

MISSION CAPITAL HOLDINGS LIMITED

保興資本控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code : 1141)

Mission  
Capital  
2015 Holdings  
Limited  
Annual Report

Mission Capital Holdings Limited

Suite 903, 9th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong

URL : <http://www.missioncapital.com.hk>



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Suen Yick Lun Philip  
*(Acting Chairman & Managing Director)*  
Mr. Lau King Hang  
Mr. Kitchell Osman Bin

### Independent Non-Executive Directors

Dr. Leung Shiu Ki Albert  
Ms. Chen Wei  
Mr. Wong Yat Fai  
Mr. Man Wai Chuen  
Mr. Wong Kwok Tai

## AUDIT COMMITTEE

Dr. Leung Shiu Ki Albert *(Chairman)*  
Ms. Chen Wei  
Mr. Man Wai Chuen  
Mr. Wong Kwok Tai

## REMUNERATION COMMITTEE

Mr. Wong Yat Fai *(Chairman)*  
Mr. Suen Yick Lun Philip  
Dr. Leung Shiu Ki Albert  
Mr. Man Wai Chuen  
Mr. Wong Kwok Tai

## NOMINATION COMMITTEE

Ms. Chen Wei *(Chairman)*  
Mr. Suen Yick Lun Philip  
Dr. Leung Shiu Ki Albert  
Mr. Wong Yat Fai  
Mr. Wong Kwok Tai

## COMPANY SECRETARY

Mr. Suen Yick Lun Philip

## TRADING OF SHARES

The Stock Exchange of Hong Kong Limited  
(Stock Code: 1141)

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 903, 9th Floor  
Great Eagle Centre  
23 Harbour Road  
Wanchai, Hong Kong

## PRINCIPAL BANKERS

Bank of Communications Co., Ltd.,  
Hong Kong Branch  
Bank of China (Hong Kong) Limited  
Hang Seng Bank Limited  
Bank J. Safra Sarasin Limited  
BNP Paribas Hong Kong Branch

## LEGAL ADVISERS

Reed Smith Richards Butler  
Howse Williams Bowers

## AUDITOR

Messrs. Deloitte Touche Tohmatsu

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
26 Burnaby Street  
Hamilton HM11  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## WEBSITE

[www.missioncapital.com.hk](http://www.missioncapital.com.hk)

# Chairman's Statement

## BUSINESS REVIEW

I am pleased to report to shareholders that the Group recorded a profit attributable to owners of the Company of approximately HK\$487.1 million for the year ended 31 March 2015 (2014: approximately HK\$417.1 million) and basic earnings per share of HK10.40 cents (2014: restated HK10.74 cents). The profitable results were mainly attributed to the substantial net gain on securities investments recorded by the Group. For the year under review, the Group reported revenue of approximately HK\$300.7 million, significantly decreased by 78.0% over last year (2014: approximately HK\$1,369.2 million), and gross profit of approximately HK\$32.0 million, dropped by approximately 19.4% compared to the previous year (2014: approximately HK\$39.7 million). The declines in the Group's revenue and gross profit were mainly due to a sharp decrease in trading volume of metal minerals transacted from the supply and procurement segment during the year and a decrease in segment revenue from provision of finance due to comparatively lower average amount of loans lent to borrowers and the decrease in number of borrowers. The Group recorded total comprehensive income attributable to owners of the Company of approximately HK\$487.1 million for the year under review (2014: approximately HK\$417.1 million).

During the year, the Company added a new business line of trading in real estate to its principal activities, and the Company acquired a commercial property which was intended to be traded and to bring profit to the Group.

## PROSPECTS

The Shanghai-Hong Kong Stock Connect Scheme (the "SH-HK Scheme") was launched in November 2014. The SH-HK Scheme provides a platform for Shenzhen-Hong Kong Connect Scheme (the "SZ-HK Scheme") which is expected to be launched in the second-half of 2015. The SH-HK Scheme offers some ideas on how to do better, more effective and allows the market to play greater role in resource allocation. The introduction of SH-HK and SZ-HK Schemes will stimulate the financial market in near future. The Company will continuously focus on its core business of the Group, namely in securities investments and provision of finance. Also, the Company will continuously seek for any potential investments and business opportunities to enhance the value of the shareholders of the Company and the Company as a whole.

## APPRECIATION

On behalf of the Board, I would like to sincerely thank all our shareholders, investors, bankers, business associates and customers for their continuing support to the Group, and to my fellow directors and all staff members for their hard work during the past year.

**Suen Yick Lun Philip**  
*Acting Chairman*

Hong Kong, 26 June 2015

# Management Discussion and Analysis

## OPERATIONS REVIEW

For the year ended 31 March 2015, the Group continued to engage in the businesses of securities investments, supply and procurement of commodities and provision of finance. A new business line of trading in real estate became one of the principal activities of the Group during the year.

## REVENUE

The Group's revenue decreased by 78.0% to approximately HK\$300.7 million compared to approximately HK\$1,369.2 million in the prior year. It was mainly due to the decrease in volume of metal minerals traded by the supply and procurement segment. The analysis of the Group's revenue by reportable segments is as below.

### *Supply and Procurement*

The Group's supply and procurement segment continued to focus on the sourcing, transporting and supplying of metal minerals and recyclable metal materials during the year under review. When compared to last year, the segment recorded a 80.1% decrease in revenue to approximately HK\$269.0 million (2014: approximately HK\$1,352.3 million) and segment loss of approximately HK\$2.2 million which turned from a segment profit of approximately HK\$23.6 million in last year. The declines in the segment's revenue and profit were principally attributed to the decreased volume of metal minerals transacted during the year under review, which was in turn mainly a result of dropping in demand for building materials following the slowdown of property sector in the People's of Republic of China.

### *Securities Investments*

During the year under review, the segment revenue, which included dividend income from investment in listed equity securities, and interest income from investment in convertible bonds and interest bearing notes of approximately HK\$28.8 million increased by approximately 433.3% from approximately HK\$5.4 million as compared to the prior year.

As a whole, the segment profit of approximately HK\$625.2 million in the current year increased by 49.8% from approximately HK\$417.3 million in the prior year. The increase in profit was mainly attributable to:

- (1) net gains on investments at fair value through profit or loss of approximately HK\$596.4 million, increased by 44.8% from approximately HK\$411.9 million compared to the prior year; and
- (2) an increase in dividend income from investment in listed equity securities by approximately HK\$23.5 million, from approximately HK\$4.6 million to approximately HK\$28.1 million compared to the prior year.

# Management Discussion and Analysis

At 31 March 2015, the Group's securities portfolio mainly constituted of listed equity securities in conglomerate company, pharmaceutical company, infrastructure company, property company, mining and resources company, industrial materials company, consumer electronics company, healthcare services company, agricultural machinery company, apparels and accessories company, automobile retailing company, financial services company, semiconductors company, and movies and entertainment company. There was no material change in the Group's securities portfolio except that it included the listed equity securities in banking company and construction company in last year.

## ***Provision of Finance***

The interest income and segment profit generated by the Group's financing segment dropped by 74.8% to approximately HK\$2.9 million (2014: approximately HK\$11.5 million) and 75.7% to approximately HK\$2.7 million (2014: approximately HK\$11.1 million) respectively comparing to the prior year. It was mainly due to the comparatively lower average amount of loans lent to borrowers and the decrease in number of borrowers. The loan portfolio held by the Group amounted to approximately HK\$120.0 million (2014: approximately HK\$42.2 million) at the year end.

## ***Real Estate***

No segment revenue (2014: nil) and segment loss of approximately HK\$0.03 million (2014: nil) were recorded during the year under review. As disclosed in the announcement of the Company dated 16 February 2015, a new business line of trading in real estate became one of the principal activities of the Group. The acquisition of trading asset as disclosed in the announcement of the Company dated 16 February 2015 was in line with the Company's new line of principal business of trading in real estate, whereby real estate will be acquired as stock for trading. At 31 March 2015, the above-mentioned acquisition of trading asset has not been completed.

## **GROSS PROFIT**

The Group's gross profit during the year under review was approximately HK\$32.0 million, which decreased by approximately HK\$7.7 million, as compared to approximately HK\$39.7 million in last year. The decrease was mainly due to the decrease in gross profit contributed by the supply and procurement segment and interest income from loan receivables during the year under review.

## **RESULTS**

For the year ended 31 March 2015, the Group recorded a profit attributable to owners of the Company of approximately HK\$487.1 million (2014: approximately HK\$417.1 million) and basic earnings per share of HK10.40 cents (2014: restated HK10.74 cents). The increase in the Group's results was mainly due to the substantial segment profit contributed by the securities investment segment amounting to approximately HK\$625.2 million (2014: approximately HK\$417.3 million).

# Management Discussion and Analysis

## FINANCIAL REVIEW

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group primarily financed its operations with internally generated cash flows, borrowing, and by its internal resources and shareholder's equity.

At 31 March 2015 the Group had current assets of approximately HK\$2,370.2 million (2014: approximately HK\$1,865.0 million) and liquid assets comprising cash and short-term securities investments totaling approximately HK\$2,220.7 million (2014: approximately HK\$1,615.5 million) (excluding pledged bank deposits for trade facilities granted by banks). The Group's current ratio, calculated based on current assets of approximately HK\$2,370.2 million (2014: approximately HK\$1,865.0 million) over current liabilities of approximately HK\$179.6 million (2014: approximately HK\$145.3 million), was at a ratio of about 13.2 at the year end (2014: 12.8). The Group's accounts and bills receivable amounted to approximately HK\$12.0 million, dropped by 90.4% from last year (2014: approximately HK\$125.5 million) which was primarily due to the decrease of trade volume of the Group's supply and procurement business.

The Group's finance costs for the current year represented the effective interest on notes payable of approximately HK\$8.2 million (2014: approximately HK\$6.6 million) and interest on borrowing of approximately HK\$2.3 million (2014: nil). At 31 March 2015, the Company had long-term notes payable of approximately HK\$146.4 million (2014: HK\$145.7 million) and short-term borrowing of approximately HK\$158.1 million (2014: nil).

At the year end, total equity attributable to owners of the Company amounted to approximately HK\$2,328.7 million (2014: approximately HK\$1,593.4 million).

At 31 March 2015, the Group's indebtedness comprised short-term borrowing and long-term notes payable totaling approximately HK\$304.5 million (2014: approximately HK\$265.1 million which comprised bank advance for discounted bills and long-term notes payable). The borrowing was denominated in Hong Kong dollars, due within one year, and bore interests at floating rate. The notes payable were denominated in Hong Kong dollars, due on the seventh anniversary from the respective issue dates of the notes, and bore interests at 5% fixed rate per annum. The bank advances for discounted bills were denominated in United States dollars, due within one year, and bore interests at floating rates. The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was at a low ratio of about 11.6% (2014: 14.3%).

# Management Discussion and Analysis

During the year, the Company decided to issue and allot bonus shares to shareholders of the Company as a return to the shareholders of the Company and an opportunity to allow the shareholders of the Company to participate in the business growth of the Company. As a result, a total number of 855,670,100 new shares were issued and allotted. On the capital structure of the Company, the Company completed a capital reorganization which comprised (i) a capital reduction of the Company's issued share capital by way of cancelling its paid up by HK\$0.09 on each issued shares of the Company and (ii) subdivided every authorized but unissued share of the Company into 10 new shares of the Company of HK\$0.01 at par value. As a result, the authorized share capital of the Company increased to 100 billion shares. The Company announced an interim dividend by way of bonus warrants on the basis of one warrant for every five shares held on the record date. As a result, a total of 855,670,100 warrants were issued at a subscription price of HK\$0.1 each. In February 2015, the Company completed an open offer. A total number of 2,139,175,251 new shares were issued at a subscription price of HK\$0.1 each offer share.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

## FOREIGN CURRENCY RISK MANAGEMENT

The majority of the Group's assets are held in Hong Kong dollars with no material foreign exchange exposure. The Group's business has its overseas market, which alone accounts for approximately HK\$269.0 million of the Group's sales turnover. The management has chosen to adopt a more prudent sales policy by mainly accepting United States dollars quoted sale orders, which in turn the management can maintain a stable currency exchange condition for normal trading business development. During the year under review, the directors are of the view that the Group's exposure to exchange rate risk is not material, and will continue to monitor it.

## PLEDGE OF ASSETS

At 31 March 2015, no bank deposits (2014: approximately HK\$21.1 million) were pledged to banks to secure for trade credit facilities granted to the Group.

At 31 March 2015, no bills receivable (2014: approximately HK\$119.8 million) were pledged to secure bank advances for discounted bills (2014: approximately HK\$119.4 million) granted to the Group.

At 31 March 2015, a revolving loan facility from a private bank was granted to the Group which was secured by the Group's marketable securities portfolio of approximately HK\$717.4 million (2014: nil). Under the revolving loan facility, a total amount of approximately HK\$158.1 million (2014: nil) was utilized.

