelry business HK$'000	**Solar energy business HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Depreciation of property, plant and equipment	**–**	**71**	**510**	**581**
Equity-settled share-based payment	**–**	**12,876**	**–**	**12,876**
Additions to property, plant and equipment	**–**	**849**	**561**	**1,410**

For the year ended 31 March 2016

Amounts included in the measure of segment results or segment assets and liabilities:

	Jewelry business HK$'000	Solar energy business HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of property, plant and equipment	3	1	1,209	1,213
Equity-settled share-based payment	–	8,279	–	8,279
Additions to property, plant and equipment	–	25	18	43

For the year ended 31 March 2017

4. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are currently carried out in the PRC (excluding Hong Kong), the country of domicile (2016: in the PRC and Hong Kong).

All the revenue of the Group was derived from external customers of jewelry business and solar energy business (2016: jewelry business) located in the PRC (excluding Hong Kong) during both years.

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

	2017 **HK$'000**	2016 HK$'000
The PRC	**784**	24
Hong Kong	**908**	856
	1,692	880

Note: Non-current assets excluded rental deposits.

Information about major customers

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

	2017 **HK$'000**	2016 HK$'000
Customer A (Note 2)	**6,660**	Note 1
Customer B (Note 2)	**Note 1**	2,994
Customer C (Note 2)	**Note 1**	5,381
Customer D (Note 2)	**Note 1**	3,955
Customer E (Note 2)	**1,126**	Note 1

Notes:

(1) The corresponding customer did not contribute more than 10% of the total sales of the Group.

(2) Revenue generated from jewelry business.

For the year ended 31 March 2017

5. OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000
Loss on disposal of property, plant and equipment	–	(103)
Net exchange gain	1,092	427
Others	340	–
	1,432	324

6. INCOME TAX

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

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

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

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

	2017 HK$'000	2016 HK$'000
Loss before taxation	(37,941)	(36,806)
Taxation at the EIT rate of 25% (2016: 25%)	(9,485)	(9,202)
Tax effect of income not taxable for tax purpose	(93)	(33)
Tax effect of expenses not deductible for tax purpose	5,318	4,449
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,832	2,780
Tax effect of tax losses not recognised	1,428	1,975
Others	–	31
Income tax for the year	–	–

For the year ended 31 March 2017

7. LOSS FOR THE YEAR

	2017	2016
	HK$'000	HK$'000
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment		
– included in cost of sales	**–**	189
– included in administrative expenses	**581**	1,024
Total depreciation	**581**	1,213
Auditor's remuneration	**644**	627
Write down of inventories (included in cost of sales)	**–**	113
Operating lease payments in respect of rented properties	**2,172**	1,487
Staff costs (including directors' remuneration (note 8)):		
Salaries, allowances and other benefits	**11,070**	12,542
Retirement benefit scheme contributions	**474**	485
Total staff costs	**11,544**	13,027
Cost of inventories recognised as an expense	**10,031**	15,654
Interest income	**(45)**	(48)
Government subsidies (included in other income)	**(346)**	–

For the year ended 31 March 2017

8. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and the chief executive's emoluments

For the year ended 31 March 2017

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors				
Wu Hao	200	432	18	650
Hu Yangjun	200	–	–	200
Hu Yishi	200	–	–	200
Chan Wing Yuen, Hubert	200	1,950	116	2,266
Kwong Wai Man, Karina	200	1,820	109	2,129
Non-executive director				
Li Wei Qi, Jacky	200	–	–	200
Independent non-executive directors				
Wu Chi Keung	200	–	–	200
Heung Chee Hang, Eric	200	–	–	200
Kwok Pui Ha	200	–	–	200
Total emoluments	1,800	4,202	243	6,245

8. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

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

For the year ended 31 March 2016

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

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

During the years ended 31 March 2017 and 2016, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any remuneration during both years.

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

The non-executive director's emoluments shown above were for his services as the director of the Company and its subsidiaries.