# Management Discussion and Analysis

## **CONTINGENT LIABILITY**

At 31 March 2015, the Group had no significant contingent liability (2014: nil).

## **CAPITAL COMMITMENT**

At 31 March 2015, the Group had no significant capital commitment (2014: nil).

## **HUMAN RESOURCES AND REMUNERATION POLICY**

At 31 March 2015, the Group had about 20 (2014: 35) employees including directors. For the year under review, total staff costs, including directors' remuneration, was approximately HK\$12.1 million (2014: approximately HK\$20.0 million). Total staff costs decreased by 39.5% was mainly due to the decrease in headcount. Remuneration packages for employees and directors are structured by reference to market terms and individual competence, performance and experience. Benefits plans maintained by the Group include provident fund scheme, medical insurance, subsidised training programme, share option scheme and discretionary bonuses.

# Biographical Details of Directors

## EXECUTIVE DIRECTORS

**Mr. Suen Yick Lun Philip (“Mr. Philip Suen”)**, aged 46, joined the Company as an Executive Director and the Company Secretary of the Company in July 2014 and was appointed as Chief Executive Officer in October 2014. Mr. Philip Suen was redesignated to Acting Chairman and Managing Director in March 2015. Mr. Philip Suen is also a director of subsidiaries of the Group. Mr. Philip Suen is a fellow member of both the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the CPA Australia. Mr. Philip Suen is also a member of The Hong Kong Institute of Directors. Mr. Philip Suen holds a Bachelor’s degree in Accountancy from Queensland University of Technology and a Master’s degree in Corporate Finance from The Hong Kong Polytechnic University. Mr. Philip Suen has over 15 years of experience in corporate management and finance, accounting and company secretarial practice. Prior to joining the Company, Mr. Philip Suen was responsible for accounting and finance matters for several listed companies. Mr. Philip Suen was formerly an executive director of Freeman Financial Corporation Limited (Stock Code: 279) from 2 September 2010 to 14 March 2011, and an executive director of Mascotte Holdings Limited (Stock Code: 136) from 1 April 2011 to 30 June 2014 and as its managing director and chief executive officer from 27 March 2014 to 30 June 2014, all of which are companies listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

**Mr. Lau King Hang (“Mr. Lau”)**, aged 43, joined the Company as an Executive Director in August 2014. Mr. Lau graduated from National Taiwan University with a Bachelor’s degree in Chemistry and received a Master’s degree in Business Administration and a Master’s degree in Financial Services from The Open University of Hong Kong. Mr. Lau is a member of The Hong Kong Institute of Directors and is a member of The Hong Kong Management Association and obtained the title of Professional Manager. Mr. Lau was an executive director of Mascotte Holdings Limited (Stock Code: 136), a Hong Kong listed company, from June 2011 to March 2014. Mr. Lau has over 15 years of extensive management experience in sales and marketing in high technology and chemical industry, packaging and printing services, and food and beverage operations; and investments experience.

Mr. Lau is currently a non-executive director of HEC Capital Limited and an executive director of Inno-Tech Holdings Limited (Stock Code: 8202) which is listed on the growth enterprise market of the Stock Exchange.

**Mr. Kitchell Osman Bin (“Mr. Kitchell”)**, aged 50, joined the Company as an Executive Director in January 2015. Mr. Kitchell is a Canadian citizen, completed his high-school education in Hong Kong and undergraduate studies in Canada. Mr. Kitchell had obtained a honorary diploma from Pickering College in Canada. Mr. Kitchell studied Economics in the University of Toronto, Canada. Mr. Kitchell is a veteran investor mainly in Hong Kong equity market with over 15 years’ experience. Mr. Kitchell had been an investor managing a private family fund. Mr. Kitchell was appointed as executive director of Unity Investments Holdings Limited (Stock Code: 913) from 10 January 2005 and also appointed as the chief executive officer from 17 January 2006. Mr. Kitchell was elected as chairman of the company on 16 January 2008 until he resigned on 19 December 2014. Unity Investments Holdings Limited is a company listed on the main board of the Stock Exchange.

## Biographical Details of Directors

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Leung Shiu Ki Albert (“Dr. Leung”)**, aged 65, has been appointed as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company with effect from 14 November 2014. Dr. Leung obtained a Doctorate degree of Philosophy in Economics from Shanghai University of Finance and Economics in September 2007, a Master degree of Business Administration from Brunel University, England in December 1985 and a Diploma in Management Studies from The Polytechnic of Central London, England in October 1983. Dr. Leung was admitted as an associate member of The Chartered Association of Certified Accountants (currently known as Association of Chartered Certified Accountants (the “ACCA”)) in February 1987 and Dr. Leung is a member of the HKICPA. Dr. Leung has been appointed as a governor of the Hong Kong Kidney Foundation. During the period from 11 August 2011 to 31 December 2014 and 28 November 2008 to 4 December 2013, Dr. Leung was an independent non-executive director of Tack Fiori International Group Limited (Stock Code: 928) and Universe International Holdings Limited (Stock Code: 1046) respectively, which are companies listed on the main board of the Stock Exchange. Dr. Leung has around 10 years of experience in accounting and auditing in accounting firms in England from 1977 to 1987. From 1988 to 1992, Dr. Leung joined Citicorp International Limited as an assistant vice president with a major responsibility in corporate finance matters in Hong Kong.

Dr. Leung is currently a non-executive director of China Translation & Printing Services Limited and the managing director of Beauchamp International Development Limited and is responsible for providing financial and business development service. Dr. Leung currently also serves as an independent non-executive director of Ruifeng Petroleum Chemical Holdings Limited (Stock Code: 8096), Nga Chun Holdings Company Limited (Stock Code: 1462) and Oi Wah Pawnshop Credit Holdings Limited (Stock Code: 1319), all of which are companies listed on the main board of the Stock Exchange.

**Ms. Chen Wei (“Ms. Chen”)**, aged 33, has been appointed as an Independent Non-executive Director, the Chairman of the Nomination Committee and a member of the Audit Committee of the Company with effect from 14 November 2014. Ms. Chen holds a Bachelor of Science degree in International Finance from Beijing University of Aeronautics and Astronautics, a Master of Science degree in Money, Banking and Finance from University of Birmingham and a PhD degree in Economics from University of Birmingham. Ms. Chen has extensive experience in finance and banking industry. Prior to joining the Company, Ms. Chen was an assistant vice president of BNP Paribas Wealth Management, Hong Kong Branch, mainly responsible for managing clients’ investment portfolio on a non-discretionary basis. Before that, Ms. Chen was a senior manager at Guosen Securities (HK) Financial Holdings Limited assisting in the execution of financial advisory, delisting and initial public offering works. Ms. Chen had also worked in the United Kingdom and Mainland China for HSBC Bank plc and The Bank of China respectively before moving to Hong Kong. During the period from 7 October 2013 to 5 October 2014, Ms. Chen was an executive director of Heritage International Holdings Limited (Stock Code: 412), which is a company listed on the main board of the Stock Exchange.

Ms. Chen is currently an executive director of China Jinhai International Group Limited (Stock Code: 139), which is a company listed on the main board of the Stock Exchange.

## Biographical Details of Directors

**Mr. Wong Yat Fai**, also known as Mr. Desmond Wong, aged 55, has been appointed as an Independent Non-executive Director, the Chairman of Remuneration Committee and a member of the Nomination Committee of the Company with effect from 14 November 2014. Mr. Desmond Wong holds a professional diploma in banking from The Hong Kong Polytechnic University. Mr. Desmond Wong has over 13 years of working experience in an international banking group. Mr. Desmond Wong was a non-executive director of The Cross-Harbour (Holdings) Limited (Stock Code: 32) and Yugang International Limited (Stock Code: 613) for the period from 1 October 2007 to 31 December 2012, which are companies listed on the main board of the Stock Exchange.

Mr. Desmond Wong currently serves as an executive director of China Jinhai International Group Limited (Stock Code: 139), and a non-executive director of C C Land Holdings Limited (Stock Code: 1224) and Y. T. Realty Group Limited (Stock Code: 75), all of which are companies listed on the main board of the Stock Exchange.

**Mr. Man Wai Chuen (“Mr. Man”)**, aged 51, has been appointed as an Independent Non-executive Director and a member of the Audit Committee and the Remuneration Committee of the Company with effect from 14 November 2014. Mr. Man holds a Master’s degree in Business Administration from the University of Sheffield in the United Kingdom. Mr. Man is a fellow member of the ACCA and the Hong Kong Institute of Chartered Secretaries and an associate member of the HKICPA. Mr. Man has over 20 years of experience in company secretarial and accounting fields.

Mr. Man is currently an executive director of Willie International Holdings Limited (Stock Code: 273), which is a company listed on the main board of the Stock Exchange.

**Mr. Wong Kwok Tai (“Mr. Wong”)**, aged 76, joined the Company as an Independent Non-executive Director in August 2001. Mr. Wong graduated from the Deakin University in Geelong, Australia and holds a Diploma of Commerce. Mr. Wong is a Practising Certified Public Accountant and a fellow member of the CPA Australia and the HKICPA. Currently, Mr. Wong is the director of W. Wong CPA Limited and Everwin Investment Fund and has more than 48 years of financial experience. Mr. Wong was an independent non-executive director of New Century Group Hong Kong Limited (Stock Code: 234) until 3 September 2012.

Mr. Wong currently serves as an independent non-executive director of China Power New Energy Development Company Limited (Stock Code: 735), Winshine Entertainment & Media Holding Company Limited (Stock Code: 209) and Takson Holdings Limited (Stock Code: 918). All of the above companies are listed in Hong Kong.

# Report of the Directors

## REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2015.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holdings and securities investment. Details of the principal activities of the principal subsidiaries are set out in Note 34 to the consolidated financial statements.

## RESULTS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 31.

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: nil).

## FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 90. This summary does not form part of the audited consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

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

## SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of movements in the Company's share capital and warrants, and share options during the year are set out in Notes 26 and 29 to the consolidated financial statements, respectively.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2015, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

# Report of the Directors

## RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out on page 92 and page 34 and in the consolidated statement of changes in equity, respectively.

## DISTRIBUTABLE RESERVES

At 31 March 2015, the Company had no reserve available for distribution and/or distribution in specie as computed in accordance with the Companies Act 1981 of Bermuda. The Company's share premium account, in the amount of approximately HK\$1.6 billion may be distributed in the form of fully paid bonus shares.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for approximately 90.5% of the total sales for the year and sales to the largest customer accounted for approximately 49.6%. Purchases from the Group's five largest suppliers accounted for approximately 97.3% of the total purchases for the year and purchases from the largest supplier accounted for approximately 65.6%.

None of the directors or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers during the year.

## DIRECTORS

The directors of the Company during the year and up to the date of this report were:

### Executive Directors:

Mr. Suen Yick Lun Philip (appointed on 2 July 2014)  
Mr. Lau King Hang (appointed on 26 August 2014)  
Mr. Kitchell Osman Bin (appointed on 1 January 2015)  
Mr. Suen Cho Hung, Paul (resigned on 3 March 2015)  
Mr. Sue Ka Lok (resigned on 31 October 2014)  
Ms. Lee Chun Yeung, Catherine (resigned on 20 August 2014)

### Independent Non-executive Directors:

Mr. Wong Kwok Tai  
Dr. Leung Shiu Ki Albert (appointed on 14 November 2014)  
Ms. Chen Wei (appointed on 14 November 2014)  
Mr. Wong Yat Fai (appointed on 14 November 2014)  
Mr. Man Wai Chuen (appointed on 14 November 2014)  
Mr. Weng Yixiang (resigned on 19 March 2015)  
Mr. Huang Zhencheng (resigned on 31 March 2015)

# Report of the Directors

## **DIRECTORS (continued)**

In accordance with bye-law 86(2) of the Company's Bye-laws, Mr. Kitchell Osman Bin, Dr. Leung Shiu Ki Albert, Ms. Chen Wei, Mr. Wong Yat Fai and Mr. Man Wai Chuen will hold office until the forthcoming Annual General Meeting (the "AGM") and, being eligible, offer himself for re-election at the forthcoming AGM.

In accordance with bye-law 87 of the Company's Bye-laws, Mr. Wong Kwok Tai will retire by rotation at the forthcoming AGM and, being eligible, offer himself for re-election at the forthcoming AGM.

## **DIRECTORS' SERVICE CONTRACTS**

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

## **DIRECTORS' REMUNERATION**

Details of the directors' remuneration are set out in Note 10 to the consolidated financial statements.

## **UPDATES ON DIRECTORS' INFORMATION**

The following is updated information of directors of the Company required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules:

1. Dr. Leung Shiu Ki Albert has been appointed as an independent non-executive director of Ruifeng Petroleum Chemical Holdings Limited (Stock Code: 8096) with effect from 25 June 2015.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

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

# Report of the Directors

## **DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 March 2015, none of the directors or chief executive of the Company had registered an interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the "Share Option Scheme" disclosed in Note 29 to the consolidated financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

## **SHARE OPTION SCHEME**

Details of the share option scheme of the Company are set out in Note 29 to the consolidated financial statements.

## Report of the Directors

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 March 2015, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares and underlying shares of the Company:

Name of shareholders	Capacity and nature of interests	Number of shares held	Number of underlying shares	Total interests	Approximate percentage of the Company's issued share capital
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	1,891,312,499 (Note 1)	252,175,000 (Notes 1&2)	-	-
	Beneficial Owner	13,125,000	1,750,000 (Note 3)	2,158,362,499	33.63%
Excelsior Kingdom Limited ("Excelsior Kingdom")	Interest of controlled corporation	1,891,312,499 (Note 1)	252,175,000 (Notes 1&2)	2,143,487,499	33.40%
Global Wealthy Limited ("Global Wealthy")	Beneficial Owner	1,891,312,499 (Note 1)	252,175,000 (Notes 1&2)	2,143,487,499	33.40%
Willie International Holdings Limited	Interests of controlled corporation	1,322,100	1,500,000,000 (Note 4)	1,501,322,100	23.3%
Qualipak International Holdings Limited	Beneficial owner	-	850,000,000 (Note 5)	850,000,000	13.24%
Freeman Financial Corporation Limited	Interest of controlled corporation	593,505,600 (Note 6)	-	593,505,600	9.25%

# Report of the Directors

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (continued)

Notes:

1. These interests were held by Global Wealthy, which was a wholly-owned subsidiary of Excelsior Kingdom which in turn was wholly owned by Mr. Suen. Mr. Suen is the sole director of Global Wealthy and Excelsior Kingdom. Accordingly, Mr. Suen and Excelsior Kingdom were deemed to be interested in 1,891,312,499 shares and 252,175,000 underlying shares of the Company under the SFO.
2. These represented the interests of Global Wealthy in 252,175,000 units of warrants issued by the Company on 27 January 2015 (the "Warrants") which carry the rights to subscribe for 252,175,000 shares of the Company at the initial exercise price of HK\$0.10 per share (subject to adjustments)(the "Exercise Price") during the period from 27 January 2015 to 26 January 2016 (both days inclusive) (the "Subscription Period").
3. These represented the interests of Mr. Suen in 1,750,000 units of Warrants which carry the rights to subscribe for 1,750,000 shares of the Company at the Exercise Price during the Subscription Period.
4. Saved as disclosed in Note 35 to the consolidated financial statements, these interests were held by Pearl Decade Limited which was an indirect wholly-owned subsidiary of Willie International Holdings Limited (Stock Code: 273), the shares of which are listed on the main board of the Stock Exchange.
5. Saved as disclosed in Note 35 to the consolidated financial statements, these interests were held by Qualipak International Holdings Limited (Stock Code: 1332), the shares of which are listed on the main board of the Stock Exchange.
6. These interests were held by Smart Jump Corporation which was an indirect wholly-owned subsidiary of Freeman Financial Corporation Limited (Stock Code: 279), the shares of which are listed on the main board of the Stock Exchange.

The interests of Mr. Suen, Excelsior Kingdom and Global Wealthy in 1,891,312,499 shares and 252,175,000 underlying shares of the Company referred to in Note 1 above related to the same parcel of shares and underlying shares.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 31 March 2015 as required pursuant to section 336 of the SFO.

## CONNECTED TRANSACTIONS

The related party transactions as disclosed in Note 33 to the consolidated financial statements fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements.

# Report of the Directors

## REMUNERATION POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market terms. Other employee benefits included provident fund scheme, medical insurance, subsidised training programme, share option scheme as well as discretionary bonuses.

The determination of directors' remuneration has taken into consideration of their respective responsibilities and contributions to the Company and with reference to market terms.

## SUFFICIENCY OF PUBLIC FLOAT

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

## AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 March 2015 have been reviewed by the Audit Committee of the Company before they are duly approved by the Board under the recommendation of the Audit Committee.

## AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2015 have been audited by Messrs. Deloitte Touche Tohmatsu.

A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

The consolidated financial statements of the Company for the year ended 31 March 2012, 2013 and 2014 were audited by Messrs. HLB Hodgson Impey Cheng. In March 2012, the practice of Messrs. HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. Save for the above, there has been no other change of the auditor of the Company in the preceding three years.

On behalf of the Board

**Suen Yick Lun Philip**

*Acting Chairman and Managing Director*

Hong Kong, 26 June 2015

# Corporate Governance Report

The Board is committed to maintaining high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of its shareholders and to enhance the performance of the Group.

## CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2015, except for the following deviations with reasons as explained:

### THE BOARD

#### ***Code Provision A.2.1***

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

#### ***Deviation***

Neither the Company’s Bye-laws nor Bermuda Act, 1981 contains any requirement as to the separation of these roles. Mr. Suen Yick Lun Philip, an executive director of the Company, appointed as Acting Chairman and redesignated as Managing Director of the Company on 3 March 2015. The Board is of the opinion that it is appropriate and in the best interests of the Company that should hold both offices. The Board believes that it is able to effectively monitor and assess management in a manner that properly protects and promotes the interests of shareholders. Nevertheless, the Nomination Committee of the Company is looking for a suitable candidate to act as Chairman of the Company.

### APPOINTMENT OF NEW DIRECTORS

#### ***Code Provision A.4.1***

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

#### ***Deviation***

There has been a deviation from the code provision since the appointment of four independent non-executive directors of the Company, namely Dr. Leung Shiu Ki Albert, Ms. Chen Wei, Mr. Wong Yat Fai and Mr. Man Wai Chuen on 14 November 2014. They are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in bye-law 87 of the Company’s Bye-laws which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance is no less exacting than those set out in the CG Code.

# Corporate Governance Report

## CORPORATE GOVERNANCE (continued)

### RESPONSIBILITIES OF DIRECTORS

#### *Code Provision A.6.7*

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

#### *Deviation*

One independent non-executive director of the Company was unable to attend the special general meeting of the Company held on 14 August 2014 (the “SGM-1”) and the annual general meeting of the Company held on 30 September 2014 (the “AGM”) as he had other important business engagement. Four independent non-executive directors of the Company were unable to attend the special general meeting of the Company held on 8 January 2015 (the “SGM-2”). However, there was already a half of the board of directors (including Independent Non-executive Directors) presented at each meeting to enable the Board to develop a balanced understanding of the views of shareholders of the Company.

### COMMUNICATION WITH SHAREHOLDERS

#### *Code Provision E.1.2*

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

#### *Deviation*

The Chairman of the Board was unable to attend the AGM, SGM-1 and SGM-2 as he had other important business engagements. However, Mr. Suen Yick Lun Philip, an executive director and the Company Secretary of the Company (now also as the Acting Chairman and Manager Director), had chaired the meeting in accordance with bye-law 63 of the Company’s Bye-laws.

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2015.

### BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company. The Board reviews and approves the objectives, strategies, direction and policies of the Group, the annual budget, annual and interim results, the management structure of the Company as well as other significant policy and financial matters. The Board has delegated the responsibility of day-to-day operations of the Group to the management of the Company.

# Corporate Governance Report

## BOARD OF DIRECTORS (continued)

As at 26 June 2015, the date of this annual report, the Board comprises eight directors, three of which are Executive Directors, namely Mr. Suen Yick Lun Philip, Mr. Lau King Hang, Mr. Kitchell Osman Bin and five are Independent Non-executive Directors, namely Dr. Leung Shiu Ki Albert, Ms. Chen Wei, Mr. Wong Yat Fai, Mr. Man Wai Chuen and Mr. Wong Kwok Tai. The Directors are all experienced individuals. Their mix of professional skills and experience is an important element in the proper functioning of the Board and in ensuring a high standard of objective debate and overall input to the decision-making process.

The Company has received from each of the independent non-executive directors an annual confirmation of his independence and has satisfied itself of such independence up to the date of this report pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent in accordance with the independence guidelines set out in the Listing Rules. Biographical details of the Directors are set out under the section headed "Biographical Details of Directors" on pages 9 to 11 of this annual report.

There is no other financial, business, family or other material/relevant relationship between the Acting Chairman and the Managing Director and among senior management and members of the Board.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his or her first appointment in order to enable him or her to have appropriate understanding of the business and operations of the Company and that he or she is fully aware of his or her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the directors. Continuing briefing and professional development for directors are arranged where necessary.

# Corporate Governance Report

## BOARD OF DIRECTORS (continued)

During the year ended 31 March 2015, the details of the attendance of individual directors at board meetings (including operational meetings), committee meetings, and general meetings are set out in the table below:

	Board meeting	Annual General Meeting	General Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
<b>Executive Directors</b>						
Mr. Suen Yick Lun Philip <i>(Acting Chairman and Managing Director)</i> <i>(appointed on 2 July 2014)</i>	57/66	1/1	2/2	2/4	2/7	2/5
Mr. Lau King Hang <i>(appointed on 26 August 2014)</i>	45/66	1/1	1/2	-	-	-
Mr. Kitchell Osman Bin <i>(appointed on 1 January 2015)</i>	13/66	0/1	1/2	-	-	-
Mr. Suen Cho Hung, Paul <i>(resigned as the Executive Director and Chairman on 3 March 2015)</i>	45/66	0/1	0/2	-	-	-
Mr. Sue Ka Lok <i>(resigned as the Executive Director and Chief Executive Director on 31 October 2014)</i>	28/66	1/1	1/2	1/4	4/7	3/5
Ms. Lee Chun Yeung, Catherine <i>(resigned on 20 August 2014)</i>	13/66	0/1	1/2	-	-	-
<b>Independent Non-Executive Directors</b>						
Dr. Leung Shiu Ki Albert <i>(appointed on 14 November 2014)</i>	15/66	0/1	1/2	2/4	2/7	1/5
Ms. Chen Wei <i>(appointed on 14 November 2014)</i>	15/66	0/1	0/2	2/4	2/7	-
Mr. Wong Yat Fai <i>(appointed on 14 November 2014)</i>	15/66	0/1	1/2	-	2/7	1/5
Mr. Man Wai Chuen <i>(appointed on 14 November 2014)</i>	13/66	0/1	1/2	2/4	-	1/5
Mr. Wong Kwok Tai	35/66	1/1	1/2	4/4	7/7	5/5
Mr. Huang Zhencheng <i>(resigned on 31 March 2015)</i>	31/66	0/1	0/2	3/4	7/7	4/5
Mr. Weng Yixiang <i>(resigned on 19 March 2015)</i>	31/66	1/1	1/2	3/4	7/7	5/5

# Corporate Governance Report

## CHAIRMAN AND CHIEF EXECUTIVE

The Chairman is responsible for overseeing all Board functions, while the executive directors and senior management are under the leadership of the Managing Director to oversee the day-to-day operations of the Group and implement the strategies and policies approved by the Board.

As disclosed in the sub-section of Corporate Governance of the Corporate Governance Report, the position of the Chairman of the Board and Managing Director is currently held by Mr. Suen Yick Lun Philip.

## AUDIT COMMITTEE

The Audit Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Audit Committee comprises four Independent Non-executive Directors, namely Dr. Leung Shiu Ki Albert, Ms. Chen Wei, Mr. Man Wai Chuen and Mr. Wong Kwok Tai. Dr. Leung Shiu Ki Albert is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for assisting the Board in applying financial reporting and internal control principles and in maintaining an appropriate relationship with the Company's auditor. The Audit Committee is also delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Audit Committee met four times during the year ended 31 March 2015. The attendance of each member is set out in the sub-section of the Boards of Directors of the Corporate Governance Report.

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

1. reviewed and discussed the audited financial statements of the Group for the year ended 31 March 2014 and recommended to the Board for approval;
2. reviewed and discussed the unaudited financial statements of the Group for the six months ended 30 September 2014 and recommended to the Board for approval;
3. reviewed and made recommendations to the Board on the appointment of the Company's new auditor;
4. reviewed and approved the remuneration and the terms of engagement of the Company's auditor;
5. reviewed the corporate governance compliance with the CG Code and the disclosure requirements for the corporate governance report;

# Corporate Governance Report

## AUDIT COMMITTEE (continued)

6. reviewed the effectiveness of the internal control system of the Group; and
7. reviewed and discussed with the management and auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit.

## NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference as set out in the GC Code. As at the date of this annual report, the Nomination Committee comprises five members, including four Independent Non-executive Directors, namely Ms. Chen Wei, Dr. Leung Shiu Ki Albert, Mr. Wong Yat Fai and Mr. Wong Kwok Tai, and one Executive Director, namely Mr. Suen Yick Lun Philip. Ms. Chen Wei is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of directors, evaluation of board composition, assessment of the independence of independent non-executive directors and the management of board succession. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Nomination Committee met seven times during the year ended 31 March 2015 to review the structure, size and composition of the Board; assess the independence of the Independent Non-executive Directors of the Company; review and make recommendations to the Board on the re-election of directors; and review and make recommendations to the Board on the appointment of a director.