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

For the year ended 31 March 2017

8. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Employees' emoluments

Of the five highest paid individuals of the Group, three (2016: three) are directors of the Company whose emoluments are set out in disclosures above. The emoluments of the remaining two (2016: two) highest paid individuals who are neither a director nor chief executive of the Company are as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries, allowances and other benefits	**1,664**	1,412
Retirement benefit scheme contributions	**83**	78
	1,747	1,490

The number of the highest paid employees who are not the directors nor chief executive of the Company whose emoluments fell within the following bands is as follows:

	2017 **No. of employee**	2016 No. of employee
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1

During the years ended 31 March 2017 and 2016, no emoluments were paid by the Group to the above-mentioned individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

For the year ended 31 March 2017

9. LOSS PER SHARE

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

	2017 **HK$'000**	2016 HK$'000
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(37,941)**	(36,806)

	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**330,054,000**	310,804,000

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

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

For the year ended 31 March 2017

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2015	3,632	–	3,747	827	8,206
Additions	–	–	43	–	43
Disposals	(1,924)	–	(2,948)	–	(4,872)
Exchange realignments	(50)	–	(77)	–	(127)
At 31 March 2016	1,658	–	765	827	3,250
Additions	560	557	120	173	1,410
Exchange realignments	–	(12)	(4)	(3)	(19)
At 31 March 2017	2,218	545	881	997	4,641
DEPRECIATION					
At 1 April 2015	2,881	–	2,858	83	5,822
Provided for the year	633	–	332	248	1,213
Eliminated on disposals	(1,811)	–	(2,740)	–	(4,551)
Exchange realignments	(47)	–	(67)	–	(114)
At 31 March 2016	1,656	–	383	331	2,370
Provided for the year	228	27	56	270	581
Exchange realignments	–	(1)	–	(1)	(2)
At 31 March 2017	1,884	26	439	600	2,949
CARRYING VALUES					
At 31 March 2017	334	519	442	397	1,692
At 31 March 2016	2	–	382	496	880

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

Leasehold improvements	Over shorter of 5 years or the lease term
Plant and machinery	10%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

For the year ended 31 March 2017

12. INVENTORIES

	2017 **HK$'000**	2016 HK$'000
Raw materials	**98**	–
Work in progress	**70**	–
Finished goods	**–**	–
	168	–

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	2017 **HK$'000**	2016 HK$'000
Trade receivables	**–**	3,640

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

	2017 **HK$'000**	2016 HK$'000
Within 1 month	**–**	475
Over 1 month but within 3 months	**–**	2,859
Over 3 months but within 6 months	**–**	306
	–	3,640

The Group allowed a credit period ranging from 30 to 120 days to its customers. As at 31 March 2016, included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately HK$1,207,000, which were past due at the end of the reporting period for which the Group had not provided for impairment loss. The Group did not hold any collateral over these balances. During the year ended 31 March 2017, these balances were fully settled.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Ageing of trade receivables which are past due but not impaired

	2017	2016
	HK$'000	HK$'000
Past due within 1 month	–	276
Past due over 1 month but within 3 months	–	513
Past due over 3 months but within 6 months	–	418
	–	1,207

Other receivables, deposits and prepayments

	2017	2016
	HK$'000	HK$'000
Other receivables	**548**	276
Deposits *(Note)*	**4,444**	4,541
Prepayments	**214**	104
	5,206	4,921

Note:

Included in deposits is an amount of RMB3,795,000 (equivalent to approximately HK$4,281,000) (2016: RMB3,795,000 (equivalent to approximately HK$4,541,000)) representing six months of rent payable to a private company incorporated in the PRC as the landlord under a framework tenancy agreement entered into between the Company and the landlord on 18 December 2015. Mr. Hu Yishi, who is an executive director of the Company, is the indirect beneficial owner having significant influence over the landlord and therefore, the landlord is a related party of the Group. Pursuant to the agreement, the landlord was required to construct a factory for the Group to use as the production plant for the solar energy business and, during the period commenced from 18 December 2015 and ending on 31 August 2017, the Group can enter into the tenancy for the factory for a lease term from any time after the completion of construction of the factory until 31 August 2017. As at 31 March 2016, the factory was still under construction and was expected to complete in third quarter of year 2016. Pursuant to the agreement, the deposit can be either utilised as rental payments for the first two quarters upon the commencement of the lease term of the tenancy or refundable at no interest if the tenancy is not entered into throughout the term of the framework tenancy agreement. In the opinion of directors of the Company, the Group would utilise the deposit when the lease term of the tenancy commences. Therefore, the deposit was classified as current asset as at 31 March 2016.

During the year ended 31 March 2017, due to unexpected additional time required for the construction of the factory, the completion of the factory was delayed. As at 31 March 2017 and up to the date these consolidated financial statements are authorised for issue, the directors of the Company, based on their communication with the landlord and best understanding about the progress of the construction, expect the construction will be completed in third quarter of year 2017 and the framework tenancy agreement can be renewed upon its expiration on 31 August 2017. The Group will utilise the deposit when the lease term of the tenancy commences which is expected to be 30 September 2017. Therefore, the deposit is classified as current asset as at 31 March 2017.