The Board has adopted a board diversity policy (the "Policy") in September 2013 which sets out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board. Selection of candidates will be based on range of diversity perspectives, which would include but not limited to educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will monitor the implementation of the Policy and will from time to time review the policy, as appropriate, to ensure the effectiveness of the Policy. The attendance of each member is set out in the sub-section of the Boards of Directors of the Corporate Governance Report.

# Corporate Governance Report

## REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Remuneration Committee comprises five members, including four Independent Non-executive Directors, namely Mr. Wong Yat Fai, Dr. Leung Shiu Ki Albert, Mr. Man Wai Chuen and Mr. Wong Kwok Tai, and one Executive Director, namely Mr. Suen Yick Lun Philip. Mr. Wong Yat Fai is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration; determining the remuneration packages of individual executive directors and senior management and making recommendations to the Board on the remuneration of non-executive directors. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met five times during the year ended 31 March 2015 to review discretionary bonus for executive directors; and review and make recommendations to the Board on the remuneration packages of independent non-executive directors. The attendance of each member is set out in the sub-section of the Boards of Directors of the Corporate Governance Report.

## AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 31 March 2015 is set out in the "Independent Auditor's Report" on pages 29 to 30 of this annual report.

For the year ended 31 March 2015, remuneration payable to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, for the provision of audit services was HK\$1,200,000. During the year, HK\$300,000 was paid as remuneration to Messrs. Deloitte Touche Tohmatsu for the provision of non-audit related services

## DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 March 2015.

# Corporate Governance Report

## CORPORATE GOVERNANCE FUNCTIONS

In order to establish the duties and responsibilities of the Board in performing its corporate governance functions, the Board has delegated certain corporate governance functions to the Audit Committee, which include (i) developing and reviewing policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of the directors and senior management; (iii) reviewing and monitoring policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## INTERNAL CONTROL

The Board recognises its responsibilities for maintaining an adequate system of internal control to safeguard the Group's assets and shareholders' interests. An internal control system, including a defined management structure with limits of authority, is designed to help achieving business objectives, safeguarding assets against unauthorized use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication. The internal control system is set up to provide reasonable, but not absolute, assurance against material misstatement of financial statements or loss of assets and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

For the year ended 31 March 2015, the Board conducted a review of the effectiveness of the internal control system of the Group.

## COMPANY SECRETARY

Mr. Suen Yick Lun Philip was appointed the Company Secretary of the Company on 2 July 2014. The biographical details of Mr. Suen Yick Lun Philip are set out under the section headed "Biographical Details of Directors" on pages 9 to 11 of this annual report. Mr. Suen Yick Lun Philip has taken no less than 15 hours of the relevant professional training during the financial year ended 31 March 2015.

# Corporate Governance Report

## SHAREHOLDERS' RIGHTS

### PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

According to bye-law 58 of the Company's Bye-laws, 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 a special 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 requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

### PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

Pursuant to the Companies Act, any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates or not less than one hundred shareholders, can request the Company in writing to:

- (a) give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and
- (b) circulate to shareholders of the Company entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

# Corporate Governance Report

## SHAREHOLDERS' RIGHTS (continued)

### PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR OF THE COMPANY

According to bye-law 88 of the Company's Bye-laws, no person other than a director retiring at the general meeting of the Company shall, unless recommended by the directors for election, be eligible for election as a director at general meeting of the Company unless a notice signed by a shareholder of the Company (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the Company's head office in Hong Kong or at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such notice(s) shall commence on (and including) the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

### PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns in writing to the Company Secretary of the Company at the Company's head office in Hong Kong at Suite 903, 9th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

### INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at [www.missioncapital.com.hk](http://www.missioncapital.com.hk).

# Independent Auditor's Report



## **TO THE SHAREHOLDERS OF MISSION CAPITAL HOLDINGS LIMITED (FORMERLY KNOWN AS POLY CAPITAL HOLDINGS LIMITED)**

*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Mission Capital Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 89, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

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

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

# Independent Auditor's Report

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## OTHER MATTER

The consolidated financial statements for the year ended 31 March 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 26 June 2014.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
26 June 2015

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	5	<b>300,700</b>	1,369,188
Cost of sales		<b>(268,657)</b>	(1,329,498)
Gross profit		<b>32,043</b>	39,690
Net gains on investments at fair value through profit or loss		<b>596,440</b>	411,915
Other income		<b>3,235</b>	6,728
Other gains and losses	7	<b>(2,956)</b>	(2,263)
Selling and distribution costs		<b>(481)</b>	(983)
Administrative expenses		<b>(27,480)</b>	(31,289)
Other expenses	9	<b>(38,975)</b>	–
Finance costs	8	<b>(10,424)</b>	(6,645)
Profit before taxation	9	<b>551,402</b>	417,153
Taxation	12	<b>(64,345)</b>	(70)
Profit and total comprehensive income for the year attributable to owners of the Company		<b>487,057</b>	417,083
Earnings per share	14		Restated
Basic (HK cents per share)		<b>10.40</b>	10.74
Diluted (HK cents per share)		<b>10.35</b>	10.64

# Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	96	2,169
Available-for-sale investments	16	349,400	18,000
		<b>349,496</b>	20,169
<b>Current assets</b>			
Trade and bills receivable	17	11,974	125,548
Prepayments, deposits and other receivables	18	17,497	60,481
Loans receivable	19	120,000	42,233
Tax recoverable		50	102
Investments at fair value through profit or loss	20	2,203,143	1,301,924
Pledged bank deposits	21	–	21,116
Cash and bank balances	21	17,585	313,566
		<b>2,370,249</b>	1,864,970
<b>Current liabilities</b>			
Trade and bills payable	22	2,590	9,030
Other payables and accruals		18,917	16,905
Borrowing	23	158,128	–
Bank advances for discounted bills	17	–	119,355
		<b>179,635</b>	145,290
<b>Net current assets</b>		<b>2,190,614</b>	1,719,680
<b>Total assets less current liabilities</b>		<b>2,540,110</b>	1,739,849

# Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
<b>Non-current liabilities</b>			
Notes payable	24	146,375	145,717
Deferred tax liabilities	25	65,000	707
		<b>211,375</b>	146,424
<b>Net assets</b>			
		<b>2,328,735</b>	1,593,425
<b>Capital and reserves</b>			
Share capital	26	64,178	342,268
Reserves		2,264,557	1,251,157
<b>Total equity</b>			
		<b>2,328,735</b>	1,593,425

The consolidated financial statements on pages 31 to 89 were approved and authorised for issue by the Board of Directors on 26 June 2015 and are signed on its behalf by:

**Suen Yick Lun Philip**  
*Acting Chairman and Managing Director*

**Kitchell Osman Bin**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Notes	Attributable to owners of the Company					Total HK\$'000
		Share capital HK\$'000	Share premium HK\$'000 (Note 1)	Contributed surplus HK\$'000 (Note 2)	Share option reserve HK\$'000	Accumulated (losses) profit HK\$'000	
At 1 April 2013		296,563	1,522,928	3,085	-	(691,939)	1,130,637
Profit and total comprehensive income for the year		-	-	-	-	417,083	417,083
Exercise of warrants	26(iii)	45,705	-	-	-	-	45,705
At 31 March 2014 and 1 April 2014		342,268	1,522,928	3,085	-	(274,856)	1,593,425
Profit and total comprehensive income for the year		-	-	-	-	487,057	487,057
Capital reduction	26(ii)	(385,052)	-	385,052	-	-	-
Bonus issue	26(i)	85,567	(85,567)	-	-	-	-
Open offer	26(iv)	21,392	192,526	-	-	-	213,918
Transaction cost directly attributable to issue of shares		-	(4,674)	-	-	-	(4,674)
Exercise of warrants	26(iii)	3	31	-	-	-	34
Recognition of share based payment	29	-	-	-	38,975	-	38,975
At 31 March 2015		64,178	1,625,244	388,137	38,975	212,201	2,328,735

Notes:

- Share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.
- Amounts represent credits arising from the capital reduction and share premium cancellation transferred to the contributed surplus account, which had been partially utilised to eliminate the accumulated losses of the Group.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
<b>Operating activities</b>		
Profit for the year	487,057	417,083
Adjustments for:		
Income tax expense recognised in profit or loss	64,345	70
Finance costs	10,424	6,645
Bank interest income	(407)	(368)
Interest income from provision of finance	(2,904)	(11,493)
Dividend income on investment in listed equity securities	(28,070)	(4,624)
Impairment loss recognised in respect of trade and bills receivable	390	258
Impairment loss recognised in respect of other receivable, net	1,626	2,075
Unrealised gain on investments at fair value through profit or loss	(609,832)	(392,960)
Depreciation of property, plant and equipment	567	1,027
Share based payment	38,975	–
<b>Operating cash flows before movements in working capital</b>	<b>(37,829)</b>	17,713
Decrease (increase) in trade and bills receivable	113,184	(67,171)
Decrease (increase) in prepayments, deposits and other receivables	41,358	(11,985)
(Increase) decrease in loans receivable	(77,767)	30,000
Increase in investments at fair value through profit or loss	(291,387)	(17,598)
(Decrease) increase in trade and bills payable	(6,440)	2,561
Increase (decrease) in other payables and accruals	2,012	(5,902)
Cash used in operations	(256,869)	(52,382)
Interest received on loans receivable	2,904	11,493
Dividend received on investment in listed equity securities	28,070	4,624
Hong Kong Profits Tax refunded	–	103
<b>Net cash used in operating activities</b>	<b>(225,895)</b>	(36,162)

# Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
<b>Investing activities</b>		
Bank interest received	407	368
Purchases of available-for-sale investments	(331,400)	–
Purchases of property, plant and equipment	(229)	(44)
Proceeds from disposals of property, plant and equipment	1,735	–
Pledged bank deposits placed	–	3,865
Pledged bank deposits withdrawn	21,116	–
<b>Net cash (used in) from investing activities</b>	<b>(308,371)</b>	4,189
<b>Financing activities</b>		
Proceeds from issue of new shares in open offer	213,918	–
Proceeds from exercise of warrants	34	45,705
Transaction costs attributable to issue of shares	(4,674)	–
Increase in bank advances for discounted bills	–	66,837
New borrowing from a private bank	158,128	–
Repayment on bank advances for discounted bills	(119,355)	–
Net proceeds from issue of notes payable	–	50,000
Interest paid	(9,766)	(5,000)
<b>Net cash from financing activities</b>	<b>238,285</b>	157,542
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(295,981)</b>	125,569
Cash and cash equivalents at beginning of year	313,566	187,997
<b>Cash and cash equivalents at end of year, represented by cash and bank balances</b>	<b>17,585</b>	313,566

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of registered office and the principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Company are investment holdings and securities investment. The activities of its principal subsidiaries are set out in Note 34 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### APPLICATION OF NEW AND REVISED HKFRSs

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

### NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>4</sup>
Amendments to HKAS 1	Disclosure initiative <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>4</sup>
Amendments to HKAS 19	Defined benefit plans: Employee contributions <sup>3</sup>
Amendments to HKAS 27	Equity method in separate financial statements <sup>4</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle <sup>5</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle <sup>3</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2014.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

### HKFRS 9 “FINANCIAL INSTRUMENTS”

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

### NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (continued)

#### HKFRS 9 “FINANCIAL INSTRUMENTS” (continued)

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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 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.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

### NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (continued)

#### HKFRS 9 “FINANCIAL INSTRUMENTS” (continued)

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group’s financial assets. The Group’s unlisted shares that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss or other comprehensive income, as appropriate. The expected credit loss model may result in early recognition of impairment on loans receivable and trade and bills receivables. However, it is not practicable to provide a reasonable estimate of the effects of adoption until a detailed review has been completed.

#### HKFRS 15 “REVENUE FROM CONTRACTS WITH CUSTOMERS”

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations when it becomes effective.

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

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

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

In the opinion of directors it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs 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 and by the Hong Kong Companies Ordinance.

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

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

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

The principal accounting policies are set out below.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their 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 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the 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 the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### FINANCIAL INSTRUMENTS

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### *Financial assets*

The Group's financial assets include financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

#### *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 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.

#### *Financial assets at FVTPL*

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

A financial asset is classified as held for trading if:

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### *Financial assets (continued)*

##### *Financial assets at FVTPL (continued)*

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

##### *AFS financial assets*

AFS financial assets are non-derivatives that are either designated as AFS are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated certain investments as AFS financial assets on initial recognition of those investments held for strategic purpose.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's rights to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### *Financial assets (continued)*

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and bills receivable, deposits and other receivables, loans receivable, pledged bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate.

##### *Impairment of financial assets*

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### *Financial assets (continued)*

##### *Impairment of financial assets (continued)*

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and bills receivable, 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 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.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

#### *Warrants*

Warrants issued by the Company to acquire a fixed number of the Company's own equity instruments for a fixed amount are equity instruments if the Company offers the warrants pro-rata to all of its existing owners of the same class of its own-derivative equity instruments. When the warrants are exercised, the portion of subscription money with the nominal value of the ordinary shares is recognised to the share capital account while any excess of the subscription money over the nominal value of ordinary shares is taken into the share premium account.

#### *Other financial liabilities*

Financial liabilities (including trade and bills payable, other payables, borrowing, bank advances for discounted bills and notes payable) are subsequently measured at amortised cost using the effective interest method.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### FINANCIAL INSTRUMENTS (continued)

#### *Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

#### REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from 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 cost incurred or to be incurred in respect of the transaction can be measured reliably.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### REVENUE RECOGNITION (continued)

Interest income from a financial asset is recognised when it is probable that 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.

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

### TAXATION

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

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

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### TAXATION (continued)

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

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

Current and deferred tax are recognised in profit or loss.

### FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

### RETIREMENT BENEFIT COSTS

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### SHARE-BASED PAYMENT ARRANGEMENTS

#### *Equity-settled share-based payment transactions*

##### *Share options granted to agents and consultants*

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

At the time when share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated (losses)/profit.

### BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

### IMPAIRMENT OF TRADE AND BILLS RECEIVABLE AND LOAN RECEIVABLES

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2015, the carrying amounts of trade and bills receivable and loan receivables are HK\$11,974,000 (2014: HK\$125,548,000) and HK\$120,000,000 (2014: HK\$42,233,000), respectively.

### IMPAIRMENT OF AFS EQUITY INVESTMENT

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the suitable discount rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2015, the carrying amount of AFS investments is HK\$349,400,000 (2014: HK\$18,000,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, income from provision of finance, and dividend and interest income from securities investments during the year. An analysis of revenue is as follows:

	2015 HK\$'000	2014 HK\$'000
Sale of goods	269,013	1,352,328
Interest income from loan receivables	2,904	11,493
Dividend income on investment in listed equity securities	28,070	4,624
Interest income on investment in convertible bonds	713	743
Income from real estate	–	–
	<b>300,700</b>	<b>1,369,188</b>

## 6. SEGMENT INFORMATION

The financial information reported to executive directors of the Company, being the chief operating decision makers, for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- the supply and procurement segment represents supply and procurement activities in metal minerals, recyclable metal materials and timber logs;
- the securities investment segment represents investment and trading activities in equity securities, convertible bonds and interest bearing notes;
- the provision of finance segment represents provision of short-term loan financing activities; and
- the real estate segment represents a new business line of trading properties commencing in February 2015.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 6. SEGMENT INFORMATION (continued)

### SEGMENT REVENUE AND RESULTS

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

#### For the year ended 31 March 2015

	Supply and procurement HK\$'000	Securities investment HK\$'000	Provision of finance HK\$'000	Real estate HK\$'000	Total HK\$'000
Proceeds on sales	269,013	800,309	2,904	-	1,072,226
Segment revenue					
Sales to and income from external parties	269,013	28,783	2,904	-	300,700
Segment results	(2,225)	625,223	2,693	(26)	625,665
Unallocated other income					1,221
Unallocated expenses					(65,060)
Finance costs					(10,424)
Profit before taxation					551,402

#### For the year ended 31 March 2014

	Supply and procurement HK\$'000	Securities investment HK\$'000	Provision of finance HK\$'000	Real estate HK\$'000	Total HK\$'000
Proceeds on sales	1,352,328	312,870	11,493	-	1,676,691
Segment revenue					
Sales to and income from external parties	1,352,328	5,367	11,493	-	1,369,188
Segment results	23,584	417,282	11,109	-	451,975
Unallocated other income					1,120
Unallocated expenses					(29,297)
Finance costs					(6,645)
Profit before taxation					417,153

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 6. SEGMENT INFORMATION (continued)

### SEGMENT ASSETS AND LIABILITIES

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

*As at 31 March 2015*

	Supply and procurement HK\$'000	Securities investment HK\$'000	Provision of finance HK\$'000	Real estate HK\$'000	Total HK\$'000
Assets					
Segment assets	20,538	2,203,143	120,685	10,100	2,354,466
Unallocated assets:					
– Property, plant and equipment					96
– AFS investments					349,400
– Prepayments, deposits and other receivables					5,692
– Cash and bank balances					10,091
					365,279
Total					2,719,745
Liabilities					
Segment liabilities	17,188	160,766	368	898	179,220
Unallocated liabilities:					
– Other payables and accruals					415
– Notes payable					146,375
– Deferred tax liabilities					65,000
					211,790
Total					391,010

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 6. SEGMENT INFORMATION (continued)

### SEGMENT ASSETS AND LIABILITIES (continued)

As at 31 March 2014

	Supply and procurement HK\$'000	Securities investment HK\$'000	Provision of finance HK\$'000	Real estate HK\$'000	Total HK\$'000
<b>Assets</b>					
Segment assets	337,449	1,301,924	45,266	-	1,684,639
Unallocated assets:					
- Property, plant and equipment					2,169
- AFS investments					18,000
- Prepayments, deposits and other receivables					34,872
- Cash and bank balances					145,459
					200,500
Total assets					1,885,139
<b>Liabilities</b>					
Segment liabilities	135,347	-	300	-	135,647
Unallocated liabilities:					
- Other payables and accruals					9,643
- Notes payable					145,717
- Deferred tax liabilities					707
					156,067
Total liabilities					291,714

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the profit earned by (loss from) each segment without allocation of central administrative costs, share based payment (other expenses), directors' emoluments, certain other income and finance costs. This measures reported to the chief operating decision makers for the purpose of resources allocation and performance assessment.

Assets and liabilities, excluding intragroup receivables and payables, are allocated to reportable and operating segments other than the unallocated items listed above.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 6. SEGMENT INFORMATION (continued)

### OTHER SEGMENT INFORMATION

*For the year ended 31 March 2015*

	Supply and procurement HK\$'000	Securities investment HK\$'000	Provision of finance HK\$'000	Real estate HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	-	-	-	-	567	567
Addition of property, plant and equipment	-	-	-	-	229	229
Impairment loss recognised in respect of trade and bill receivables	390	-	-	-	-	390
Impairment loss (reversal of impairment loss) recognised in respect of other receivables	1,776	-	(150)	-	-	1,626

*For the year ended 31 March 2014*

	Supply and procurement HK\$'000	Securities investment HK\$'000	Provision of finance HK\$'000	Real estate HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	-	-	-	-	1,027	1,027
Addition of property, plant and equipment	-	-	-	-	44	44
Impairment loss recognised in respect of trade and bills receivables	258	-	-	-	-	258
Impairment loss recognised in respect of other receivable	2,075	-	-	-	-	2,075

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 6. SEGMENT INFORMATION (continued)

### GEOGRAPHIC INFORMATION

The Group operates in two principal geographical areas – the People’s Republic of China (the “PRC”) and Hong Kong.

The Group’s revenue from external customers by customer location and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current asset	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong	31,687	16,860	96	2,169
PRC	269,013	1,352,328	–	–
	<b>300,700</b>	1,369,188	<b>96</b>	2,169

### INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers contributing over 10% of the total sales of the Group is mainly derived from the supply and procurement segment in both years. For the year ended 31 March 2015, there were three major customers, whose corresponding revenue did not contribute over 10% of total sales of the Group for the year ended 31 March 2014, contributing over 10% of the total sales amounting to approximately HK\$149,253,000, HK\$48,345,000 and HK\$38,557,000 respectively. For the year ended 31 March 2014, there were another three major customers, whose corresponding revenue did not contribute over 10% of total sales of the Group for the year ended 31 March 2015, contributing over 10% of the total sales amounting to approximately HK\$354,641,000, HK\$181,071,000 and HK\$171,416,000 respectively.

## 7. OTHER GAINS AND LOSSES

	2015 HK\$'000	2014 HK\$'000
Impairment loss recognised in respect of other receivables, net	(1,626)	(2,075)
Impairment loss recognised in respect of trade and bills receivable	(390)	(258)
Net exchange (loss) gain	(940)	70
	<b>(2,956)</b>	(2,263)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 8. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on:		
Notes payable not wholly repayable within five years (Note 24)	8,158	6,645
Borrowing wholly repayable within one year	2,266	–
	<b>10,424</b>	6,645

## 9. PROFIT BEFORE TAXATION

	2015 HK\$'000	2014 HK\$'000
Profit before taxation is arrived at after charging:		
Staff costs (including directors' remuneration):		
Wages and salaries	11,570	19,085
Retirement benefits contributions	549	912
Total staff costs	<b>12,119</b>	19,997
Auditor's remuneration	1,200	761
Cost of inventories sold	257,036	1,287,852
Depreciation of property, plant and equipment	567	1,027
Minimum lease payments in respect of land and buildings	4,372	3,344
Share based payment (included in other expenses)	38,975	–

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 10. DIRECTORS' REMUNERATION

The remuneration paid or payable to the directors was as follows:

### For the year ended 31 March 2015

	Executive directors						Independent non-executive directors							Total
	Mr. Suen Cho Hung, Paul	Ms. Lee Chun Mr. Sue Yeung, Catherine Ka Lok	Mr. Suen Yick Lun Philip	Mr. Lau King Hang	Mr. Osman Bin	Mr. Kitchee Osman	Mr. Wong Kwok Tai	Mr. Wong Yixiang	Mr. Wong Zhencheng	Dr. Leung Shiu Ki Albert	Ms. Chen Wei	Mr. Wong Yat Fai	Mr. Man Chuen	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note (j)	Note (ii)	Note (iii)	Note (iv)	Note (v)	Note (vi)	Note (vii)	Note (viii)	Note (ix)	Note (ix)	Note (ix)	Note (ix)	Note (ix)	
Fees	-	-	-	-	-	-	120	116	120	91	91	91	91	720
Other emoluments:														
Salaries, other allowances and benefits in kind	1,948	723	414	897	360	450	-	-	-	-	-	-	-	4,792
Discretionary bonuses	-	248	-	-	-	-	-	-	-	-	-	-	-	248
Retirement benefits contribution	97	49	21	45	18	23	-	-	-	-	-	-	-	253
	2,045	1,020	435	942	378	473	120	116	120	91	91	91	91	6,013

### For the year ended 31 March 2014

	Executive directors				Independent non-executive directors					Total
	Mr. Suen Cho Hung, Paul	Ms. Lee Chun Mr. Sue Yeung, Catherine Ka Lok	Mr. Suen Yick Lun Philip	Mr. Bai Jianjiang	Mr. Wong Kwok Tai	Mr. Wong Yixiang	Mr. Lu Xinsheng	Mr. Huang Zhencheng		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note (j)	Note (ii)	Note (iii)	Note (x)	Note (vii)	Note (vii)	Note (xi)	Note (viii)		
Fees	-	-	-	-	120	75	45	30	270	
Other emoluments:										
Salaries, other allowances and benefits in kind	1,950	715	955	31	-	-	-	-	3,651	
Discretionary bonuses	2,000	2,300	2,270	-	-	-	-	-	6,570	
Retirement benefits contribution	198	151	161	1	-	-	-	-	511	
	4,148	3,166	3,386	32	120	75	45	30	11,002	

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 10. DIRECTORS' REMUNERATION (continued)

Notes:

- (i) Mr. Suen Cho Hung, Paul resigned as director on 3 March 2015.
- (ii) Mr. Sue Ka Lok resigned as director on 31 October 2014.
- (iii) Ms. Lee Chun Yeung, Catherine resigned as director on 20 August 2014.
- (iv) Mr. Suen Yick Lun Philip is the managing director and acting chairman of the Company, and he was appointed as director on 2 July 2014.
- (v) Mr. Lau King Hang was appointed as director on 26 August 2014.
- (vi) Mr. Kitchell Osman Bin was appointed as director on 1 January 2015.
- (vii) Mr. Weng Yixiang resigned as director on 19 March 2015.
- (viii) Mr. Huang Zhencheng resigned as director on 31 March 2015.
- (ix) Dr. Leung Shiu Ki Albert, Ms. Chen Wei, Mr. Wong Yat Fai and Mr. Man Wai Chuen were appointed as director on 14 November 2014.
- (x) Mr. Bai Jianjiang retired as director on 13 September 2013.
- (xi) Mr. Lu Xinsheng resigned as director on 2 January 2014.