For the year ended 31 March 2017

14. BANK BALANCES AND CASH

The amounts included short-term deposits with an original maturity of three months or less. Bank deposits carried interest at prevailing market interest rates at 0.001% to 0.5% (2016: 0.001% to 0.5%) per annum.

15. TRADE AND OTHER PAYABLES AND ACCRUALS

Trade payables

	2017 **HK$'000**	2016 HK$'000
Trade payables	**1**	5

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

	2017 **HK$'000**	2016 HK$'000
Within 1 month	**1**	4
Over 1 month but within 3 months	**–**	–
Over 3 months but within 6 months	**–**	1
Over 6 months but within 12 months	**–**	–
	1	5

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

Other payables and accruals

	2017 **HK$'000**	2016 HK$'000
Other payables	**300**	429
Accrued expenses	**1,549**	2,176
	1,849	2,605

For the year ended 31 March 2017

16. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each		Nominal value	
	2017	2016	**2017**	2016
			HK$'000	HK$'000
Authorised:				
At beginning and end of the year	**10,000,000,000**	10,000,000,000	**100,000**	100,000
Issued and fully paid:				
At beginning of the year	**330,054,000**	293,754,000	**3,301**	2,938
Exercise of share options *(note 18)*	**–**	300,000	**–**	3
Issue of new shares *(Note)*	**–**	36,000,000	**–**	360
At end of the year	**330,054,000**	330,054,000	**3,301**	3,301

Note:

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

The Suncool Subscriptions were completed on 2 October 2015 and the Investor Subscriptions were completed by batches with the last batch on 2 November 2015. However, only 30,000,000 new ordinary shares were issued finally under the Investor Subscriptions as one of the six investors failed to perform the duties to complete the Investors Subscriptions.

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

Details of the warrants granted by the Company to Suncool AB were set out in note 18.

For the year ended 31 March 2017

17. DEFERRED TAXATION

At the end of the reporting period, the Group has unused tax losses of HK$26,496,000 (2016: HK$29,136,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$16,529,000 (2016: HK$19,833,000) that will expire in 5 years from the year of origination which is ranging from year 2018 to year 2022 (2016: year 2017 to year 2021). During the year ended 31 March 2017, tax losses of approximately HK$8,352,000 (2016: nil) originated from the PRC entities are expired. Other losses may be carried forward indefinitely.

18. SHARE OPTIONS SCHEME AND WARRANTS

Share options scheme

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

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

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

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

For the year ended 31 March 2017

18. SHARE OPTIONS SCHEME AND WARRANTS (Continued)

Share options scheme (Continued)

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

As at 31 March 2016, 3,546,000 share options remain outstanding under the Share Option Scheme, representing 1.1% of the ordinary shares of the Company in issue at that date.

During the year ended 31 March 2017, all the outstanding share options lapsed.

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

				Number of options				
Grantee	**Date of grant**	**Exercise price** HK$	**Exercise period**	**Outstanding at 1 April 2015**	**Exercised during the year**	**Outstanding at 31 March 2016**	**Lapsed during the year**	**Outstanding at 31 March 2017**
Directors	27 June 2012	1.53	27 June 2012 to 30 December 2016	3,546,000	–	3,546,000	(3,546,000)	–
Employees	27 June 2012	1.53	27 June 2012 to 30 December 2016	300,000	(300,000)	–	–	–
				3,846,000	(300,000)	3,546,000	(3,546,000)	–
Exercisable at the beginning/end of the year				3,846,000		3,546,000		–
Weighted average exercise price				HK$1.53	HK$1.53	HK$1.53	HK$1.53	–

In respect of the share options exercised during the year ended 31 March 2016, the weighted average share price at the dates of exercise is HK$2.25.

18. SHARE OPTIONS SCHEME AND WARRANTS (Continued)

Unlisted warrants

As disclosed in note 16, an aggregate of 24,000,000 warrants with an exercise price of HK$2.5 per warrant share was granted by the Company to Suncool AB under the Suncool Subscriptions on 2 October 2015. The warrants granted are exercisable from 1 October 2016 to 30 September 2018 and are vested in three tranches at the beginning of each exercisable period with (i) 8,000,000 warrants shall become exercisable from 1 October 2016 to 30 September 2018; (ii) 8,000,000 warrants shall become exercisable from 1 April 2017 to 30 September 2018; and (iii) 8,000,000 warrants shall become exercisable from 1 October 2017 to 30 September 2018.