The discretionary bonus is determined by reference to the individual performance of the director. Neither the chief executive nor any of the directors waived any emoluments in both years.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 11. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Of the five individuals with highest emoluments in the Group, three (2014: three) were directors of the Company whose remuneration are set out in Note 10 above. Details of the remuneration of the remaining two (2014: two) non-director, highest paid employees for the year is as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, other allowances and benefits in kind	813	903
Discretionary bonuses	415	630
Retirement benefits contributions	61	76
	<b>1,289</b>	<b>1,609</b>

The remuneration of the five highest paid employees, including directors, for the year fell within the following bands:

	Number of individuals	
	2015	2014
Nil to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$3,000,001 to HK\$3,500,000	–	2
HK\$4,000,001 to HK\$4,500,000	–	1
	<b>5</b>	<b>5</b>

No emoluments were paid by the Group to any of the five highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office in both years.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 12. TAXATION

	2015 HK\$'000	2014 HK\$'000
Current tax:		
Hong Kong Profits Tax	88	177
Over provision in prior years	(36)	(5)
	52	172
Deferred tax (Note 25):		
Current year	64,293	(102)
	<b>64,345</b>	70

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

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

	2015 HK\$'000	2014 HK\$'000
Profit before taxation	551,402	417,153
Tax at the profit tax rate of Hong Kong of 16.5% (2014: 16.5%)	90,981	68,830
Tax effect of income not taxable for tax purpose	(4,698)	(824)
Tax effect of expenses not deductible for tax purpose	1,149	161
Tax effect of tax losses not recognised	11,475	1,256
Over provision in prior years	(36)	(5)
Tax effect of utilisation of tax losses previously not recognised	(8,276)	(4,407)
Tax effect of recognition of tax losses previously not recognised	(26,233)	(64,838)
Others	(17)	(103)
Taxation for the year	<b>64,345</b>	70

The Group has tax losses arising in Hong Kong of approximately HK\$137,613,000 (2014: HK\$277,210,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in companies that have been loss-making for some times and future profit stream is unpredictable.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 13. DIVIDEND

The Board has distributed interim dividend by way of bonus issue of warrants to shareholders of the Company on the basis of one warrant for every five shares held with details set out in Note 26(iii). Each warrant entitles the holder to subscribe in cash for one new share at an initial subscription price of HK\$0.1. A total of 855,670,100 warrants were issued during the year ended 31 March 2015.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: nil).

## 14. EARNINGS PER SHARE

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

	2015 HK\$'000	2014 HK\$'000
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	487,057	417,083

  

	2015 '000	2014 '000 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,681,843	3,882,202
Effect of dilutive potential ordinary shares: Warrants	22,236	38,926
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,704,079	3,921,128

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been adjusted for bonus issue and open offer that took place on 8 September 2014 and 13 February 2015, respectively.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of the share options was higher than the average market price for the year ended 2015.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>				
At 1 April 2013	1,112	310	4,976	6,398
Additions	–	44	–	44
At 31 March 2014 and 1 April 2014	1,112	354	4,976	6,442
Additions	–	229	–	229
Disposal	–	(175)	(3,880)	(4,055)
At 31 March 2015	1,112	408	1,096	2,616
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>				
At 1 April 2013	1,112	231	1,903	3,246
Provided for the year	–	39	988	1,027
At 31 March 2014 and 1 April 2014	1,112	270	2,891	4,273
Provided for the year	–	53	514	567
Eliminated on disposal	–	(11)	(2,309)	(2,320)
At 31 March 2015	1,112	312	1,096	2,520
<b>CARRYING VALUES</b>				
At 31 March 2015	–	96	–	96
At 31 March 2014	–	84	2,085	2,169

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

Leasehold improvements	20% or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	8% – 20%
Motor vehicles	20%

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 16. AVAILABLE-FOR-SALE INVESTMENTS

AFS investments comprise:

	2015 HK\$'000	2014 HK\$'000
Unlisted investments:		
Equity securities in overseas, at cost	349,400	18,000

The investments in unlisted securities relate to shares issued by private entities. These investments are held for an identified long term strategic purpose. Apart from holding long term unlisted investments by these entities, they are principally engaged in securities trading, provision of financial services in Hong Kong or properties investment in Hong Kong.

AFS investments are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

## 17. TRADE AND BILLS RECEIVABLE

	2015 HK\$'000	2014 HK\$'000
Trade and bills receivable	11,974	125,548

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three to six months for major customers. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. Trade and bills receivable are non-interest bearing.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 17. TRADE AND BILLS RECEIVABLE (continued)

An aged analysis of the trade and bills receivable at the end of the reporting periods, based on invoice date, and net of impairment, is as follows:

	2015 HK\$'000	2014 HK\$'000
Within 30 days	–	–
31 to 60 days	1,555	–
61 to 90 days	–	77,554
91 to 180 days	–	47,994
Over 180 days	10,419	–
Total	11,974	125,548

Movement of impairment loss recognised:

	2015 HK\$'000	2014 HK\$'000
Balance at the beginning of the year	–	–
Impairment loss recognised during the year	390	258
Amount written off during the year as uncollectible	–	(258)
Balance at the end of the year	390	–

During the year ended 31 March 2015, the Group recognised an impairment loss for trade and bills receivable of HK\$390,000 (2014: HK\$258,000) which was individually determined to be impaired. The individually impaired receivable was outstanding for more than one year at the end of the reporting period and was considered as uncollectible.

The aged analysis of the trade and bills receivable that are past due at the end of the reporting period but not impaired is as follows:

	2015 HK\$'000	2014 HK\$'000
Overdue by:		
1 – 30 days	1,555	–
31 – 90 days	–	125,548
Over 90 days	10,419	–
Total	11,974	125,548

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 17. TRADE AND BILLS RECEIVABLE (continued)

Trade and bills receivable that were neither past due nor impaired related to customers for whom there were no recent history of default. Based on past experience, the directors of the Company are of the opinion that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

At 31 March 2014, the Group discounted bills receivable amounted to HK\$119,818,000 to banks with full recourse and the corresponding amount was disclosed as bank advances for discounted bills on consolidated statement of financial position.

## 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Prepayments and deposits	12,600	20,452
Other receivables	7,122	42,553
	19,722	63,005
Less: Impairment loss recognised	(2,225)	(2,524)
	17,497	60,481

Movement of impairment loss recognised:

	2015 HK\$'000	2014 HK\$'000
Balance at the beginning of the year	2,524	449
Impairment loss recognised during the year	1,776	2,075
Amount written off as uncollectible	(2,075)	–
Balance at the end of the year	2,225	2,524

During the year ended 31 March 2015, the Group recognised an impairment loss for other receivable of HK\$1,776,000 (2014: HK\$2,075,000) which was individually determined to be impaired. The individually impaired receivable was outstanding for more than 180 days at the end of the reporting period and was due from a customer with financial difficulties.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 19. LOANS RECEIVABLE

	2015 HK\$'000	2014 HK\$'000
Loans receivable	130,000	52,233
Less: Impairment loss recognised (Note)	(10,000)	(10,000)
	<b>120,000</b>	42,233

Note: There is no movement in both years.

The range of effective interest rates (which are equal to contractual interest rates) on the Group's loans receivable is 8% (2014: 8% to 36%) per annum.

All loans receivable are recoverable within one year.

At the end of the reporting period, there is no loans receivable which are past due for which the Group has not provided for impairment loss.

## 20. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK\$'000	2014 HK\$'000
Held for trading:		
Equity securities listed in Hong Kong (Note (a))	2,115,018	1,278,554
Designated as at FVTPL:		
Convertible bonds (Note (b))	88,125	23,370
	<b>2,203,143</b>	1,301,924
Proceeds on sales of listed equity securities	(800,309)	(312,870)
Less: cost of sales based on weighted average method	813,701	293,915
Losses (gains) on disposal of investments in listed equity securities during the year	<b>13,392</b>	(18,955)

Notes:

- (a) The fair values of the listed equity securities investments were determined based on the quoted market closing bid prices available on the Stock Exchange.

Pursuant to Subsection (1), Section 78 of Part 9 of Schedule 11 to Cap. 22 of the Hong Kong Companies Ordinance, the followings are the particulars of the Group's listed equity securities investments which exceeded 10% of the total assets of the Group:

As at 31 March 2015, the Group held 4.49% (2014: 4.96%) of the issued share capital of Heritage International Holdings Limited ("Heritage International"). Heritage International is incorporated in Bermuda and its shares are listed on the Stock Exchange. As at 31 March 2015, the Group held 3.47% (2014: 4.00%) of the issued share capital of China Smarter Energy Group Holdings Limited (formerly known as Rising Development Holdings Limited) ("China Smarter"). China Smarter is incorporated in Bermuda and its shares are listed on the Stock Exchange.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 20. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(b) At 31 March 2015, amount represents fair value of an investment in convertible notes issued by Up Energy Development Group Limited ("Up Energy"), a company listed on the Stock Exchange. The principal amount of the convertible notes is HK\$100,000,000, which can be converted to 133,333,333 ordinary shares of Up Energy at conversion price of HK\$0.75 per share from the inception date till the date which is five business days preceding the maturity date on 31 December 2018. The convertible notes carry interest at 5% per annum, payable semi-annually on 30 June and 31 December each calendar year. The convertible notes will be redeemed by Up Energy on maturity date at principal amount.

At 31 March 2014, amount represents fair value of an investment in convertible notes issued by China Jinhai International Group Limited ("China Jinhai"), a company listed on the Stock Exchange. The principal amount of the convertible notes is HK\$41,250,000, which can be converted to 330,000,000 ordinary shares of China Jinhai at conversion price of HK\$0.125 per share from the inception date till the maturity date on 30 November 2016. The convertible notes carry interest at 2.5% per annum, to accrue from the effective date and is payable upon maturity. The convertible notes were converted during the year ended 31 March 2015.

## 21. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group and bank deposits at variable interest rate with original maturity of three months or less.

Pledged bank deposits and bank balances carrying market interest rates which range from 0.8% to 0.25% per annum (2014: 0.8% to 0.25% per annum).

As at 31 March 2014, pledged bank deposits represented deposit pledged to banks to secure trade credit facilities granted to the Group.

## 22. TRADE AND BILLS PAYABLE

	2015 HK\$'000	2014 HK\$'000
Trade and bills payable	2,590	9,030

Trade and bills payable are non-interest bearing and are normally settled on 60 days term.

An aged analysis of trade and bills payable presented based on invoice date, is as follows:

	2015 HK\$'000	2014 HK\$'000
61 to 90 days	-	5,147
91 to 180 days	-	2,339
Over 180 days	2,590	1,544
Total	2,590	9,030

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 23. BORROWING

The borrowing is secured by a marketable securities portfolio of approximately HK\$717,446,000 and bears floating interest rate ranging from 2.3% to 4.34% per annum.

## 24. NOTES PAYABLE

On 8 November 2012, the Company entered into a placing agreement with a placing agent (the "Placing Agent"), pursuant to which the Company agreed to place, through the Placing Agent, on a best effort basis, the notes up to an aggregate principal amount of HK\$100,000,000 to be issued by the Company in the denomination of HK\$10,000,000 each to independent third parties (the "Placing"). Details of the Placing were set out in the Company's announcement dated 8 November 2012. The Placing was completed and the Company had issued placing notes in the aggregate principal amount of HK\$100,000,000. The placing notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the placing notes.

During the year ended 31 March 2014, the Company further issued notes in the aggregate principal amount of HK\$50,000,000 to independent third parties. The notes carry interest at 5% per annum and are to be redeemed on the seventh anniversary from the respective issue dates of the notes.

As at 31 March 2015, the aggregate principal amount of the notes payable was HK\$150,000,000 (2014: HK\$150,000,000).

The movement of the notes payable for the years ended 31 March 2015 and 2014 are set out below:

	2015 HK\$'000	2014 HK\$'000
At the beginning of the year	145,717	95,097
Issue of the notes payable	–	50,000
	145,717	145,097
Interest charged at effective interest rate from 5% to 5.91% (2014: 5% to 5.91%) per annum (Note 8)	8,158	6,645
Interest paid	(7,500)	(6,025)
At the end of the year	146,375	145,717

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 25. DEFERRED TAX LIABILITIES

The followings are the major deferred tax (asset) liabilities recognised and movements thereon during the current and prior years:

	Deferred tax asset	Deferred tax liabilities		
	Tax loss HK\$'000	Unrealised gain on investment at FVTPL HK\$'000	Notes payable HK\$'000	Total HK\$'000
At 1 April 2013	–	–	809	809
Debited (credited) to profit or loss	(64,838)	64,838	(102)	(102)
At 31 March 2014 and 1 April 2014	(64,838)	64,838	707	707
Debited (credited) to profit or loss	(26,233)	90,635	(109)	64,293
At 31 March 2015	(91,071)	155,473	598	65,000

## 26. SHARE CAPITAL

	Notes	Number of shares		Amount	
		2015 '000	2014 '000	2015 HK\$'000	2014 HK\$'000
Authorised:					
At the beginning of the year		10,000,000	10,000,000	1,000,000	1,000,000
Capital reorganisation	(ii)	90,000,000	–	–	–
At the end of the year, ordinary share at HK\$0.01 each (2014: HK\$0.1 each)		100,000,000	10,000,000	1,000,000	1,000,000
Issued and fully paid:					
At the beginning of the year		3,422,680	2,965,634	342,268	296,563
Bonus issue	(i)	855,670	–	85,567	–
Capital reduction	(ii)	–	–	(385,052)	–
Exercise of warrants	(iii)	340	457,046	3	45,705
Open offer	(iv)	2,139,175	–	21,392	–
At the end of the year		6,417,865	3,422,680	64,178	342,268

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 26. SHARE CAPITAL (continued)

Notes:

- (i) On 8 September 2014, 855,670,100 bonus shares were issued to the qualifying shareholders of the Company on the basis of one bonus share for every four existing shares held.
- (ii) As disclosed in the announcement of the Company dated 4 August 2014, the Company proposed a capital reorganisation which comprised (i) a capital reduction of the Company's issued share capital by way of cancelling its paid up capital to the extent of HK\$0.09 on each of the then issued shares of the Company; and (ii) a share subdivision by, forthwith upon the capital reduction taking effect, subdivided every authorised but unissued share of the Company into 10 new shares of the Company of HK\$0.01 par value each. The capital reorganisation was approved by the shareholders of the Company on 30 September 2014 and became effective on 3 October 2014.
- (iii) As disclosed in the announcements of the Company dated 28 November 2014 and 1 December 2014, the Company proposed to distribute interim dividend by a way of the bonus warrants on the basis of one warrant for every five shares held on 12 January 2015, a total of 855,670,100 warrants were issued accordingly. Each warrant will entitle the holder thereof to subscribe in cash for one new share to be issued by the Company at an initial subscription price of HK\$0.1, subject to adjustment, at any time during the period any time on or after 27 January 2015 but no later than 26 January 2016. During the year ended 31 March 2015, 340,215 new shares were issued as a result of exercise of warrants. As at 31 March 2015, the Company had 855,329,885 warrants outstanding.  
  