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

				Number of warrants				
Grantee	**Date of grant**	**Exercise price** HK$	**Exercise period**	**Outstanding at 1 April 2015**	**Granted during the year**	**Outstanding at 31 March 2016**	**Granted during the year**	**Outstanding at 31 March 2017**
Suncool AB	2 October 2015	2.5	1 October 2016 to 30 September 2018	–	24,000,000	24,000,000	–	24,000,000
Exercisable at the beginning/end of the year				–		–		8,000,000
Weighted average exercise price				–	HK$2.5	HK$2.5	HK$2.5	HK$2.5

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

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

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

For the year ended 31 March 2017

18. SHARE OPTIONS SCHEME AND WARRANTS (Continued)

Unlisted warrants (Continued)

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

During the year ended 31 March 2017, the Group recognised the total expense of HK$12,876,000 (2016: HK$8,279,000) in relation to the warrants granted by the Company.

19. RETIREMENT BENEFITS SCHEME

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

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

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of HK$474,000 (2016: HK$485,000) represents contributions paid to the schemes by the Group at rates specified in the rules of the schemes.

20. CAPITAL RISK MANAGEMENT

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

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

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

For the year ended 31 March 2017

21. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**38,642**	67,707
Financial liabilities		
Amortised cost	**301**	434

Financial risk management objectives and policies

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

Market risk

Interest rate risk

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

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

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

Currency risk

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

21. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

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

	Assets		Liabilities	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Functional currency as US$ against HK$	**7**	475	**–**	–
Functional currency as RMB against HK$	**24,943**	52,649	**(769)**	(897)

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

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

Sensitivity analysis

If HK$ against RMB increases/decreases by 5%, with all other variables held constant, the Group's loss for the year would decrease/increase by approximately HK$1,691,000 (2016: HK$3,200,000). 5% is the sensitivity rate used by the management in the assessment of the reasonably possible change in the foreign exchange rate.

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

21. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

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

As at 31 March 2016, the Group had a concentration of credit where 85% of the Group's total trade receivables balance was due from the two major customers. The directors of the Company were of the opinion that the credit risk in respect of these customers are not material as continuous repayments from these customers were noted subsequent to the end of the reporting period.

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

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate % per annum	**Less than 1 year and total undiscounted cash flows HK$'000**	**Total carrying amounts HK$'000**
As at 31 March 2017			
Trade payables	–	1	1
Other payables	–	300	300
		301	301

For the year ended 31 March 2017

21. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

	Weighted average interest rate % per annum	Less than 1 year and total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
As at 31 March 2016			
Trade payables	–	5	5
Other payables	–	429	429
		434	434

Fair value

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

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

22. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2017 HK$'000	2016 HK$'000
Within one year	**1,585**	1,573
In the second to fifth year inclusive	**1,597**	3,129
Over five years	**–**	8
	3,182	4,710

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

For the year ended 31 March 2017

23. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in note 8 is as follows:

	2017 **HK$'000**	2016 HK$'000
Short-term benefits	**7,666**	7,126
Post employment benefits	**326**	308
	7,992	7,434

The remuneration of key management personnel of the Group is determined having regard to the performance of individuals and market trends.

Arrangement and deposit with a related company

Details of the arrangement for construction and leasing of factory in the PRC used by the Group entered into between the Company and a private company influenced by Mr. Hu Yishi and the deposit paid to this related company are set out in note 13.

24. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries of the Company as at 31 March 2017 and 2016 are as follows:

Name of subsidiary	Country/place of incorporation or registration	Principal place of operation	Nominal value of issued/registered capital		Proportion of nominal value of issued/registered capital held by the Group		Principal activities
			2017	2016	**2017**	2016	
First Corporate International Limited*	British Virgin Islands ("BVI")	Hong Kong	**US$1**	US$1	**100%**	100%	Investment holding
Nation Power Group Limited*	BVI	Hong Kong	**US$100**	US$100	**100%**	100%	Investment holding
Sinoble Jewelry Limited	Hong Kong	Hong Kong	**HK$1**	HK$1	**100%**	100%	Investment holding
廣州億恒珠寶有限公司 *(Note 1)*	The PRC	The PRC	**HK$15,000,000**	HK$15,000,000	**100%**	100%	Jewelry wholesale business

For the year ended 31 March 2017

24. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Country/place of incorporation or registration	Principal place of operation	Nominal value of issued/registered capital		Proportion of nominal value of issued/registered capital held by the Group		Principal activities
			2017	2016	**2017**	2016	
Guo Rong Holdings Limited	Hong Kong	Hong Kong	**HK$1**	HK$1	**100%**	100%	Cost center for other group entities
Global Fortune Investment Limited*	Republic of Seychelles	Hong Kong	**US$1**	US$1	**100%**	100%	Investment holding
Luck Sign Limited	Republic of Seychelles	Hong Kong	**US$1**	US$1	**100%**	100%	Investment holding
Sun Bless Limited	Hong Kong	Hong Kong	**HK$1**	HK$1	**100%**	100%	Investment holding
寧波升谷節能科技有限公司 *(Note 1)*	The PRC	The PRC	**HK$25,000,000**	HK$25,000,000	**100%**	100%	Solar energy business for manufacturing and distribution of cooling-stored pipes
余姚市億恒太陽能科技有限公司 *(Notes 1 and 2)*	The PRC	The PRC	**RMB60,000**	–	**100%**	–	Solar energy business for manufacturing and distribution of cooling-stored pipes
Wealth Compass Limited *(Note 2)*	Hong Kong	Hong Kong	**HK$1**	–	**100%**	–	Inactive
Asia Environment Protection Holding Co., Limited *(Note 2)*	Hong Kong	Hong Kong	**HK$10,000**	–	**100%**	–	Inactive

* Directly held by the Company.

Notes:

(1) Registered as a wholly foreign owned enterprise.
(2) The subsidiaries are newly set up during the year ended 31 March 2017.

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

For the year ended 31 March 2017

25. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2017 HK$'000	2016 HK$'000
Non-current asset		
Unlisted investment in subsidiaries	**–**	–
Amounts due from subsidiaries	**200**	21,985
	200	21,985
Current assets		
Amounts due from subsidiaries	**23,617**	12,299
Bank balances	**11,634**	33,614
	35,251	45,913
Current liabilities		
Other payables and accruals	**769**	897
Net current assets	**34,482**	45,016
	34,682	67,001
Capital and reserves		
Share capital *(note 16)*	**3,301**	3,301
Reserves *(Note)*	**31,381**	63,700
Total equity	**34,682**	67,001

For the year ended 31 March 2017

25. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note:

Movement in the Company's reserves

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Warrants reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2015	76,559	22,666	2,615	–	(81,733)	20,107
Loss and total comprehensive expense for the year	–	–	–	–	(39,501)	(39,501)
Issue of new shares *(note 16)*	75,240	–	–	–	–	75,240
Transaction costs attributable to issue of new shares	(881)	–	–	–	–	(881)
Equity-settled share-based payment *(note 18)*	–	–	–	8,279	–	8,279
Exercise of share options	660	–	(204)	–	–	456
At 31 March 2016	151,578	22,666	2,411	8,279	(121,234)	63,700
Loss and total comprehensive expense for the year	–	–	–	–	(45,195)	(45,195)
Lapse of share options	–	–	(2,411)	–	2,411	–
Equity-settled share-based payment *(note 18)*	–	–	–	12,876	–	12,876
At 31 March 2017	151,578	22,666	–	21,155	(164,018)	31,381

FIVE YEARS FINANCIAL SUMMARY

RESULTS

	For the year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**10,222**	17,765	57,092	67,591	75,770
Loss before taxation	**(37,941)**	(36,806)	(22,154)	(20,190)	(31,123)
Income tax credit	**—**	—	—	198	—
Loss for the year	**(37,941)**	(36,806)	(22,154)	(19,992)	(31,123)
Loss attributable to owners of the Company	**(37,941)**	(36,806)	(22,154)	(19,992)	(31,123)

ASSETS AND LIABILITIES

	At 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**2,091**	1,279	2,384	3,779	13,082
Current assets	**43,889**	72,600	35,457	41,587	39,484
Current liabilities	**(1,850)**	(2,610)	(12,351)	(28,076)	(15,723)
Net current assets	**42,039**	69,990	23,106	13,511	23,761
Total assets less current liabilities	**44,130**	71,269	25,490	17,290	36,843
Non-current liabilities	**—**	—	—	—	(198)
Net assets	**44,130**	71,269	25,490	17,290	36,645