During the year ended 31 March 2014, approximately 457,046,000 shares were issued as a result of exercise of approximately 457,046,000 units of warrants by warrantholders. The net proceeds from the exercise of warrants was approximately HK\$45,705,000. All outstanding warrants of the Company were expired on 7 March 2014. As at 31 March 2014, the Company had no warrants outstanding.
- (iv) As disclosed in the announcements of the Company dated 18 December 2014, 15 January 2015 and 13 February 2015 and the prospectus of the Company dated 26 January 2015, the Company issued 2,139,175,251 new shares by way of open offer on the basis of one offer share for every two shares held on 22 January 2015 at a subscription price of HK\$0.10 per offer share.

## 27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to shareholders through the optimisation of debt and equity balance.

The capital structure of the Group consists of debts, which include notes payable, bank advances for discounted bills, borrowing and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and other sources of funds other than issuance of shares, including bank borrowings and issue of notes. Based on the recommendation of the directors of the Company, the Group will balance its overall capital structure through raising or repayment of borrowings.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 27. CAPITAL RISK MANAGEMENT (continued)

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total debt divided by capital and total debt. During the years ended 31 March 2015 and 2014, the Group's strategy was to maintain a reasonable gearing ratio. The gearing ratio at 31 March 2015 and 2014 were as follows:

	2015 HK\$'000	2014 HK\$'000
Notes payable	146,375	145,717
Bank advances for discounted bills	–	119,355
Borrowing	158,128	–
Total debt	304,503	265,072
Equity attributable to owners of the Company	2,328,735	1,593,425
Capital and total debt	2,633,238	1,858,497
Gearing ratio	0.12	0.14

The decrease in gearing ratio was due to the increase in capital during the year.

The Group overall strategy remains unchanged during the year.

## 28. FINANCIAL INSTRUMENTS

### CATEGORIES OF FINANCIAL INSTRUMENTS

	2015 HK\$'000	2014 HK\$'000
<b>Financial assets</b>		
At FVTPL	2,203,143	1,301,924
Loans and receivables	154,455	542,492
AFS investments	349,400	18,000
<b>Financial liabilities</b>		
At amortised cost	325,130	282,345

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 28. FINANCIAL INSTRUMENTS (continued)

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include AFS investments, trade and bills receivable, deposits and other receivables, loans receivable, investments at FVTPL, pledged bank deposits, bank balances, trade and bills payable, other payables, borrowing, bank advances for discounted bills and notes payable. 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. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Market risk*

##### *Foreign currency risk*

Certain assets and liabilities of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management considers that the foreign exchange exposure is currently relatively insignificant and will consider hedging significant foreign currency exposure should the need arises.

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

	2015 HK\$'000	2014 HK\$'000
Asset		
United States dollars ("USD")	20,205	319,214
Liabilities		
USD	17,084	136,413

##### *Sensitivity analysis*

As HK\$ is pegged to USD, the Group does not expect any significant movements in the USD/HK\$ exchange rates. Therefore, no sensitivity analysis is prepared accordingly.

##### *Price risk*

The Group is exposed to equity price risk through its investment in equity securities listed in Hong Kong, convertible bonds designated as at FVTPL and unlisted equity investments. The management manages its exposure by maintaining a portfolio of investments with different risk profiles.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 28. FINANCIAL INSTRUMENTS (continued)

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### *Market risk (continued)*

##### *Price risk (continued)*

##### Sensitivity analysis

No sensitivity analysis has been presented on equity price risk arising from unlisted equity investments because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that fair value cannot be measured reliably.

The sensitivity analysis below has been determined based on the exposure to equity price risk arising from equity securities listed in Hong Kong and convertible bonds designated as at FVTPL at the end of the reporting period.

If equity prices of equity securities listed in Hong Kong had been 5% higher/lower (2014: 5% higher/lower), post-tax profit for the year would increase/decrease by approximately HK\$88,302,000 (2014: HK\$63,928,000). If the equity prices of Up Energy had been 5% higher/lower, and assuming other inputs to the valuation model of convertible bonds held constant, post-tax profit for the year would increase by HK\$1,624,000 /decrease by HK\$2,708,000 (2014: nil).

In the opinion of directors, the sensitivity analysis is unrepresentative of the price risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

##### *Cash flow interest rate risk*

The Group's exposure to changes in interest rates primarily relates to its bank balances, pledged bank deposits, borrowing and bank advances for discounted bills. The management monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank saving balances, bank deposits and bank advances for discounted bills where necessary.

##### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank balances pledged, bank deposits, borrowing and bank advances for discounted bills at the end of the reporting period. The analysis is prepared assuming these balances outstanding at the end of the reporting period were held/outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2015 would decrease/increase by HK\$609,000 (2014: decrease/increase by HK\$339,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 28. FINANCIAL INSTRUMENTS (continued)

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### *Credit risk*

The Group's credit risk is primarily attributable to AFS investments, trade and bills receivable, deposits and other receivables, loans receivable, convertible bonds designated as at FVTPL, pledged bank deposits and bank balances as at 31 March 2015 and 2014.

The Group's maximum exposure to credit risk in the event of counterparties' failure to perform their obligations as at 31 March 2015 and 2014 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the directors of the Company have put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. In addition, the directors of the Company reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties.

For the other financial assets, the management has closely monitored their status and it believes that the Group's credit risk exposure on them is minimal.

#### *Liquidity risk*

The Group manages liquidity risk by maintaining sufficient bank balances and cash and the availability of funding through an adequate amount of committed credit facilities. The Group also aims at maintaining flexibility in funding by arranging and keeping committed banking facilities and other external financing available.

The Group's primary cash requirements have been for operations, investments and repayment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations and cash reserve.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 28. FINANCIAL INSTRUMENTS (continued)

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Liquidity risk (continued)

The following tables detail the Group's liquidity analysis for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual cash outflows on the financial liabilities. To the extent that interest flows are floating rate, the undiscounted amount is derived from the prevailing market rate at the end of the reporting period.

	Weighted average effective interest rate %	On demand or less than 1 month HK\$'000	1 – 3 months HK\$'000	4 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
<b>2015</b>							
Trade and bills payables	-	2,590	-	-	-	2,590	2,590
Other payables	-	18,037	-	-	-	18,037	18,037
Borrowing	2.30% – 4.34%	-	-	160,564	-	160,564	158,128
Notes payable	5% – 5.91%	-	-	7,500	175,000	182,500	146,375
		<b>20,627</b>	<b>-</b>	<b>168,064</b>	<b>175,000</b>	<b>363,691</b>	<b>325,130</b>
<b>2014</b>							
Trade and bills payables	-	9,030	-	-	-	9,030	9,030
Other payables	-	5,605	-	2,638	-	8,243	8,243
Notes payable	5% – 5.91%	-	-	7,500	182,500	190,000	145,717
Bank advances for discounted bills	-	119,355	-	-	-	119,355	119,355
		<b>133,990</b>	<b>-</b>	<b>10,138</b>	<b>182,500</b>	<b>326,628</b>	<b>282,345</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 28. FINANCIAL INSTRUMENTS (continued)

### FAIR VALUE MEASUREMENT

*Fair value of the Group's financial assets that are measured at fair value on a recurring basis*

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value		Fair value hierarchy	Valuation techniques	Significant unobservable input
	2015 HK\$'000	2014 HK\$'000			
Held for trading investments – listed equity securities	2,115,018	1,278,554	Level 1	Quoted market closing prices in an active market	N/A
Investments in convertible bonds	88,125	23,370	Level 3	Trinomial model and Crank-Nicolson finite-difference	2015: Volatility: 50.78% Discount rate: 18.62% to 19.47% (Note)

Note: If the volatility to the valuation model increased/decreased by 5% while all the other variables were held constant, the profit for the year ended 31 March 2015 would increase by HK\$329,000/decrease by HK\$1,612,000. If the discount rate to the valuation model increased/decreased by 5% while all other variables were held constant, the profit for the year ended 31 March 2015 would decrease by HK\$1,456,000/increase by HK\$1,511,000.

During the year ended 31 March 2015 and 2014, there were no transfers between Level 1 and Level 2. Transfers between Level 1 and Level 3 are addressed in the Level 3 reconciliation below. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of event or change in circumstances that caused the transfer.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 28. FINANCIAL INSTRUMENTS (continued)

### FAIR VALUE MEASUREMENT (continued)

#### *Reconciliation of Level 3 fair value measurement*

	2015 HK\$'000	2014 HK\$'000
At the beginning of the year	23,370	79,381
Purchases	97,500	24,250
Transfers from Level 3 to Level 1 (Note)	(23,370)	(69,219)
Unrealised loss recognised in profit or loss during the year	(9,375)	(11,042)
At the end of the year	<b>88,125</b>	23,370
Net gain for the year included in profit or loss for investments designated as at fair value through profit or loss	<b>8,505</b>	58,386
Unrealised loss for the year included in profit or loss for assets held at the end of the reporting period	<b>(9,375)</b>	(11,042)

Note: During the year ended 31 March 2015, the Group transferred investments designated as FVTPL from Level 3 into Level 1 due to the exercise of the conversion right embedded in the convertible bonds and resulted in an unrealised gain on conversion of HK\$17,880,000 (2014: HK\$69,428,000) recognised in profit or loss.

The Group has engaged Peak Vision Appraisals Limited, an independent qualified professional valuer to perform valuations for the investment designated as FVTPL. The valuer reports directly to the chief operating decision maker. A valuation report with analysis of changes in fair value measurement is prepared at each interim and annual reporting date, and is reviewed and approved by the chief operating decision maker. Discussion of the valuation process and results with the chief operating decision maker is held twice a year, to coincide with the reporting dates. The fair values of the financial assets included in level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflected the credit risk of counterparties.

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market closing prices.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 28. FINANCIAL INSTRUMENTS (continued)

### FAIR VALUE MEASUREMENT (continued)

#### *Fair value of financial assets and liabilities that are not measured at fair value*

The directors consider that the carrying amounts of other financial assets and financial liabilities recognised at amortised cost approximate their fair values, which determined in accordance with generally accepted pricing models based on undiscounted cash flow analysis, as at 31 March 2015 and 2014.

#### *Transfers of financial assets*

The following is the Group's bills receivable as at 31 March 2015 and 2014 that are transferred to banks by discounting bills receivable on a full recourse basis. If the bills receivable are not paid on maturity, the banks have rights to request the Group to pay the unsettled balances. As the Group has not transferred the significant risks and rewards relating to the bills receivable, it continues to recognise the full carrying amount of the bills receivable and has recognised the cash received on the transfer as a secured borrowing (see Note 30). The bills receivable are carried at amortised cost in the Group's consolidated statement of financial position.

	2015 HK\$'000	2014 HK\$'000
Carrying amount of transferred assets	–	119,818
Carrying amount of associated liabilities	–	(119,355)

## 29. SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 24 September 2012. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions. Eligible participants of the Share Option Scheme include any individual being an employee, officer, agent, consultant or representatives of any member of the Group (including any executive or non-executive director of any member of the Group) who, as the Board of Directors may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his/her performance and/or years of service, or is regarded to be a valuable human resource of the Group based on his/her working experience, knowledge in the industry and other relevant factors. The offer of a grant of share options may be accepted within thirty days from the date of grant. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK\$1.00.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 29. SHARE OPTION SCHEME (continued)

The subscription price for the shares on the exercise of options under the Share Option Scheme shall be a price determined by the Board of Directors and notified to the relevant participant at the time of grant of the options (subject to any adjustments made pursuant to the Share Option Scheme and the relevant provisions of the Rules Governing the Listing of Securities on the Stock Exchange) is made to (subject to acceptance by) the participant and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the share. The exercise period of the share options granted is determinable by the directors but in any event, not longer than ten years from the date of grant.

The total number of shares issued and to be issued upon exercise of the options granted to each participant, together with all options granted and to be granted to him/her under any other share option scheme(s) of the Company within the 12-month period immediately preceding the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the shares in issue as at the proposed date of grant. Any further grant of options to a participant in excess of the 1% limit shall be subject to the shareholders' approval of the Company with such participant and his/her associates abstaining from voting.

The limit on the total number of the 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 scheme(s) of the Company (excluding lapsed and cancelled options) must not exceed 30% of the total number of the shares in issue from time to time. In addition, the total number of the shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company (excluding lapsed options), must not represent more than 10% of the total number of the shares in issue as at the date of approval of the Share Option Scheme (the "Scheme Mandate Limit") or as at the date of approval of the refreshed Scheme Mandate Limit as the case maybe.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 29. SHARE OPTION SCHEME (continued)

The following table discloses movements of the Company's share options:

Category of grantee	Exercise price per share option HK\$	Date of grant	Exercisable period	Number of share options				
				As at 1 April 2014	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 March 2015
Agents/Consultants	0.123	2 March 2015	2 March 2015 to 1 March 2025	-	427,835,050	-	-	427,835,050

Notes:

- (a) The share options were vested upon granted.
- (b) The exercise price of the share options was subject to adjustments in the case of capitalisation of profits or reserve, rights or bonus issues, consolidation, subdivision or reduction of the share capital or other changes in the capital structure of the Company.

During the year ended 31 March 2015, the Company granted 427,835,050 share options (2014: nil) under the Share Option Scheme on 2 March 2015. The fair value of the options determined at the date of grant using the Trinomial option pricing model was HK\$38,975,000.

The fair values were calculated by Peak Vision Appraisals Limited, an independent qualified professional valuer using the Trinomial Model of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model were as follows:

	2 March 2015
Grant date share price	HK\$0.123
Exercise price	HK\$0.123
Option life	10 years
Expected volatility	68.56%
Expected dividend yield	Nil
Risk-free interest rate	1.55%

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 29. SHARE OPTION SCHEME (continued)

The Group recognised the total expense of approximately HK\$38,975,000 for the year ended 31 March 2015 (2014: nil) in relation to share options granted by the Company.

During the year ended 31 March 2015, share options were granted to individuals on a discretionary basis for their past services rendered to the Group, who rendered consultancy services in respect of securities trading, financing and potential corporate exercises for the Group.

## 30. PLEDGE OF ASSETS

At 31 March 2015, a marketable securities portfolio of approximately HK\$717,446,000 (2014: HK\$nil) was pledged to a private bank to secure a borrowing.

At 31 March 2014, bank deposits of HK\$21,116,000 were pledged to a bank to secure trade credit facilities granted to the Group.

At 31 March 2014, bank advances for discounted bills of HK\$119,355,000 were secured by bills receivables of HK\$119,818,000.

## 31. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases for office premises and staff quarters which fall due as follows:

	2015 HK\$'000	2014 HK\$'000
Within one year	6,924	1,521
In the second to fifth years, inclusive	1,995	–
	<b>8,919</b>	1,521

Leases are negotiated for terms of one to two years. Rentals are fixed for one to two years.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 32. RETIREMENT BENEFITS SCHEMES

The Group participates in a Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of the trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by the employee. The Group follows the minimum contribution requirement of 5% of eligible employees’ relevant aggregated income with a cap of HK\$1,500 per employee per month since 1 June 2014 (previously HK\$1,250 per employee per month before 1 June 2014).

The contributions made by the Group to the MPF Scheme are charged to the consolidated statement of profit or loss and other comprehensive income when employees have rendered service to the Group.

## 33. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

During the year, the Group entered into the following transactions with related parties:

	2015 HK\$'000	2014 HK\$'000
Rental income from related companies (Note 1)	515	780
Rental expenses paid to a related company (Note 1)	112	192

Notes:

- (1) Mr. Sue Ka Lok (2014: Mr. Suen Cho Hung, Paul and Mr. Sue Ka Lok), director of the Company, has significant influence in the related company.
- (2) Compensation to key management personnel of the Group which represents directors of the Company is set out in Note 10.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 34. DETAILS OF SUBSIDIARIES

Details of the Group's principal subsidiaries at the end of the reporting period are set out below.

Name	Place of incorporation and operations	Paid up registered capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			2015	2014	2015	2014	
Mission Development Group Limited (formerly known as Poly Development Group Limited)	British Virgin Islands	Ordinary US\$1	100%	100%	-	-	Investment holding
Poly Forestry International Limited	Hong Kong	Ordinary HK\$100	-	-	100%	100%	Supply and procurement of timber logs
Poly Resources (Asia) Limited	Hong Kong	Ordinary HK\$7,800,000	-	-	100%	100%	Supply and procurement of metal minerals and recyclable metal materials
Xin Corporation (HK) Limited	Hong Kong	Ordinary HK\$2	-	-	100%	100%	Provision of management service and securities investment
Xin Credit Services Limited	Hong Kong	Ordinary HK\$1	-	-	100%	100%	Provision of finance

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 35. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 16 February 2015, Million Brilliance Limited (“Million Brilliance”), an indirect wholly-owned subsidiary of the Company entered into the conditional agreement with Qualipak Development Limited (“Qualipak Development”) pursuant to which Million Brilliance agreed to purchase sale shares in Empire New Assets Limited (“Empire New Assets”), a company incorporated in the British Virgin Islands, representing entire issued share capital of Empire New Assets, and assignment of the Loan of HK\$32,216,000 at a consideration of HK\$90,000,000. The consideration is satisfied by (i) HK\$10,100,000 payable in cash and (ii) HK\$79,900,000 payable by issue of 850,000,000 consideration shares in the Company. Empire New Assets is principally engaged in holding of property. The shares in Empire New Assets acquired are classified as property held for sale purposes for the Company and 850,000,000 shares were allotted under general mandate to the nominee of Qualipak Development. The acquisition of trading assets was completed on 20 May 2015. The trading assets were subsequently disposed to an independent third party at a consideration of HK\$95,000,000 on 24 June 2015. A trading profit of HK\$5,000,000 was recorded for the transaction of the acquisition and disposal of the trading assets.

On 17 March 2015, the Company and Willie International Holdings Limited (“Willie”), a company listed on the Stock Exchange, entered into a subscription agreement (the “Subscription Agreement”) to subscribe for 1,250,000,000 shares of Willie (the “Proposed Subscription”), at a total consideration of HK\$150,000,000, subject to the fulfillment of the agreed conditions, including but not limited to approvals from the Stock Exchange. Under the same agreement, the Company agreed to issue 1,500,000,000 shares of the Company (the “Proposed Issue”), subject to the fulfillment of the agreed conditions, including but not limited to approvals from the Stock Exchange and shareholders of the Company. The Proposed Subscription and the Proposed Issue are not inter-conditional with each other. On 28 April 2015, the Company and Willie entered into a supplemental agreement (the “Supplemental Agreement”) in relation to the Subscription Agreement, pursuant to which, the Company agreed to pay a sum of HK\$30,000,000 to Willie upon the signing of the Supplemental Agreement as non-refundable deposit and part payment of the Proposed Subscription; and in relation to the Proposed Issue, Willie agrees to pay a sum of HK\$30,000,000 to the Company upon the signing of the Supplemental Agreement as non-refundable deposit and part payment of the Proposed Issue. On 11 May 2015, the Company irrevocably agreed to nominate an independent third party (the “Investor”) and the Investor agreed to substitute the Company, to complete the Proposed Subscription; and the Investor shall pay an aggregate sum of HK\$80,000,000, of which HK\$30,000,000 representing the reimbursement of the non-refundable deposit paid by the Company to Willie under the Supplemental Agreement and the balance of HK\$50,000,000 representing the net profit to be received by the Company. In addition, the Company completed to issue 1,500,000,000 ordinary shares to Willie on 17 June 2015. Details are set out in the Company’s announcements dated 17 March 2015, 5 May 2015, 11 May 2015 and 17 June 2015.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 35. EVENTS AFTER THE REPORTING PERIOD (continued)

As disclosed in the announcement of the Company dated 11 May 2015, on 6 May 2015, the Company and the majority shareholders of Skyway Futures Limited and Skyway Securities Investment Limited (the "Target Companies") (the "Vendors 1") entered into a sales and purchase agreement, pursuant to which the Company conditionally agreed to purchase and the Vendors 1 conditionally agreed to sell 81% equity interests in each of the Target Companies, at a total consideration of HK\$972,000,000. The Target Companies are corporations licensed under the Securities and Futures Ordinance and their principal activity is dealing in securities and future contracts. And further on 11 May 2015, the Company and the remaining shareholder of the Target Companies (the "Vendor 2") entered into the a sales and purchase agreement, pursuant to which the Company conditionally agreed to purchase and Vendor 2 conditionally agreed to sell the remaining equity interests of 19% in each of the Target Companies, at a consideration of HK\$228,000,000. The transactions have not yet been completed up to the date of issuance of these consolidation financial statement and are subject to shareholders' approval.

# Financial Summary

## RESULT

	For the year ended 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000 (restated)	2011 HK\$'000 (restated)
<b>Continuing operations</b>					
Revenue	<b>300,700</b>	1,369,188	757,600	1,080,073	1,862,684
Profit (loss) before taxation	<b>551,402</b>	417,153	(68,099)	(445,042)	(115,139)
Taxation	<b>(64,345)</b>	(70)	(1,025)	4,418	1,445
Profit (loss) for the year from continuing operations	<b>487,057</b>	417,083	(69,124)	(440,624)	(113,694)
<b>Discontinued operation</b>					
Profit (loss) for the year from discontinued operation	-	-	7,930	(28,246)	(7,476)
Profit (loss) for the year	<b>487,057</b>	417,083	(61,194)	(468,870)	(121,170)
Attributable to:					
Owners of the Company	<b>487,057</b>	417,083	(60,928)	(467,851)	(120,373)
Non-controlling interests	-	-	(266)	(1,019)	(797)
	<b>487,057</b>	417,083	(61,194)	(468,870)	(121,170)

## ASSETS AND LIABILITIES

	As at 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Total assets	<b>2,719,745</b>	1,885,139	1,307,541	1,450,517	1,877,569
Total liabilities	<b>(391,010)</b>	(291,714)	(176,904)	(252,568)	(580,744)
	<b>2,328,735</b>	1,593,425	1,130,637	1,197,949	1,296,825
Equity attributable to:					
Owners of the Company	<b>2,328,735</b>	1,593,425	1,130,637	1,196,156	1,296,091
Non-controlling interest	-	-	-	1,793	734
	<b>2,328,735</b>	1,593,425	1,130,637	1,197,949	1,296,825

# Financial Summary

## STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 HK\$'000	2014 HK\$'000
Non-current assets		
Investment in subsidiaries	–	–
Current assets		
Prepayments, deposits and other receivables	583	451
Amounts due from subsidiaries	1,930,285	1,676,952
Cash and bank balances	4,954	71,177
	<b>1,935,822</b>	1,748,580
Current liabilities		
Amount due to subsidiaries	25,537	16,974
Other payables and accruals	3,579	3,412
	<b>29,116</b>	20,386
Net current assets	<b>1,906,706</b>	1,728,194
Total assets less current liabilities	<b>1,906,706</b>	1,728,194
Non-current liabilities		
Notes payable	146,375	145,717
Deferred tax liabilities	598	707
	<b>146,973</b>	146,424
Net assets	<b>1,759,733</b>	1,581,770
Capital and reserves		
Share capital	64,178	342,268
Reserves (Note)	1,695,555	1,239,502
Total equity	<b>1,759,733</b>	1,581,770

# Financial Summary

## STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

	<b>Share premium</b> HK\$'000	<b>Contributed surplus</b> HK\$'000	<b>Share option reserve</b> HK\$'000	<b>Accumulated (losses) profit</b> HK\$'000	<b>Total</b> HK\$'000
At 1 April 2013	1,522,928	3,085	–	(697,531)	828,482
Profit for the year and total comprehensive income for the year	–	–	–	411,020	411,020
At 31 March 2014 and 1 April 2014	1,522,928	3,085	–	(286,511)	1,239,502
Loss for the year and total comprehensive expense for the year	–	–	–	(70,290)	(70,290)
Capital reduction	–	385,052	–	–	385,052
Bonus issue	(85,567)	–	–	–	(85,567)
Open offer	192,526	–	–	–	192,526
Transaction cost directly attributable to issue of shares	(4,674)	–	–	–	(4,674)
Exercise of warrants	31	–	–	–	31
Recognition of share based payment	–	–	38,975	–	38,975
<b>At 31 March 2015</b>	<b>1,625,244</b>	<b>388,137</b>	<b>38,975</b>	<b>(356,801)</b>	<b>1,695,555</b>